ANNUAL REPORT 2011

C C LAND HOLDINGS LIMITED
中渝置地控股有限公司

(Incorporated in Bermuda with Limited Liability)

Stock Code: 1224

Contents

Corporate Information

DIRECTORS

Executive directors
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
(Deputy Chairman & Managing Director)
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Lam Hiu Lo
Mr. Leung Chun Cheong
Mr. Leung Wai Fai
Ms. Poon Ho Yee Agnes
Mr. Wu Hong Cho

Non-executive director
Mr. Wong Yat Fai

Independent non-executive directors
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey *(Chairman)*
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

REMUNERATION COMMITTEE

Mr. Cheung Chung Kiu *(Chairman)*[1]
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

LEGAL ADVISORS

Hong Kong
Cheung, Tong & Rosa
Woo Kwan Lee & Lo

Bermuda
Conyers Dill & Pearman

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor
China United Centre
28 Marble Road
North Point, Hong Kong

BRANCH OFFICE

Rooms 3308-10
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
BNP Paribas
Bank of Chongqing Co., Ltd.
Bank of Communications Co., Ltd.
Chong Hing Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office
HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

WEBSITE

http://www.ccland.com.hk

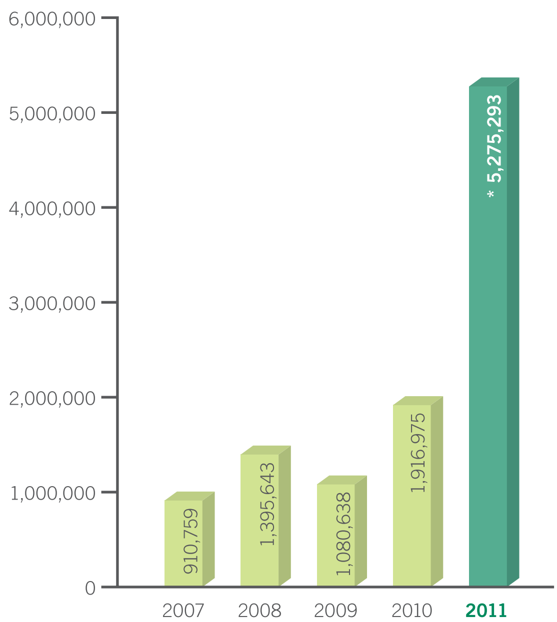
STOCK CODE

1224

Notes:
1. *Mr. Leung Yu Ming Steven has been appointed chairman of the Remuneration Committee in place of Mr. Cheung Chung Kiu with effect from 30 March 2012, while Mr. Cheung Chung Kiu remained a member of the Remuneration Committee.*
2. *A Nomination Committee comprising Mr. Cheung Chung Kiu as chairman, Dr. Lam How Mun Peter, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick was established on 30 March 2012.*

REVENUE

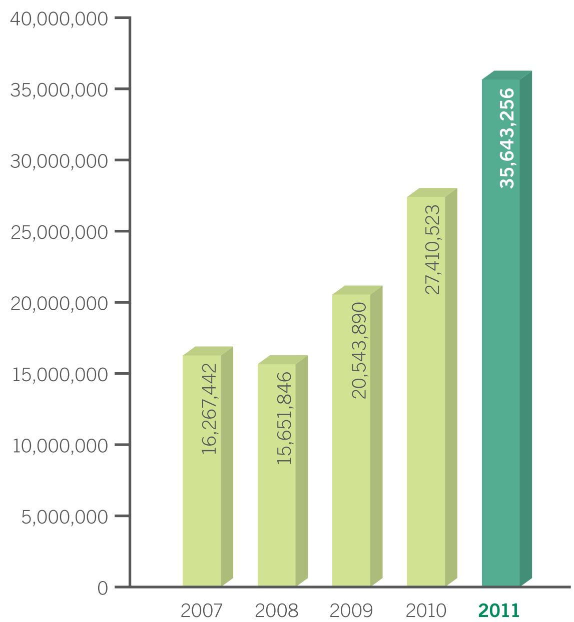
Year ended 31 December



* The revenue included continuing operations and a discontinued operation.

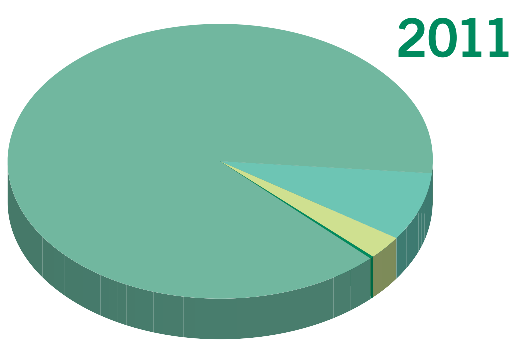
TOTAL ASSETS

As at 31 December



REVENUE BY OPERATING SEGMENTS

Year ended 31 December

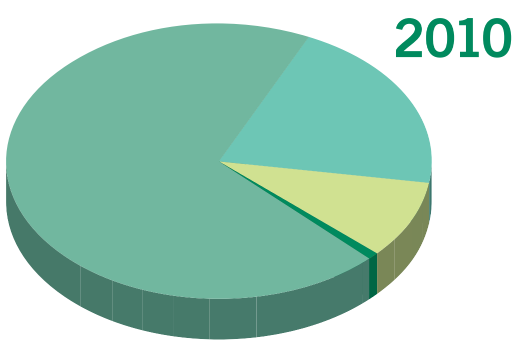


89.0% Property development and investment

8.0% Sale of packaging products

2.9% Sale of travel bags

0.1% Others



69.6% Property development and investment

20.4% Sale of packaging products

9.2% Sale of travel bags

0.8% Others

Corporate

C C LAND

1. **Top 100 Listed Property Developers in China 2011** (May 2011)

CHONGQING ZHONG YU

2. **Certificate of Honour • Top 100 Enterprises in Chongqing 2011** (September 2011)

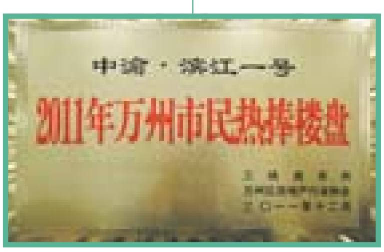
3. **The 1st Top 100 Most Responsible Property Developers in China** (June 2011)

Projects

RIVERSIDE ONE, WANZHOU

4. **Chongqing Lucky Boom Realty Company • The Most Advanced Property Developer in Jiangnan New District 2011** (January 2012)

5. **The Most Popular Property in Wanzhou 2011** (December 2011)



i-CITY

6. **2011 Zhan Tianyou Award • Excellent Residential Community in Chongqing • Gold Certificate** (August 2011)

VERAKIN NEW PARK CITY

7. **The 7th Top 50 Property Developers in Chongqing** (August 2011)

8. **2011 Zhan Tianyou Award • Excellent Residential Community in Chongqing • Gold Award** (August 2011)

SKY VILLA

9. **The Most Anticipated Project of Chengdu Property 2011** (2011)

VILLA ROYALE

10. **The 6th Gold Award in 2011 • The Best Villa • European Style** (December 2011)

2011

January

L'Ambassadeur was ranked No.1 both in terms of sales amount and area in Chongqing

Grand Launch of L'Ambassadeur Phase II

March

The Group diversified into a fresh province in Western China by acquiring a premium site in Guiyang, Guizhou Province with a GFA of approximately 1,363,000 sqm

April

The Group acquired through its 51% subsidiary a land site with total GFA of 358,000 sqm in Nan'an Distict, Chongqing, which will be developed as an extension of the Verakin New Park City

Virtual Perspective of
Bishan Verakin New Park City

May

The Group acquired a new site in Bishan County, Chongqing with a GFA of approximately 826,000 sqm

Virtual Perspective of Lot #10

June

The Group acquired through its 51% subsidiary a land site with total GFA of 349,000 sqm in Qingyang District, Chengdu

July

The Group started construction work of its first commercial project of Lot #10 of its main land bank in Chongqing

September

Verakin New Park City was ranked No. 1 both in terms of sales amount and area in Chongqing

Virtual Perspective of
Zone M of Verakin New Park City

November

The Group acquired two land sites in Chongqing, one is in Wanzhou District with GFA of 271,000 sqm and the other one is in Nan'an District with GFA of 598,000 sqm

December

A proposal to spin-off the packaging business was submitted to the Hong Kong Stock Exchange

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	The Group's Interest
Three parcels of land located to the south of Xingai Road, (Lot Nos. 15, 16 and 17-1), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Auxiliary Facilities and Car Park	215,700	764,000	2012 or after	100%
A site located to the east of Songpai Road, (Lot No. 9), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	81,300	305,000	2014 or after	100%
A site located to the southeast of the junction of Xingai Road, and Hongjin Road, (Lot No. 10), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office, Hotel, Auxiliary Facilities and Car Park	72,400	436,000	2014	100%
Three parcels of land (Lot No. 19), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Auxiliary Facilities and Car Park	143,900	260,000	2014 or after	100%
A site located to the east of Hongjin Road, (Lot No. 3-1), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	47,900	260,000	2014 or after	100%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	The Group's Interest
A site located to the west of Hongjin Road, (Lot No. 4), Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	96,900	557,000	2014 or after	100%
Two sites (Lot No. 20 and Lot No. 11-1) located in Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential and Car Park	19,900	60,000	2014 or after	100%
A site (Lot No. 22) located in Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential and Car Park	5,300	20,000	2014 or after	100%
A site (Lot No. 7-1) located in Chongqing International Finance and Trade Development Area, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential and Car Park	5,200	11,000	2014 or after	100%
A site located in No. 2, Xingsheng Branch, Longta Street, Longxi Jie Dao, Yubei District, Chongqing, PRC	Residential, Commercial and Car Park	146,800	399,000	2012-2015	100%
A site located in No. 1 Zhongxin Section, Huaxin Street, Jie Dao Qiao Bei Village, Jiangbei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	205,000	1,354,000	2014 or after	25%
A site located in New Park City, Chayuan, Nan'an District, Chongqing, PRC	Residential, Commercial and Car Park	609,800	1,520,000	2012-2017	51%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	The Group's Interest
A site located in Chengjiaba She No. 1, Xinxing She Nos. 4 and 5, Jiangnan New District, Wanzhou District, Chongqing, PRC	Residential, Commercial and Car Park	109,700	286,000	2012-2014	100%
Two parcels of land located in Jinjiang District, Chengdu, Sichuan, PRC	Residential and Car Park	116,100	482,000	2012-2015	51%
A site located in Tongchuan District, Dazhou, Sichuan, PRC	Residential	72,900	413,000	2013-2015	100%
A site located in Yutang Town, Dujiangyan District, Chengdu, Sichuan, PRC	Residential and Hotel	311,000	230,000	2014 or after	60%
A site located in Wenxing Town, Shuangliu County, Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	205,000	272,000	2012-2015	51%
A site located in Xiyong University City, Shapingba District, Chongqing, PRC	Residential, Commercial and Car Park	133,000	467,000	2013-2015	100%
A site located in Huayuan Town, Xinjin County, Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	286,700	249,000	2014 or after	51%
A site located in Jinyang New District, Guiyang, Guizhou Province, PRC	Residential, Commercial and Car Park	365,000	1,363,000	2013 or after	85%
Two parcels of land located in Ludao New District, Bishan County, Chongqing, PRC	Residential, Commercial and Car Park	219,000	826,000	2014 or after	26%
A site located in Guanghua New City, Qingyang District Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	76,100	349,000	2014 or after	51%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	The Group's Interest
A site located in Ertangpian District, Nan'an District, Chongqing, PRC	Residential, Commercial and Car Park	216,400	598,000	2014 or after	26%
A site located in Chengjiaba She No. 1, Xinxing She Nos. 1, 2, 3, 7 and 11, Jiangnan New District, Wanzhou District, Chongqing, PRC	Residential, Commercial and Car Park	119,400	271,000	2014 or after	100%
A site located in Rongchang County, Chongqing, PRC	Residential, Commercial and Car Park	52,000	157,000	2014 or after	26%

GROUP II — PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT

Property Location	Usage	Attributable GFA (sqm)	Occupancy Rate	The Group's Interest
California Garden, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial Residential Car parking spaces	22,060 2,448 15,646	59.7% 0.0% 100.0%	100% 100% 100%
California City Garden, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial Car parking spaces Auxiliary facilities	4,685 12,094 2,565	81.8% 100.0% 100.0%	100% 100% 100%
Kechuang Building, No. 8 Jinshan Road, Longxi Jie Dao, Yubei District, Chongqing, PRC	Car parking spaces	2,823	100.0%	100%
Huijingtai, No. 3 Jinshan Road, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial Car parking spaces	1,541 10,951	6.5% 100.0%	100% 100%
Underground Carpark, No. 2 Xingai Road, Longxi Jie Dao, Yubei District, Chongqing, PRC	Car parking spaces	8,236	70.1%	100%

GROUP III — PROPERTY INTEREST HELD BY THE GROUP FOR SELF-OCCUPATION

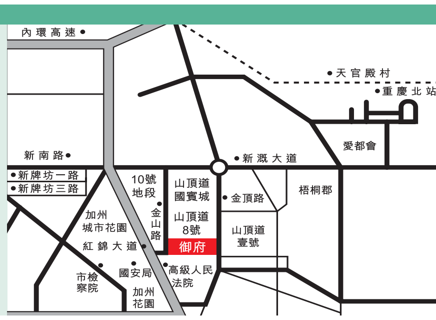
Property Location	Usage	Tenure	Lot No.	The Group's Interest
Flat No. 97 on 21st Floor, Tower 18 (of Parkview Corner), Hong Kong Parkview, and Car Parking Space No. 226 On Car Park Entrance 3 (Level 4) of the Garage of Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong	Residential	Long term lease	Rural Building No. 1051	100%
Unit K on 23rd Floor and Units A & L on 27th Floor, Shield Industrial Centre, Nos. 84-92 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	Industrial	Medium term lease	Tsuen Wan Inland Lot No. 43	100%
A piece of land and structures thereof located at Jie Min Administrative District, Sanjiao Town, Zhongshan City, Guangdong, PRC	Industrial (factory premises used by the Group)	Medium term lease	N/A	100%
7th & 15th Floor, China United Centre, No. 28 Marble Road, Hong Kong	Commercial	Long term lease	Inland Lot No. 3504	100%
An industrial complex situated at 2 Feng Yang Road, LiLi Town, Wujiang City, Jiangsu, PRC	Industrial (factory premises used by the Group)	Medium term lease	N/A	60%
Education Building, California Primary School, California Garden, Longxi Jie Dao, Yubei District, Chongqing, PRC	Non-residential	Long term lease	N/A	100%
Composite Building, California Primary School, California Garden, Longxi Jie Dao, Yubei District, Chongqing, PRC	Non-residential	Long term lease	N/A	100%
Block 7, California City Garden, Longxi Jie Dao, Yubei District, Chongqing, PRC	Commercial	Long term lease	N/A	100%
Huijingtai Kindergarten, Huijingtai, No. 3 Jinshan Road, Longxi Jie Dao, Yubei District, Chongqing, PRC	Non-residential	Long term lease	N/A	100%

Chongqing

Area:	82,000 km^2
Population:	32,000,000
GDP Growth:	Year 2011: 16.4% Year 2010: 17.1% Year 2009: 14.9%
Location:	In the Southwestern region of China, the confluence of Yangtze River and Jialing River, one of the four direct-controlled municipalities in China

Project Name:
Mansions on the Peak (御府) — 100% interest

Project Location:
The junction of Jinding Road and Jinshan Road, Yubei District, Chongqing



Total land area:	49,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	34,000 sqm 26,000 sqm 60,000 sqm
Expected completion date and area:	Clubhouse and Commercial: GFA: Villa: GFA:	first half of 2012 12,000 sqm second half of 2012 48,000 sqm

Project description:

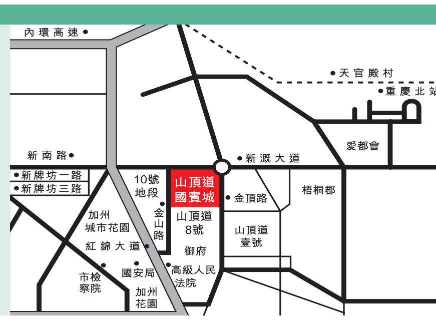
The project is situated at Xinpaifang, the highly developed hub in Liangjiang New District and represents the unique, single villa project in the urban central of Chongqing. It sits next to "Chongqing Midtown", a mega project of our own, to its west lies Jinshan Road and to its east lies Jinding Road. The whole project consists of 46 luxury villas with a GFA of about 675-1,690 sqm. Each block of the project is equipped with a private lift and 2-4 underground parking spaces. Besides, about 100 underground temporary parking spaces are reserved for use by visitors of owners.

Clubhouse of Mansions on the Peak

The landscape design of the project emphasizes an "eco-friendly" strategy, which makes use of the uneven terrain to convey the idea of 3D traffic — underground spaces for car and above-ground spaces for person, creating environmental landscape by fully utilizing spaces at garage roof and sunken gardens, so as to further enhance the quality for living. It won the "China's Best Urban Villa Project Award 2010", at the "2010 quality property development forum with green low-carbon harmonious housing conference" held in Chengdu in June 2010, by virtue of its aesthetic architectural design and superb quality, beating other massive city villa projects in the country.

Project Name:
L'Ambassadeur (山頂道國賓城) — 100% interest

Project Location:
The junction of Xingai Road and Jinshan Road, Yubei District, Chongqing



Total land area:	78,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	380,000 sqm 114,000 sqm 494,000 sqm
Expected completion date and area:	Phase I: GFA: Phase II: GFA: Phase III: GFA:	second quarter of 2012 132,000 sqm fourth quarter of 2012 155,000 sqm second quarter of 2013 102,000 sqm

Project description:

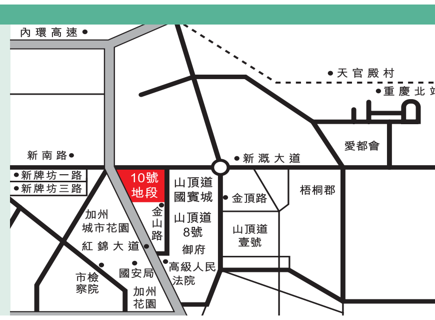
The project is located at the core region of the Yubei District, at the junction of Xingai Road and Jinshan Road. It sits next to "Chongqing Midtown", a mega project of our own. The region is designated to be the area for the future four core functions of northern Chongqing, namely, government affairs, commerce, financial regulation and external links. The traffic of this project is convenient, being within 5 minutes' car ride to the Guanyinqiao Commercial Circle. The No. 3 Light Railway is in operation. On the outskirt of the project lies two Light Railway stations, the Zhengjiayuanzi Station (鄭家院子站) and Jiazhoulu Station (嘉州路站), providing easy accessibility to the Jiangbei Airport, train terminal and other parts of the city. The geographical position is superb. This area is where highways, railways, air traffic and light railways converge. It has naval, ground, aerial and underground connections, i.e. four-in-one transport system - north to the Jiangbei International Airport; east to the new Chongqing North Railway Station and Cuntan Bonded Port; west to the Chongqing expressway, and south to Hongjin Road and Longhua Road to downtown Chongqing. In this district, the No. 3 Light Railway runs underground, connecting swiftly with other parts of the city. This area is one for high-end residential development, providing numerous facilities such as restaurants, hospitals and schools. It is also one of the most prime locations within the Liangjiang New Area. Stimulated by the good news about the Liangjiang New Area, investors are rushing in one after another. The California-Xinpaifang district is undoubtedly one of the hottest areas with the highest potential for value appreciation.


L'Ambassadeur

The project is one of the "Peak Road" series. It is a high-rise luxury condominium complex in a superb residential area. The other projects in the Peak Road series are "No. 1 Peak Road" of Hong Kong style high-rise luxury flats, "No. 8 Peak Road" of low-rise condominiums, and "Mansions on the Peak" of luxury villas. On Lot #10, the commercial elements include a bona fide 5-star hotel, twin Grade-A office towers, a super shopping mall, a serviced apartment block, and movie houses.

Project Name:
Lot #10 (including One Central Midtown and 9 Central Midtown) — 100% interest

Project Location:
No.18 Jinshan Road, Xinpaifang, Yubei District, Chongqing



Total land area:	103,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	424,000 sqm 192,000 sqm 616,000 sqm
Completion/Expected completion date and area:	Phase I (Completed): GFA: Phases II and III: GFA:	third and fourth quarters of 2011 (including One Central Midtown and 9 Central Midtown) 180,000 sqm first quarter of 2014 436,000 sqm

Project description:


Virtual Perspective of Lot #3, 4, 9 & 10

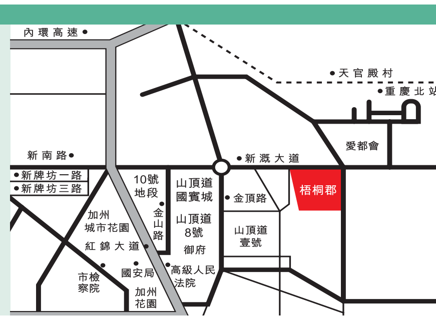
The project is located at the core region of the Yubei District, at the junction of Hongjin Road and Xingai Road which is one of the land lots of "Chongqing Midtown", a mega project of our own. It has a total land area of approximately 103,000 sqm with a total GFA of approximately 616,000 sqm. The traffic of this project is convenient, being within 5 minutes' car ride to the Guanyinqiao Commercial Circle, No. 3 Light Railway currently passing through the project has already in operation, and the outskirts of the project lie two light railway stations, namely Zhengjiayuanzi Station (鄭家院子站) and Jiazhoulu Station (嘉州路站). Among them, the exit of Jiazhoulu Station will be connected to the basement of the mall of the project, making it easily accessible to Jiangbei Airport, the train terminal and other places in the city.

The project is positioned as one of the new city centre landmarks with planned high-end residential apartments, a 5-star hotel, serviced apartments, Grade-A shopping mall, Grade-A offices, and SOHO offices.

The GFA of One Central Midtown is approximately 108,000 sqm. The GFA of 9 Central Midtown and its shops is approximately 35,000 sqm. The GFA of the office towers is approximately 104,000 sqm; for the shopping mall approximately 81,000 sqm (including both above and under ground GFA); for the hotel approximately 61,000 sqm; for the serviced apartments approximately 35,000 sqm; plus other underground carparks and facilities.

Project Name:
Phoenix County (梧桐郡) — 100% interest

Project Location:
No. 2, Xingsheng Branch, Longta Street, Yubei District, Chongqing



Total land area:	147,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	340,000 sqm 59,000 sqm 399,000 sqm
Expected completion date and area:	Phase I: GFA: Phase II: GFA:	first half of 2012 79,000 sqm second half of 2013 87,000 sqm

Project description:


Sales Centre of Phoenix County

The project is located at the Longtoushi area, near the centre of the "Big Triangle" of Wuhuangdazhuanpan (五黃大轉盤), Xinpaifangzhuanpan (新牌坊轉盤) and the Longtoushi Train Station, connecting Xinpaifang, Gailanxi and Huangnibang, which are three high-end residential areas in Chongqing. The project's geographical position is superb, situating on Xingai Road and within the core territory of the Liangjiang New Area. Mature high-end residential areas along Wuhuang Road, Xinpaifang and Longtoushi are within close proximity. The three big commercial centres, Guanyinqiao, Zhongyu Chongqing Midtown and Longtoushi are only 5 minutes away. The No. 3 Light Railway has a station within walking distance. The traffic network will also include Route No. 4 (under planning), and more than ten public transport routes linking with every district of the city proper. The nearby Longtoushi Park with an area of 650 acres was opened in January 2011.

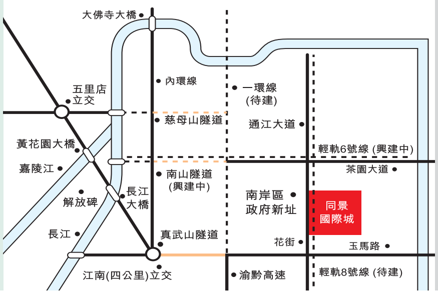
The project includes mainly low-rise condominiums with unique features and has a specially designed shopping avenue. There will also be town-houses and high-rise blocks. Extensive landscaping with inner roads lined by Phoenix trees will be a signature of this project to make this one of the most beautiful places to live within the city. Within each low-rise villa-like block, all units are of different designs, which makes this project unique. To reside in one of these condominium units will truly be a wonderful experience, where extensive designs are in place to let in maximum sunlight, and to improve ventilation.

Project Name:

Verakin New Park City (同景國際城) — 51% interest

Project Location:

Tongjiang Avenue, New District of Chayuan, Nan'an District, Chongqing



Total land area:	907,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	1,715,000 sqm 303,000 sqm 2,018,000 sqm
Completion/ Expected completion date and area:	A-I Zone (completed): GFA: W Zone: GFA: J Zone: GFA: K Zone: GFA: P Zone: GFA: N Zone: GFA: L Zone: GFA: O Zone: GFA: M Zone: GFA:	2007 - 2011 503,000 sqm second quarter of 2012 243,000 sqm fourth quarter of 2012 78,000 sqm third quarter of 2013 43,000 sqm fourth quarter of 2013 99,000 sqm fourth quarter of 2013 233,000 sqm fourth quarter of 2013 88,000 sqm second quarter of 2014 36,000 sqm fourth quarter of 2014 234,000 sqm

Project description:

The project is located at the New District of Chayuan, Nan'an District, Chongqing, and is notable for its landscaping and multi-functionality. Tongluoshan forms a natural barrier and protects the New District of Chayuan from the rowdy city area. Easy access to the city is maintained through the Zhenwushan Tunnel, Cimushan Tunnel, Nanshan Tunnel (under construction), the Shangxin Street to Lijia Section of Phase I of No. 6 Light Railway which will be constructed and operational in 2012. Meantime, the two sections, namely the Shangxin Street to Chayuan Section and the Lijia to Beibeiwulukou Section, of Phase II of No. 6 Light Railway are scheduled to have its loaded trial run with passengers on 1 July 2013, such that easy access to the city is maintained through a number of ring-road expressways. In the "Twelfth Five-Year Plan" on future economic development of Chongqing, this district (New District of Chayuan) is the focused development area of the main city's new district, within the Second Ring of Chongqing.

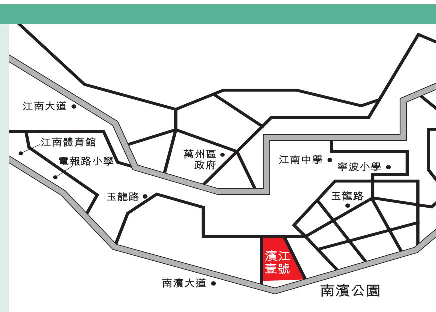
Virtual Perspective of Zone M of Verakin New Park City

The total GFA of the project is more than 2,000,000 sqm, of which 72% is zoned for residential use and the rest for commercial development. The properties comprise mainly of low-density low-rise apartments and town-houses. The project, which occupies 40% of the area of the core region of the New District of Chayuan, is in close proximity to the new government buildings in the Nan'an District.

According to the data disclosed by the Information Processing Centre of China Index Academy, the project was No.1 in sales in Chongqing in terms of units sold, sales area and sales amount during the year 2010 (on project basis).

Project Name:
Riverside One, Wanzhou (濱江壹號) — 100% interest

Project Location:
Chenjiaba She No.1, Xinxing She Nos. 4 and 5, Jiangnan New District, Wanzhou, Chongqing



Total land area:	150,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	337,000 sqm 70,000 sqm 407,000 sqm
Completion/ Expected completion date and area:	Phase I - residential (completed): GFA: Phase I - commercial and other parts (completed): GFA: Phase II - parts of residential (completed) : GFA: Phase II - remaining of residential, commercial and other parts: GFA: Phase III: GFA:	second half of 2010 50,000 sqm first half of 2011 18,000 sqm second half of 2011 53,000 sqm first quarter of 2012 49,000 sqm first half of 2014 237,000 sqm

Project description:

The project is located at the core region of the Jiangnan New District. Wanzhou is a county at the northeastern part of Chongqing. It is located at the intersection of the middle and upper courses of the Yangtze River and the hinterland of the Three Gorges Area and is the second largest county in Chongqing with a population of over 1.7 million. Wanzhou serves as the most important river and land transportation and logistics hub in Chongqing for access to other major cities.


Riverside One, Wanzhou

The project occupies a land area of 150,000 sqm with a permitted GFA of approximately 407,000 sqm. The project is along a stretch of river bank of over one kilometre, capitalizing on the beautiful river view.

The project is developed into a complex of predominantly residential apartments, commercial facilities, and office blocks. Phases I and II include mainly low-rise condominiums with a low plot ratio of less than 2.0. Carparking space is in the ratio of 1:1.2, making the properties an ideal choice for both self-use and investment. It has become one of the top property upgrade choices in Wanzhou.

Project Name:
Academic Heights (春華秋實) — 100% interest

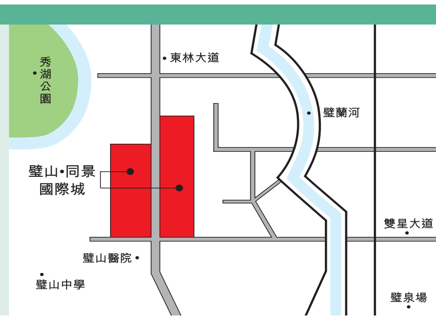
Project Location:
Xiyong Zone, Shapingba District, Chongqing

Total land area:	133,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	363,000 sqm 104,000 sqm 467,000 sqm
Expected completion date and area:	Phase I: GFA:	fourth quarter of 2013 138,000 sqm
Project description:	The project is situated in the Xiyong University City, being one of the two newly planned deputy city centres of Chongqing. At the moment, it can be reached from the city centre via the Inner Ring Express and Yu-Sui Express. The planned Phase I of No.1 MTR has already been operational in 2011 and Phase II of it will be extended to the site of the project and expected to be operational in 2012, which will shorten the travelling time between the district and the main city core area. Within the district, the two large industries of education and high new technology will provide regular and sufficient consumer groups. The project has started construction of high-rise apartments and town-houses and villas in mid-2011.	

Virtual Perspective of Academic Heights Phase I

Project Name:
Bishan Verakin New Park City (璧山 • 同景國際城) — 26% interest

Project Location:
No. 2, 3 and 4 She, Yang Yu Cun, Bicheng Jie Dao, Bishan County, Chongqing



Total land area:	219,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	660,000 sqm 166,000 sqm 826,000 sqm
Expected completion date and area:	B Zone: GFA:	first quarter of 2014 130,000 sqm

Project description:

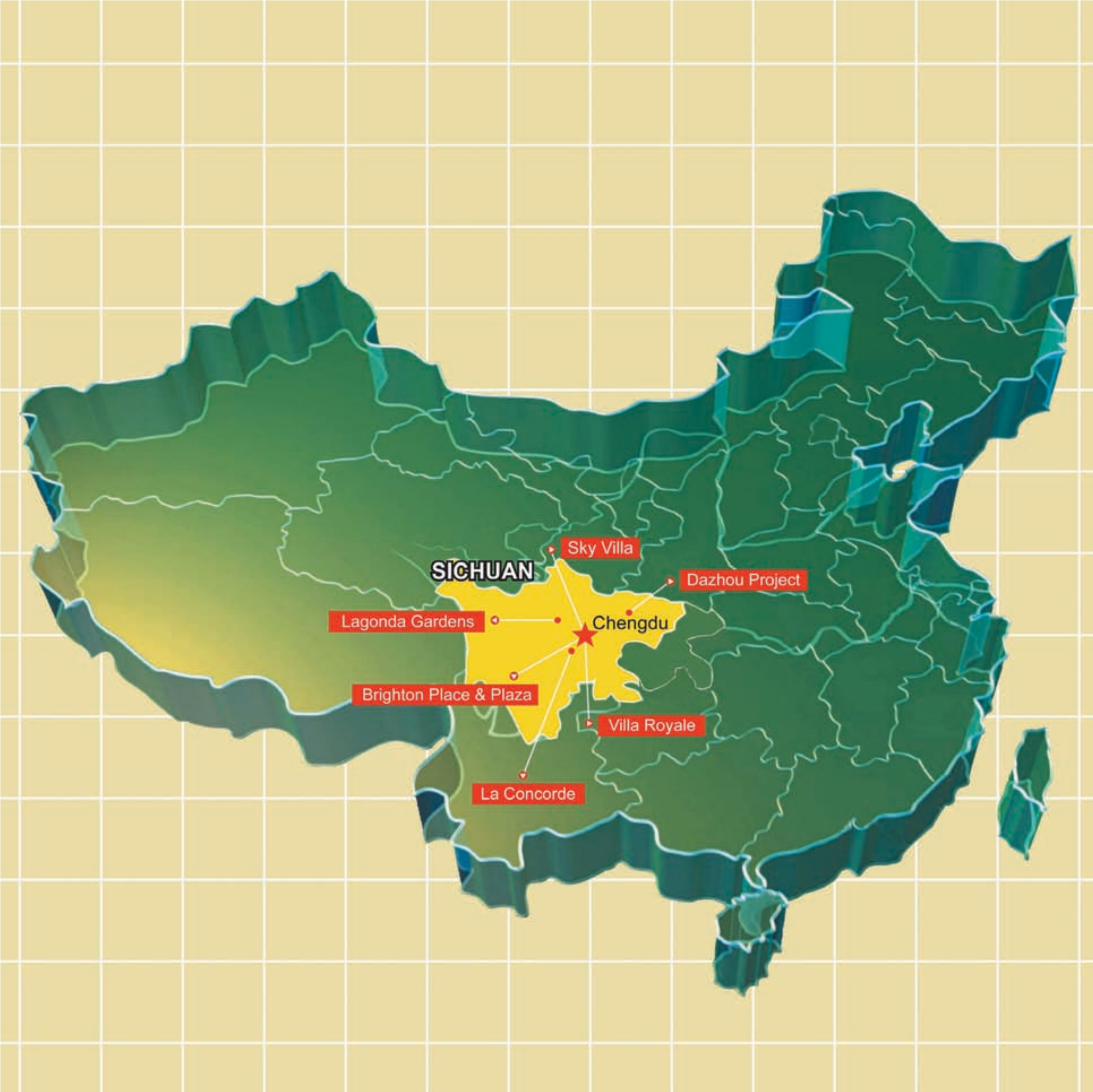
Situated at the eastern part of Ludao New District, the hub of Bishan County, Chongqing City, the project will be the core area for future development of Bishan County and be hopefully upgraded as the tenth district of the main city of Chongqing. The boulevard of Ludao New District runs in between Lot #1 and #2, and to the west of the lot is the planned administrative centre and business centre, to the northwest Xiuhu Park, to the north of the old city area and to the south Shuangxing Boulevard, the boulevard of the new district connected to the tunnel leading to University City. No 1 Light Railway is expected to link Bishan County and the centre of Chongqing City in 2013 and the traffic is convenient.


Virtual Perspective of Bishan Verakin New Park City

The project will be developed as mid-high end high-rise residential buildings adopting 7 different layouts with unit size of 36 - 130 sqm. The layout ranges from apartments of single room to apartments of four rooms and two living rooms. It is planned to have a 3,000 sqm clubhouse, a 4,000 sqm bilingual kindergarten, a 8,000 sqm supermarket, and a 10,000 sqm integrated shopping mall (comprising cinemas), making up a community with ample gym, recreation and leisure facilities.

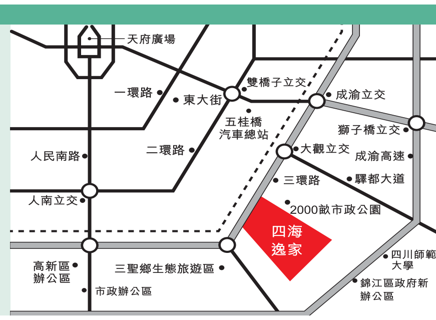
Sichuan

Area:	485,000 km^2
Population:	81,000,000
GDP Growth:	Year 2011: 15% Year 2010: 15.1% Year 2009: 14.5%
Location:	Southwestern China, upstream of the Yangtze River



Project Name:
Sky Villa (四海逸家) — 51% interest

Project Location:
Zone 3 Liangfengcun and Zone 5 Fengfangyancun, Jinjiang District, Chengdu, Sichuan



Total land area:	138,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	416,000 sqm 156,000 sqm 572,000 sqm
Completion/ Expected completion date and area:	Phase I (completed): GFA: Phase II: GFA:	fourth quarter of 2010 90,000 sqm 2012 to 2013 146,000 sqm

Project description:

The project is located at the South Third Ring Road, Jinjiang District, Chengdu, in the neighbourhood of the new government office buildings in the east, leading to Chenglong Road and Sanshenghuaxiang, a Grade-4A national landscape region, 150 metres from the East Third Ring Road and close to the magnificent municipal park of over 1.3 million sqm in area. In addition to having a great natural environment, Sky Villa is well-connected to the traffic network. It is only 10 minutes by car to the city centre. The district is also well-provided with comprehensive auxiliary facilities for education, commerce, medical services and leisure.

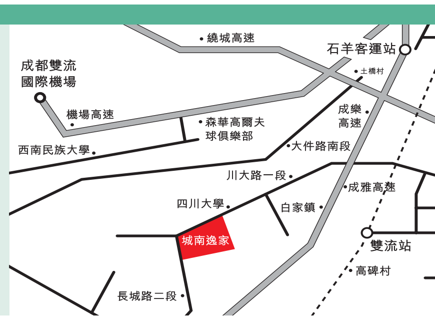

Phase I of Sky Villa

The project occupies a total land area of 138,000 sqm and is divided into four phases with a total of 18 blocks and a total residence of approximately 4,280 units with double-storeyed courtyards, twin en-suite design and useable areas of between 200 and 250 sqm for each unit.

Sky Villa combines the concepts of villas and high-rises, hence the name, and is unique in Chengdu. The six-metre internal ceiling height is a strong selling point of the project.

Project Name:
Villa Royale (城南逸家) — 51% interest

Project Location:
Section 2, Chuendadao, Xinchengnan Region, Chengdu, Sichuan



Total land area:	205,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	192,000 sqm 80,000 sqm 272,000 sqm
Completion/ Expected completion date and area:	Clubhouse and Show Flats (completed): GFA: Phase I: GFA: Phase II: GFA:	2011 10,000 sqm second quarter of 2012 60,000 sqm second quarter of 2013 61,000 sqm

Project description:

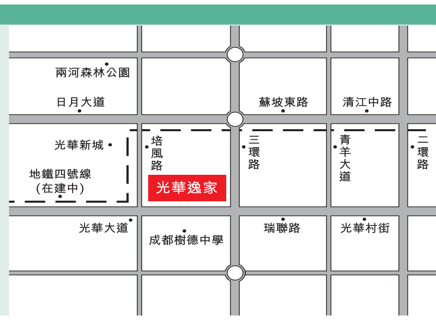
The project is located in the Chuendadao 2nd section in the Xinchengnan Region in Chengdu, with the government's new administration centre in the east, the international airport and airport economic development zone in the west, and the famous one hundred-year-old Sichuan University campus across the main road from its northern end, within 10 minutes' car ride to Chengdu city centre. The excellent traffic network composes of Tianfu Dadao, Ji Chang Road, ChengYa Highway and Dajian Road.


Villa Royale

The project focuses at providing villas and town-houses within the city, a most sought after product in the local property market. The project fully utilizes rare resources in the district - the JiangAn River running alongside the property, and a massive and beautiful clubhouse which boasts of high-end dining and other facilities.

Project Name:
Brighton Place & Plaza (光華逸家) — 51% interest

Project Location:
Section 1, Guang Hua Avenue, Xi San Huan, Chengdu, Sichuan



Total land area:	76,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	256,000 sqm 93,000 sqm 349,000 sqm
Expected completion date and area:	Phase I: GFA:	first half of 2014 85,000 sqm
Project description:	The project is situated at Guanghua New City, the hub of the western new city under the strategy to establish four major new districts in Qingyang, Chengdu. It is close to the Guanghua Boulevard where infrastructure and recreational facilities are maturing. In addition, MTR line No.4 to be operational in 2013 will also service this district.  Virtual Perspective of Brighton Place & Plaza The whole project is positioned as high-end cosmopolitan city complex adopting the planning principle of separation of commerce and residential area in which there is ample space among the buildings, making it very spacious with good ventilation and lighting. The western part is planned to have 4 office buildings, sunken business street; and the eastern part is planned to have 16 high-rise residential blocks equipped with lifts.	

Project Name:
Dazhou Project (雍河灣) — 100% interest

Project Location:
Chaoyang Road Central, Tongchuan District, Dazhou, Sichuan

Total land area:	73,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	358,000 sqm 55,000 sqm 413,000 sqm
Expected completion date and area:	Phase I: GFA:	fourth quarter of 2013 178,000 sqm
Project description:	The project is located at the Chaoyang Road Central in the Tongchuan District in Dazhou City in Sichuan outside the entrance of the newly emerged west district, with the old district in the east and rivers in the south, which embraces the amenity of the main town area with convenient transportation network. Dazhou has a population of approximately 6.5 million. As a large scale river-side ecological scenic project serving multiple residential, commercial and educational purposes, the Dazhou Project also has a huge ecological park in the river side area next to the mountain park.	

Virtual Perspective of Dazhou Project

Guiyang

Area:	8,034 km^2
Population:	4,300,000
GDP Growth:	Year 2011: 17.1% Year 2010: 14.3% Year 2009: 13.3%
Location:	In the Southwestern region of China, the central part of Guizhou Province and the eastern part of Yungui Plateau, which is the provincial capital of Guizhou Province

Project Name:
First City, Guiyang (中渝 • 第一城) — 85% interest

Project Location:
North Wing of International Exhibition Centre, Jinyang New District, Guiyang City, Guizhou Province

Total land area:	365,000 sqm	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	1,070,000 sqm 293,000 sqm 1,363,000 sqm
Expected completion date and area:	Phase I: GFA:	second quarter of 2013 183,000 sqm

Project description:


Virtual Perspective of First City, Guiyang

The project is situated at Jinyang New District in Guiyang City, which is a new urban district located 12 kilometres northwest of the city centre of Guiyang. The district features a headquarter economic base with internationalized standard construction that expedites the progress of soliciting business as well as capital for Guiyang and facilitates effectively the remarkable development of the district economy. As a new city district of Guiyang, it focuses on government, finance, real estate, high-tech, aerospace and commercial services.

Situated at the central area of CBD, the project enjoys first-class commercial auxiliary facilities for core district, proximity to International Exhibition Centre, municipal administrative centre and surrounding large commercial auxiliary facilities. It is a close neighbor of the interchange for No. 1 Light Railway in a distance of only 2km from Jinyang Passenger Bus Terminal, so accessible by urban boulevards and around-city highways such as Qianlingshan Road, Beijing West Road, Changling Road via Erhuan Road. After the completion of the new railway station of Guiyang currently under construction which is expected to be operational by 2014, the site will become a confluence of many express rail links, making it more accessible in terms of all traffic.

The project comprises independent commercial streets, high-end business office buildings, high-end residences, fashionable bar streets, flag-ship streets for dining and drinking, boutique business hotels, three major theme parks, etc, such that it distinguishes itself from the unitary development model of traditional real estate projects and aims at building an international, eco-friendly and diversified "Utopia for Living".

EXECUTIVE DIRECTORS

Mr. CHEUNG Chung Kiu, aged 47, was appointed Chairman and Executive Director of the Company on 22 November 2006 and 22 June 2000 respectively. He also serves as a Director of several subsidiaries of the Company. Mr. Cheung has a wide range of experience in investment and business management, including approximately 20 years of property development and investment experience in the PRC. Mr. Cheung is the founder and Chairman of Yugang International Limited ("Yugang"), Chairman of Y.T. Realty Group Limited ("Y.T. Realty") and Chairman of The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), the shares of all these companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also a Director of Regulator Holdings Limited, Yugang International (B.V.I.) Limited ("Yugang-BVI"), Chongqing Industrial Limited, Palin Holdings Limited and Thrivetrade Limited, which are companies disclosed under the section headed "Discloseable Interests and Short Positions of Shareholders under SFO" on page 62.

Dr. LAM How Mun Peter, aged 64, was appointed Deputy Chairman, Managing Director and Executive Director of the Company on 22 November 2006, 9 April 1999 and 3 June 1998 respectively. Dr. Lam is the founder of the Company and has served the Group since 1989. He also serves as a Director of several subsidiaries of the Company. He obtained his medical degree from the University of Hong Kong in 1972. He is a Fellow of the Royal College of Surgeons of Edinburgh and the American College of Surgeons. In addition to his extensive experience in medical practice, Dr. Lam has over 20 years of experience in the real estate, investment and manufacturing industries. Currently, he spends only a limited amount of his time on his medical practice.

Mr. TSANG Wai Choi, aged 63, was appointed Deputy Chairman and Executive Director of the Company on 1 June 2008 and 14 May 2007 respectively. He also serves as a Director of several subsidiaries of the Company. Graduated from the Sichuan Construction Material College (四川省建築材料學校), Mr. Tsang has extensive experience in various segments of the construction industry in the PRC, including over 15 years of experience in property development as a professional project manager. As a front-runner in property development using private capital in the city of Chongqing, Mr. Tsang has been over-all in charge of a number of large-scale property projects in the city since 1991.

Mr. LAM Hiu Lo, aged 50, was appointed Executive Director of the Company on 10 November 2000. He also serves as a Director of several subsidiaries of the Company. Mr. Lam has over 25 years of experience in sales and marketing in the PRC. Over the years, he has successfully built up a strong business and personal network in the PRC. Mr. Lam is an Executive Director of Yugang and also a Director of Yugang-BVI.

Mr. LEUNG Chun Cheong, aged 62, was appointed Executive Director of the Company on 3 June 1998. He also serves as a Director of several subsidiaries of the Company. He has joined the Group since 1995. Previously, Mr. Leung had held senior positions in various companies in Hong Kong. He has over 35 years of experience in professional accounting and finance. Mr. Leung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Wai Fai, aged 50, was appointed Executive Director of the Company on 3 December 1999. He also serves as a Director of several subsidiaries of the Company. Graduated from the University of Wisconsin-Madison, the United States of America with a Degree of Bachelor of Business Administration, Mr. Leung is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. In addition, Mr. Leung is an Executive Director of Cross-Harbour and Group Financial Controller of Yugang.

Ms. POON Ho Yee Agnes, aged 44, was appointed Executive Director of the Company on 3 June 1998. She also serves as a Director of several subsidiaries of the Company. She has joined the Group since 1990. Ms. Poon holds a Master of Science in Electronic Commerce and Internet Computing from the University of Hong Kong and a Degree of Bachelor of Business Administration from Simon Fraser University, Canada. In addition, she obtained her Master of Social Science in Counselling at University of South Australia in 2006. Over the years, Ms. Poon has gained considerable experience in sales and marketing in the manufacturing industry.

Mr. WU Hong Cho, aged 66, was appointed Executive Director of the Company on 7 July 2006. He also serves as a Director of a subsidiary of the Company. Mr. Wu graduated from the Law School of the University of Hong Kong and has accumulated over 10 years of experience as a practicing solicitor in Hong Kong before leaving private practice. Prior to joining the Company, he held senior positions and was in charge of corporate financial matters in a number of public companies in Hong Kong. Mr. Wu was a Non-executive Director from July 2006 to June 2010 of NewOcean Energy Holdings Limited, a company listed on the Stock Exchange.

NON-EXECUTIVE DIRECTOR

Mr. WONG Yat Fai, aged 52, was appointed Independent Non-executive Director of the Company on 20 September 2006 and was re-designated as Non-executive Director of the Company on 1 October 2007. Mr. Wong holds a professional diploma in banking from the Hong Kong Polytechnic University. He has over 15 years of working experience with an international banking group. Mr. Wong is currently an Executive Director of ICube Technology Holdings Limited and a Non-executive Director of Yugang, Y.T. Realty and Cross-Harbour, the shares of all of these companies are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Fung Jeffrey, GBS, JP, aged 60, was appointed Independent Non-executive Director of the Company on 3 June 1998. Mr. Lam holds a Bachelor Degree from Tufts University in the United States of America. He has over 30 years of experience in the toy industry and is currently the Managing Director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam was awarded a Gold Bauhinia Star by the Government of the HKSAR in 2011. He also holds a number of other public and community service positions including Member of the Legislative Council in Hong Kong, Chairman of Mega Events Funds Assessment Committee, Member of the Board of the West Kowloon Cultural District Authority, Member of the Advisory Committee on Corruption of Independent Commission Against Corruption, General Committee Member of the Hong Kong General Chamber of Commerce and Board Member of the Airport Authority Hong Kong. In addition, Mr. Lam is an Independent Non-executive Director of Hsin Chong Construction Group Ltd., Wynn Macau, Limited, China Overseas Grand Oceans Group Ltd., Sateri Holdings Limited and Chow Tai Fook Jewellery Group Limited, the shares of these companies are listed on the Stock Exchange.

Mr. LEUNG Yu Ming Steven, aged 52, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung holds a Degree of Master in Accountancy from Charles Sturt University in Australia and a Degree of Bachelor of Social Sciences from the Chinese University of Hong Kong. He is an associate of the Institute of Chartered Accountants in England and Wales, a certified practicing accountant of CPA Australia and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Leung is a practicing certified public accountant in Hong Kong. He previously worked in Nomura International (Hong Kong) Limited as Assistant Vice-President in the International Finance and Corporate Finance Department. He commenced public practice in auditing and taxation in 1990 and is currently the senior partner of a firm of certified public accountants. He has over 25 years of experience in assurance, accounting, taxation, financial management and corporate finance. Mr. Leung is an Independent Non-executive Director of Suga International Holdings Limited, Yugang, Y.T. Realty and Cross-Harbour, the shares of all these companies are listed on the Stock Exchange.

Dr. WONG Lung Tak Patrick, BBS, JP, aged 64, was appointed Independent Non-executive Director of the Company on 1 October 2007. Dr. Wong is an associate of the Institute of Chartered Accountants in England and Wales, and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Association of International Accountants, the Institute of Chartered Secretaries and Administrators in the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong as well as the Hong Kong Institute of Chartered Secretaries. Dr. Wong is a practicing certified public accountant in Hong Kong and has over 30 years of experience in the accountancy profession. He is the Managing Director of Wong Lam Leung & Kwok CPA Limited. Dr. Wong was accorded Doctor of Philosophy in Business, was awarded a Badge of Honour by the Queen of England in 1993, was appointed a Non-official Justice of the Peace in 1998 and was awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Dr. Wong has been appointed Adjunct Professor, School of Accounting and Finance, the Hong Kong Polytechnic University since 2002. He participates in many types of community services, holding posts in various organizations and committees in government and voluntary agencies. Dr. Wong is currently an Independent Non-executive Director of Water Oasis Group Limited, China Precious Metal Resources Holdings Co., Ltd., Galaxy Entertainment Group Limited, National Arts Holdings Limited, Real Nutriceutical Group Limited (formerly known as Ruinian International Limited), Guangzhou Pharmaceutical Company Limited, Sino Oil and Gas Holdings Limited and Winox Holdings Limited, the shares of all these companies are listed on the Stock Exchange.

To our Shareholders,

I am pleased to present the annual results of C C Land Holdings Limited (the "Company") for the year ended 31 December 2011.

The Company achieved a record high revenue of HK$5,275.3 million (including HK$4,856.6 million from continuing operations and HK$418.7 million from a discontinued operation of the Group's packaging business) for the year ended 31 December 2011 (2010: HK$1,917.0 million) representing an increase of approximately 175% compared with that of 2010. The property development and investment business contributed a revenue of HK$4,694.6 million, representing about 89% of the total revenue of the Group. The manufacturing business and the treasury investment business recorded a revenue of HK$573.1 million and HK$7.6 million respectively. The Group attained a profit attributable to shareholders of HK$301.0 million (2010: HK$260.1 million). The basic earnings per share for the year was HK11.79 cents (2010: HK10.15 cents).

PRC PROPERTY BUSINESS

2011 was a tough year for the Chinese property developers. The government has launched a series of measures to control property prices since the end of 2010, such as raising down-payment requirements and mortgage rates for second home buyers, restricting the number of homes a family may purchase, and extending home purchase restrictions to second and third tier cities. As a result, the property transaction volume dropped substantially towards the second half of the year. The Government launched the property tax trial program in Chongqing and Shanghai in January 2011. The program was considered to be a strong weapon against the property market. However, the two cities have collected only very limited amount of property taxes as the program mainly targets the high-end properties.

The Group continues to focus its property development and investment in Western China which is predominately an end-user driven market. The GDP growth of Chongqing and Chengdu in 2011 reached 16.4% and 15.4% respectively, outperforming the national GDP growth of 9.2%. First-time home buyers constituted the mainstream demand in Chongqing and Chengdu where the Group's major projects are located. Home purchase restriction was implemented in Chengdu from early 2011, causing property sales to slow. Whereas, Chongqing did not have in place any home purchase restriction and the property market was holding well until the poor nationwide market sentiments began to affect sales from the fourth quarter of 2011, when buyers stayed back with a wait-and-see attitude, causing the Group to achieve only 85% of its sales target of RMB7.5 billion for 2011. Nevertheless, the Group was able to increase its contract sales by 10% to RMB6,378.5 million (2010: RMB5,801.1 million) when compared with that of the previous year. The total Gross Floor Area ("GFA") sold was approximately 740,800 sqm (2010: 815,400 sqm) which is 9.1% down from that of 2010. The average selling price ("ASP") increased by 21% to RMB8,600 per sqm. These contract sales will provide strong support for the Group to post satisfactory results for 2012 and thereafter.

The Group's recognized property sales increased 256% compared with last year as 7 projects (2010: 4 projects) were completed as scheduled and delivered to the buyers, a clear indication that the Group has completed its transformation into a property company. The gross profit of the property sales grew by 577% to approximately HK$1,284.9 million (2010: HK$189.7 million). The booked ASP increased by 12.7% to RMB6,280 sqm and the booked gross profit margin improved to 27.5% (2010: 14.4%) as most of the properties sale booked in 2011 were pre-sold in 2010 which was a good year with substantial property price increases.

The Group continued to adopt a prudent policy to acquire new land banks. During the year, the Group acquired six land lots with a total GFA of about 3.8 million sqm at a total consideration of about RMB4.9 billion. With the poor nationwide property market sentiments, land prices softened which gave the Group the opportunities to refill its land bank. As at the report date, the Group has a total land bank of about 11.9 million sqm (attributable 8.0 million sqm) which is sufficient for 5 to 6 years of development. The average land cost is about RMB2,070 per sqm. They are all located in the key cities of Western China, namely, Chongqing, Chengdu and Guiyang.

As at 31 December 2011, the Group maintained a healthy financial position with net gearing of 2.7% (2010: net cash) as much of the land premiums were paid up during the year. To ensure the Group will maintain a healthy cash level, a new 3-year-term facility of HK$600 million was arranged with a consortium led by Hang Seng Bank at the end of 2011.

MANUFACTURING BUSINESS

Throughout the Year 2011, the market was dragged down by the slowing US economy and uncertainty of the European debt crisis. In spite of the challenging economic conditions which were aggravated by surging inflationary pressure and operating costs, the Group managed to achieve an increase in revenue and delivered a profit growth. Rising costs continued to pose the biggest challenge to the Group. The impact of higher raw materials prices was compounded by more wage increases in China and the Renminbi appreciation. In response, the Group raised prices and stepped up its cost control measures and operational efficiency enhancement efforts.

Continuing the strong momentum of market demand in 2010, the sales revenue of the packaging business increased 7.1% to HK$418.7 million from HK$391.0 million of Year 2010. The increase was largely driven by the escalating customer demand for packaging products. The profit attributable to the packaging business was HK$41.3 million, representing a surge of 30.3% as compared with Year 2010.

The sales for the luggage business in the first half of 2011 experienced a growth of 29% to HK$93.2 million and achieved a slight profit of HK$1.2 million (before inter-company interest charge) when compared to the corresponding period of last year. The business has seen no improvement as customers reduced orders significantly in the fourth quarter in light of softening end customer demand. Sales contracted by 40.1% to HK$61.2 million in the second half of Year 2011. As a result, the 2011 revenue of the luggage business was HK$154.4 million which is about 12.1% down from HK$175.6 million of 2010. The loss attributable to the luggage business amounted to HK$6.0 million for 2011 (2010: a profit of HK$1.5 million).

Compared with 2010, the manufacturing business as a whole recorded a revenue of HK$573.1 million (2010: HK$566.6 million) and a net profit of HK$35.3 million (2010: HK$33.2 million) respectively.

PROSPECTS

Sustained strong economic growth, increasing personal income, as well as accelerated urbanization will be the driving forces for the property market. The Group is still optimistic about China's long term property market, especially for Western China, although fluctuations are inevitable.

China is expected to continue its credit tightening measures in 2012. No near term policy relaxation can be foreseen. However, credit to first-time homebuyers is still encouraged and supported. Therefore, a big fall in property prices in Western China is unlikely, as end-user demand remains strong. The Group will maintain its target of increasing its output by an average of 20% annually. With its low gearing ratio at 2.7%, the Group will continue to look for land bank acquisition opportunities in Western China with careful cashflow management.

Year 2012 will be another growth year for the Group's property business with an expected GFA for delivery of about 1 million sqm which is about 54% up from 2011. The target contract sales for 2012 is RMB6.8 billion against a GFA of 877,000 sqm which is about 7% and 18% up from 2011 respectively. The projects to be launched in 2012 will have an ASP of about RMB7,600 per sqm which is about 13% below the ASP of RMB8,600 per sqm for 2011. The drop in ASP is because the Group has adjusted its marketing strategy to launch more mid-end products which are the more favourable products of the first-time homebuyers and are less affected by any home purchase restrictions. At the same time, a new project in Guiyang will be launched in 2012. Guiyang is a new destination city of the Group which saw a strong GDP growth of 17.1% in 2011. The ASP of the first phase of this project is expected to be lower than the current ASP of the Group.

For the manufacturing sector, the trend of the global economy is highly unclear. The economic recovery in the US and Europe is still not firmly established. Nevertheless, the Group is still optimistic on China's economy, which is propelled by urbanization, industrialization and domestic consumption. As to the business environment specifically in the PRC, labour shortage, wage increases, inflation and the Renminbi appreciation remain as major challenges. To meet them the Group will find ways to improve sales, streamline its operations and enhance its efficiency.

On 2 March 2012, a listing application was submitted to The Stock Exchange of Hong Kong Limited for a spin-off and separate listing of the Group's packaging business. The Group believes the spin-off can unlock the value of the packaging business, and return it to the shareholders. On 1 February 2012, the Group entered into a share sale agreement to dispose of all its 60% ownership interest in the luggage business at a consideration of HK$20.0 million. As the luggage business suffered repeated losses in the past, the Group believes the disposal can stop further depletion of the resources of the Group. The disposal was completed on 26 March 2012. After the spin-off of the packaging business and disposal of the luggage business, the Group will principally become a property company. This will give investors a well delineated picture about the Group's performance in the property business and answer the investment needs of different types of investors.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to the Board of Directors, management and staff for their diligence, loyalty and dedication. I am grateful to our shareholders, strategic partners and bankers for their support which has contributed towards the Group's success.

Cheung Chung Kiu
Chairman

Hong Kong, 28 March 2012

RESULTS

The Group achieved a record high revenue of HK$5,275.3 million (including HK$4,856.6 million from continuing operations and HK$418.7 million from a discontinued operation of the Group's packaging business) for the year ended 31 December 2011, an 175% increase from HK$1,917.0 million of 2010. The property business recorded a revenue of HK$4,694.6 million (2010: HK$1,334.6 million). The revenue of the packaging and luggage business were HK$418.7 million (2010: HK$391.0 million) and HK$154.4 million (2010: HK$175.6 million) respectively with the treasury investment business accounting for the remaining revenue balance of HK$7.6 million (2010: HK$15.8 million). The profit attributable to shareholders for the year ended 31 December 2011 was HK$301.0 million (2010: HK$260.1 million mainly attributable to a gain of HK$248.7 million on the disposal of subsidiaries and a jointly controlled entity). The basic earnings per share for the year were HK11.79 cents (2010: HK10.15 cents).

FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK$0.04 (2010: HK$0.04) per share to shareholders who are registered on the Register of Members of the Company at the close of business on 28 May 2012. The directors also propose that the shareholders entitled to the proposed final dividend be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the proposed final dividend ("Scrip Dividend Scheme").

The Scrip Dividend Scheme is conditional upon shareholders' approval of the relevant resolutions regarding the proposed final dividend and the granting of a general mandate unconditionally to the directors to issue shares at the annual general meeting of the Company to be held on 18 May 2012 ("AGM") and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme. A circular containing details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 1 June 2012. The dividend warrants and the share certificates for the Scrip Dividend Scheme will be sent to shareholders by ordinary mail on or about 29 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 16 May 2012 to Friday, 18 May 2012, both days inclusive, for determining the eligibility of shareholders for attending and voting at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 15 May 2012.

The Register of Members of the Company will also be closed from Thursday, 24 May 2012 to Monday, 28 May 2012, both days inclusive, for determining the eligibility of shareholders for the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 23 May 2012.

BUSINESS REVIEW

Year 2011 is a significant milestone for the Group. After entering into the property business in the PRC six years ago, the Group is moving onto the harvest stage. For the year ended 31 December 2011, the Group's revenue reached a record high of HK$5,275.3 million, an increase of 175% over the last year. The increase was mainly due to the substantial increase in the number of property projects delivered during the year.

The property business reported a revenue of HK$4,694.6 million, representing an increase of 252% compared with the revenue of HK$1,334.6 million in the corresponding year. The property business, now the core business of the Group, accounted for 89% of the Group's total revenue. The profit from the property business was HK$420.2 million (2010: HK$229.3 million which included a gain of HK$248.7 million on the disposal of subsidiaries and a jointly controlled entity). The booked gross profit margin of the property business has improved from 14.4% in 2010 to 27.5% as a result of the growth in the average selling price ("ASP") of contract sales recognized in the year. If the effect of land cost on the fair values adjustment on the acquisition of the land banks in the Yubei and Verakin New Park City were excluded, the booked gross profit margin would have been 43.5% in 2011 (2010: 20.9%). During the year, a gain of HK$36.2 million before tax was recorded on the completion of the disposal of the Group's 30% interest in the Binjiang New Town Project in Meishan, Pengshan County, Sichuan.

For the manufacturing business, softer than expected economic recovery in the global markets as well as rising production costs in China have led to a challenging time for manufacturers in Year 2011. To a certain extent, consumer confidence and willingness to spend are impacted by the economic uncertainty as a result of high unemployment in the United States and Europe. To counter the challenging markets, the Group continued to strengthen its control over operating costs and improve the productivity and efficiency in the manufacturing process so as to enhance competitiveness, reducing the impact and as a result both domestic and export markets achieved a remarkable growth in both revenue and sales volume. The manufacturing business as a whole recorded a revenue of HK$573.1 million (2010: HK$566.6 million) and a net profit of HK$35.3 million (2010: HK$33.2 million) respectively.

The treasury investment business reported a loss of HK$0.8 million (2010: a profit of HK$11.5 million). The loss was mainly due to the volatile stock market during the year. There was a gain of HK$48.9 million realized on the partial disposal of the available-for-sale investments held by the Group. In addition, there were dividend income and interest income from investment in notes receivable totalling HK$38.3 million and realized and unrealized loss on listed securities amounting to HK$30.7 million and HK$50.4 million respectively (2010: dividend income and interest income of HK$15.8 million, and unrealized loss on listed securities of HK$0.3 million).

Other income recorded fair value gains on investment properties of HK$18.2 million (2010: HK$32.6 million) and gains of HK$36.2 million on the disposal of the Binjiang New Town Project mentioned above (2010: gains on disposal of three land lots of HK$248.7 million).

The increase in marketing and distribution costs and administrative expenses was mainly due to the expansion of the property business and launching of more projects for pre-sales during the year.

The profit attributable to shareholders for the year amounted to HK$301.0 million (2010: HK$260.1 million). The basic earnings per share for the year were HK11.79 cents (2010: HK10.15 cents).

PRC Property Development and Investment Business

The Group continues to focus its property business in Western China, predominantly in Chongqing and Chengdu which are predominantly end-user markets. The two cities have seen strong economic growth with the GDP growth of Chongqing and Chengdu for the year of 2011 reaching 16.4% and 15.4% respectively, which are much higher than the nation's average of 9.2% in the year.

Besides having the only inland free-trade zone in China, Chongqing has announced the setting up of the Liangjiang New Area (兩江新區) — China's third economic development zone after Shanghai's Pudong New Area and Tianjin's Binhai at a sub-provincial level. The setting up of this New Area is considered a landmark move in the development of Western China, boosting economy and narrowing the gap between the east and the west. The Group believes it will benefit greatly from the setting up of the Liangjiang New Area since its core land bank with a remaining Gross Floor Area ("GFA") of about 2.7 million square metres ("sqm") is situated at one of the most prime locations within this New Area.

Liangjiang New Area

Chengdu, capital of the Sichuan province, is a centre for science and technology as well as business and trade, acting as an important transportation and telecommunication hub for Western China. The city already has a mature information infrastructure and industrial system. These qualities have led to the arrival of foreign investors in various industries. Chengdu is rapidly urbanizing to promote the regional investment and consumption demand.

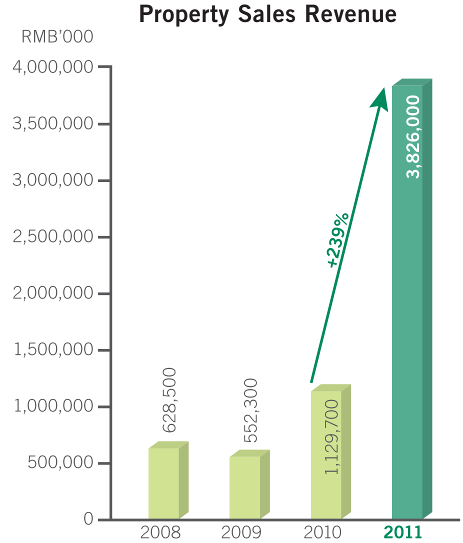
Recognized Revenue

During the year, the Group's property sales revenue was HK$4,679.3 million (RMB3,826.0 million) (2010: HK$1,314.1 million (RMB1,129.7 million)) against a total booked GFA sales of 609,300 sqm (2010: 202,700 sqm), mainly from eight property projects, six in Chongqing and two in Chengdu. The revenue from property sales and booked GFA represented a growth of 256% and 201% respectively over the corresponding year of 2010. For 2011, the ASP of recognized sales increased by 12.7% to RMB6,280 per sqm. The overall booked gross profit margin for the year increased by 13.1 percentage points to 27.5% from 14.4% in 2010.

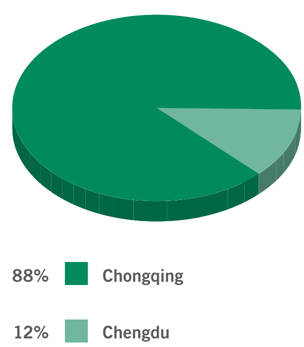
The table below summarizes the recognized sales revenue by projects for 2011:

Locations	Projects	Usage	GFA (sqm)	Sales Revenue Net of Business Tax (RMB'000)	ASP Net of Business Tax (RMB)	The Group's Interest
Chongqing	i-City Phases I, II & III	Residential	99,150	580,800	5,860/sqm	100%
		Office	12,320	125,800	10,210/sqm	
		Commercial	5,190	126,300	24,350/sqm	
		Car Park	7,610	21,500	88,630/unit	
	No. 8 Peak Road	Residential	35,300	342,100	9,690/sqm	100%
		Car Park	7,400	8,100	65,460/unit	
	One Central Midtown & 9 Central Midtown	Residential	96,760	679,600	7,020/sqm	100%
		Office	26,280	273,700	10,420/sqm	
	Riverside One, Wanzhou Phases I & II	Residential	53,460	214,600	4,020/sqm	100%
		Commercial	7,900	55,000	6,960/sqm	
		Car Park	6,820	14,500	63,490/unit	
	Verakin New Park City — Zone I	Residential	113,230	574,800	5,080/sqm	51%
	Verakin Le Charme	Residential	44,180	176,300	3,990/sqm	26%
		Commercial	9,630	99,100	10,290/sqm	
		Car Park	5,400	11,500	88,720/unit	
	Others	Residential/ Commercial/ Car Park	12,170	49,900		
Chengdu	Sky Villa Phase I	Residential	21,930	275,000	12,540/sqm	51%
		Car Park	12,140	25,800	68,130/unit	
	Lagonda Gardens	Residential	32,020	164,900	5,150/sqm	100%
		Commercial	410	6,700	16,180/sqm	
TOTAL			609,300	3,826,000		

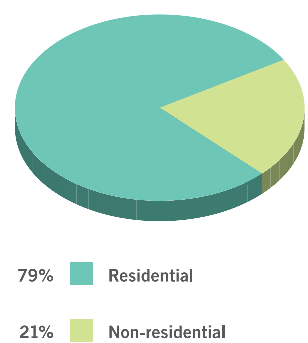
Property Sales Revenue



Analyzed by City



Analyzed by Usage



Delivery of Verakin New Park City — Zone I

In terms of location, Chongqing accounted for 88% (2010: 57%) and 89% (2010: 75%) of the recognized revenue and booked area respectively, while Chengdu accounted for the remaining 12% (2010: 43%) and 11% (2010: 25%) of the recognized revenue and booked area. In terms of usage, about 79% (2010: 92%) were for residential and the balance for non-residential purposes.

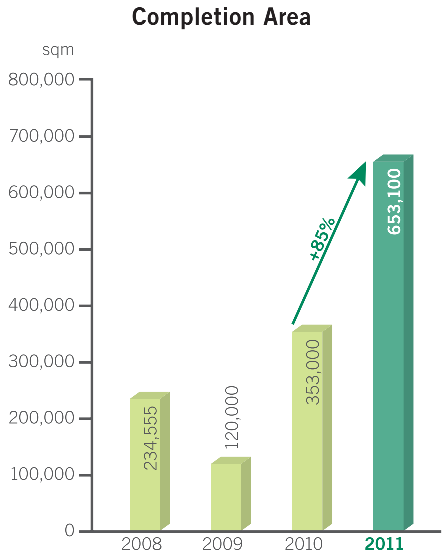
As at 31 December 2011, the unrecognized revenue was approximately RMB8,524 million, representing area pre-sold amounted to 1,010,500 sqm, out of which, about RMB592 million are from projects which are completed and pre-sold. The revenue can be recognized when the buyers collect the properties. This has laid a solid foundation for Year 2012. The recognition of this revenue will depend on the time of completion of the relevant projects, the issuance of occupation permits and delivery of the completed units to the buyers.

Delivery of One Central Midtown

Seven projects were completed on schedule in 2011. The total GFA completed by the Group in 2011 amounted to approximately 653,100 sqm, representing an increase of 85% over that of 2010. Details are as follows:

Projects	**Usage**	**GFA** (sqm)	**Percentage of Area Sold as at 31 December 2011**	**The Group's Interest**
Chongqing				
i-City Phase III	Residential	46,400	40	100%
	Office	23,600	100	
	Commercial	13,500	24	
	Others	26,000		
No. 8 Peak Road	Residential	39,000	95	100%
	Commercial	900		
	Others	9,500		
One Central Midtown & 9 Central Midtown	Residential	99,800	99	100%
	Office	31,700	100	
	Commercial	8,200	73	
	Others	34,700		
Riverside One, Wanzhou Phase II	Residential	53,300	100	100%
Verakin New Park City — Zone I	Residential	113,500	100	51%
	Others	28,300		
Verakin Le Charme	Residential	44,200	100	26%
	Commercial	16,600	63	
	Others	7,200		
Chengdu				
Lagonda Gardens	Residential	52,300	66	100%
	Commercial	3,100	13	
	Others	1,300		
TOTAL		653,100		

Silver Lining, the Group's pilot project in Kunming, completed its construction work in late 2011 and will start delivery to its buyers in the first half of 2012.




One Central Midtown


Delivery of Silver Lining

Contract Sales

Chinese authorities have been targeting inflation and the surge in property prices by tightening the credit markets. The property market is facing the most difficult time under the policy tightening environment. The Government launched the property tax trial program in Chongqing and Shanghai in January 2011. The program was considered to be a strong weapon against the property market. However, the two cities have collected only very limited amount of property taxes as the program mainly targets the high-end properties. The massive social housing scheme in Chongqing is mainly for rental and is a different market segment from the Group's business.

On the other hand, with the implementation of home purchase restriction in Chengdu from early 2011, the property market there slowed down. On the contrary, since there is no home purchase restriction in Chongqing, the property market in Chongqing was still doing well up to September 2011, after which time, when the bad market sentiments in the first-tier cities filtered through, the Chongqing homebuyers began to adopt a wait-and-see attitude and the sales performance of the Group's Chongqing property was accordingly affected. The turnover of the second half year dropped 27% from 523,200 sqm of the second half of 2010 to 382,000 sqm. The total contract sales achieved in 2011 were RMB6.4 billion which showed a 10% increase from the previous year but was 15% below the target while the sales volume decreased 9.1% to 740,800 sqm from the previous year.

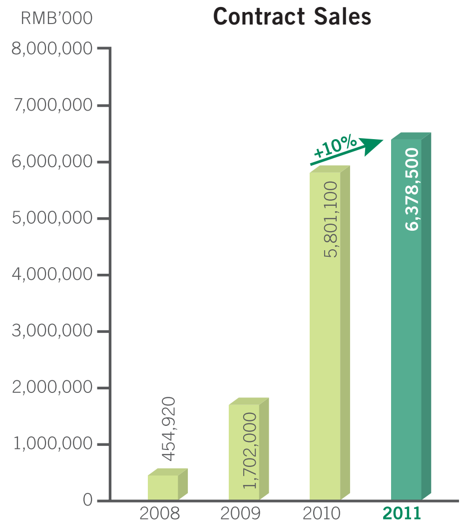

Grand Launch of Riverside One, Wanzhou

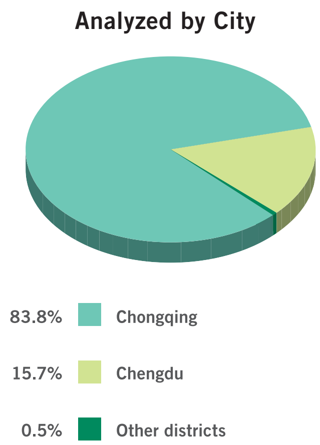

Delivery of Riverside One, Wanzhou Phase II

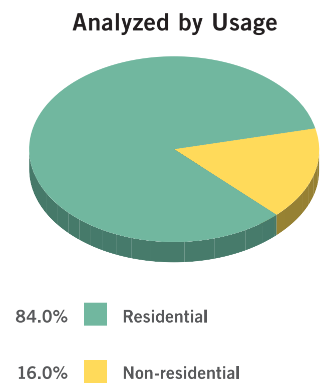
Thirteen projects were launched during the year, out of which, four were new projects. Verakin New Park City, L'Ambassadeur and Sky Villa were the top three projects, contributing most of the contract sales. The distribution of the 2011 contract sales was 83.8%, 15.7% and 0.5% from Chongqing, Chengdu, and other districts respectively.

The breakdown of the contract sales in 2011 is as follows:

Projects	Usage	Approximate Contract Sales Area (sqm)	Approximate Contract Sales Revenue (RMB'000)	Approximate Contract ASP Before Business Tax (RMB)
Chongqing				
L'Ambassadeur Phases I, II & III	Residential Commercial	136,500 1,400	1,089,300 22,800	8,000/sqm 16,600/sqm
Verakin New Park City — Zones I, J, K, L, M, N, O, P & W	Residential Commercial	287,600 8,800	2,205,200 138,900	7,700/sqm 15,800/sqm
i-City Phases I, II & III	Residential Commercial Office Car Park	15,300 5,600 23,600 9,100	120,700 136,600 255,800 27,200	7,900/sqm 24,300/sqm 10,800/sqm 93,800/unit
Riverside One, Wanzhou Phases I, II & III	Residential Commercial Car Park	40,900 8,500 10,900	219,400 77,900 25,000	5,400/sqm 9,200/sqm 78,200/unit
Phoenix County Phase I	Residential	46,200	525,800	11,400/sqm
Mansions on the Peak	Residential	3,300	106,400	32,500/sqm
Academic Heights Phase I	Residential	15,800	89,200	5,600/sqm
One Central Midtown & 9 Central Midtown	Commercial	6,000	164,700	27,600/sqm
Others	Residential/ Commercial/ Office/ Car Park	26,700	142,100	
		646,200	5,347,000	
Chengdu				
Sky Villa Phases I & II	Residential Car Park	29,500 14,000	528,700 44,400	17,900/sqm 102,600/unit
Villa Royale Phases I & II	Residential Car Park	21,500 4,300	297,400 11,500	13,800/sqm 99,800/unit
Lagonda Gardens	Residential Commercial	20,600 400	112,000 7,100	5,400/sqm 17,200/sqm
		90,300	1,001,100	
Other Districts				
Silver Lining	Residential	2,600	22,000	8,300/sqm
Dazhou Project Phase I	Residential	1,700	8,400	4,800/sqm
		4,300	30,400	
TOTAL		740,800	6,378,500	








i-City

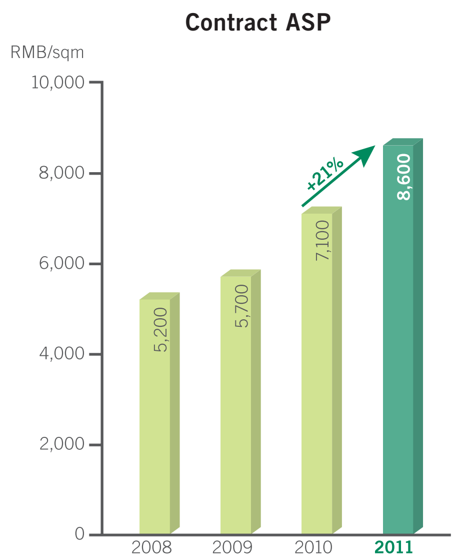

Clubhouse of Villa Royale


Show Flat of Villa Royale

The overall ASP during the year is RMB8,600 per sqm, a 21% increase from last year. The increase in ASP was partly because of the launching of higher end products and partly due to property price increases in subsequent phases of various projects. The ASPs for Chongqing and Chengdu were RMB8,300 per sqm and RMB11,100 per sqm respectively. In terms of usage, about 84% were for residential and 16% for non-residential properties. The ASPs for residential, commercial and carparks were RMB8,600 per sqm, RMB13,600 per sqm and RMB91,900 per unit respectively.

Property Projects Under Development

The GFA of newly commenced construction in 2011 reached a total of 2.1 million sqm representing a 50% increase from 1.4 million sqm in 2010. As at 31 December 2011, the total area under construction was about 3.5 million sqm with 16 projects in different stages of development.



Chongqing Projects

Verakin New Park City (同景國際城) — a high-end multi-phased residential and commercial project with a total GFA of about 2 million sqm of which about 358,000 sqm was newly acquired in the first half of 2011. The newly acquired area, Zones L, M and O, adjacent to the original site are planned to be developed as an extension of the existing project. These land lots will provide low density residential property with community facilities such as supermarkets, clinics, schools and a sports centre.

Zone W is a high-rise apartment project providing 4,006 residential units and 64 commercial units with a total GFA of about 243,000 sqm. As at 31 December 2011, nearly all the residential units were sold at an ASP of RMB6,100 per sqm, and over 94% of commercial area were sold at an ASP of RMB17,400 per sqm. Zone W is expected to be completed in 2012.

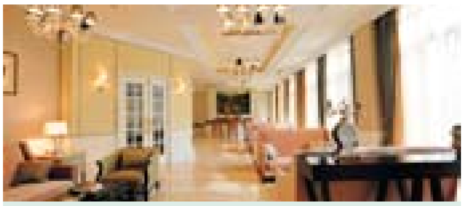
Zone J, a high-end residential town-house development, provides 444 residential units or a total GFA of about 78,000 sqm. The sale of Zone J progressed well during the year. As at 31 December 2011, about 94% residential units were sold at an ASP of RMB11,000 per sqm which was 9% higher than that of the previous year. Zone J is planned for completion in 2012.

Zone P, a high-rise apartment project with a few commercial units, with a total GFA of about 99,000 sqm was first launched for pre-sales in May 2011. Over 94% of the residential units of Zone P were sold at an ASP of RMB6,200 per sqm. All 18 commercial units of Zone P were sold as at 31 December 2011 at an ASP of RMB17,100 per sqm. Zone P is expected to be completed in 2013.

Zone N, a high-rise apartment development, with a total GFA of about 233,000 sqm was first launched for pre-sales in July 2011. Over 73% launched residential units with a GFA of 104,000 sqm were sold as at 31 December 2011 at an ASP of RMB6,400 per sqm. Zone N is scheduled for completion in 2013.

Construction works of Zone L, M and O started in the second half of 2011. Zone L is a low-rise residential property with a total GFA of about 88,000 sqm. Zone M is a mixed town-house and high-rise apartment development with a total GFA of 234,000 sqm. Zone O is a high-rise apartment development with a total GFA of 36,000 sqm. Zone L will be completed in 2013 and Zone M and O are scheduled to be completed in 2014.

Mansions on the Peak (御府) — a project with a total GFA of about 60,000 sqm comprising of 46 luxury villas with a world-class resort style clubhouse and shops. Construction works of the clubhouse have been completed. The construction of the villas is in progress. The pre-sales of these villas was launched in late December 2011. Three villas were sold at an ASP of RMB32,000 per sqm as at 31 December 2011. The project is expected to be completed in the second half of 2012.



Sales Centre of Mansions on the Peak

L'Ambassadeur (山頂道國賓城) — a four-phased development project of high-rise apartments with a total GFA of about 494,000 sqm. Construction works of all four phases were underway during the year. As at 31 December 2011, about 96% of Phase I residential area of about 93,000 sqm were sold at an ASP of RMB7,700 per sqm and over 88% launched residential area of Phase II of about 93,000 sqm were sold at an ASP of RMB8,100 per sqm. The first and second phases of the project are expected to be completed in 2012. A batch of 16,000 sqm residential area for Phase III was launched for pre-sales in November 2011 with about 5,600 sqm sold at an ASP of RMB7,200 per sqm. Phase III is scheduled for completion in 2013.

Grand Launch of L'Ambassadeur

One Central Midtown (都會首站), 9 Central Midtown (都會9號) & Lot #10 — a landmark development in the Group's Yubei main land bank that provides a planned total GFA of about 616,000 sqm, comprising of an up-market shopping mall, a 5-star hotel with an associated serviced apartment block, 2 Grade-A office towers, a SOHO building, and 4 high-rise residential towers with retail podiums.

Phase I comprises of 4 residential towers (One Central Midtown), a SOHO building (9 Central Midtown), retail spaces and car parking spaces with a total GFA of about 180,000 sqm. Construction works of Phase I have been completed. The 4 residential towers and SOHO building started delivery progressively in July and December 2011 respectively. One Central Midtown has a total of 1,446 residential units with an aggregate GFA of 100,000 sqm. The ASP for the 4 towers is about RMB7,500 per sqm. For 9 Central Midtown, capitalizing on its superior geographical location and project quality, all 624 units with a GFA of 32,000 sqm were sold at an ASP of RMB11,200 per sqm as at 31 December 2011. 36 commercial units of Phase I with a GFA of about 8,100 sqm were launched for pre-sales in December 2011 and over 77% commercial units were sold at an ASP of RMB27,600 per sqm as at 31 December 2011.

Delivery of One Central Midtown

Construction works of Phases II and III comprising of an up-market shopping mall, a 5-star hotel with an associated serviced apartment block, 2 Grade-A office towers commenced in June 2011. Phases II and III of the project are expected to be completed in 2014.

Sales Centre of Phoenix County

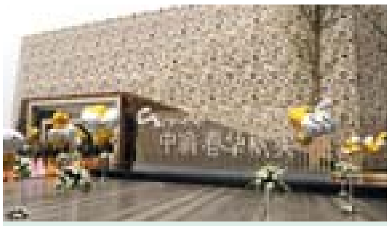
Phoenix County (梧桐郡) — a high-end residential town-house and high-rise apartment project near the new Yubei train terminal with a total GFA of about 399,000 sqm. The first phase provides a total GFA of about 79,000 sqm of residential and retail property. Pre-sales was first launched in January 2011. As at 31 December 2011, over 74% of the residential units were pre-sold at an ASP of RMB11,400 per sqm. The first phase of the project is scheduled for delivery in 2012. Construction works of Phase II with a construction area of about 87,000 sqm are underway as at 31 December 2011 and are scheduled for completion in 2013.

Riverside One, Wanzhou (濱江壹號) — a project located in the Jiangnan New District in Wanzhou for development into an integrated complex, consisting of high-end residential town-houses, high-rise apartments and retail outlets with a total GFA of about 407,000 sqm.

Phase I with a GFA of 68,000 sqm was completed and delivered in 2010. Part of Phase II, a low-rise residential property, with a total GFA of about 102,000 sqm was completed and started to deliver progressively in September 2011 with the remaining part of about 49,000 sqm to be completed in the first half of 2012. All residential units of Phase II were sold as at 31 December 2011 with an ASP of RMB4,700 per sqm which was 40% higher than that of Phase I. Commercial units and car park spaces of Phase II were launched for pre-sales in April and May 2011 respectively. Over 91% of the commercial units and over 97% of car park spaces have been pre-sold as at 31 December 2011. The commercial units' ASP was about RMB9,300 per sqm which was 33% higher than that of Phase I. Phase III of the project, a high-rise apartment development, commenced construction in May 2011 and pre-sales was first launched in September 2011. As at 31 December 2011, about 40,000 sqm GFA were sold at an ASP of about RMB5,400 per sqm. It is expected to be completed in 2014.

Grand Launch of Riverside One, Wanzhou Phase III

Academic Heights (春華秋實) — a three-phased high-end residential town-house and high-rise apartment project situated in the Xiyong University City with a total GFA of about 467,000 sqm. Xiyong University City is a satellite city of the municipality noted for its advanced urban design, and is designated to be an education, research and high technology district. Construction of the first phase with a total GFA of about 138,000 sqm commenced in June 2011. Town-house residential area of Phase I of about 25,000 sqm was first launched for pre-sales in December 2011 and over 63% of the area were sold at an ASP of RMB5,600 per sqm as at 31 December 2011. Phase I of the project is planned for completion and delivery in 2013.



Sales Centre of Academic Heights

Bishan Verakin New Park City (璧山 • 同景國際城) — a project located in the Ludao New District in Bishan County which will be developed into an integrated complex, consisting of high-end residential town-houses, high-rise apartments and retail outlets with a total GFA of about 826,000 sqm. It takes 5 minutes to travel from Bishan County to the University City through the Bishan Tunnel and, Metro Line No. 1 is expected to connect Bishan County with Chongqing city centre in 2013. The project will be developed in six phases. The first phase of the project is expected to commence construction in the first half of 2012 and pre-sales will be launched in 2012.

Virtual Perspective of
Bishan Verakin New Park City

Jiangbei Project (江北項目) — a 25% equity interest joint venture project having a total GFA of about 1,354,000 sqm located along the north bank of the inner city section of the Jialing River, Jiangbei District, Chongqing. This project is one of the largest riverside developments in the city, having a river frontage of about 750 metres. An international city complex will be built that will provide high-end residential premises, a Grade-A office tower, service apartments, and large-scale business and retail property. A 320-metre tall multifunctional tower will be built which will be a landmark for the district. The project will be built in three phases with the first phase planned to commence construction in the first half of 2012.

Chengdu Projects

Sky Villa (四海逸家) — a high-end residential project located in the Jinjiang District with a total GFA of about 572,000 sqm. The first phase comprises of 682 residential units or about 90,000 sqm GFA occupying 3 towers. Towers 1 and 2 of Phase I were completed and delivered in 2010. Delivery of Tower 3, the last tower of Phase I, took place in March 2011. Phase II comprises of 5 towers with a total of 1,079 residential units or a total GFA of 146,000 sqm. Construction of the second phase is still underway. Three towers of Phase II will be completed and delivered in the second half of 2012 with the remaining 2 towers to be delivered in the second half of 2013. Over 59% of the Phase II residential units were sold as at 31 December 2011. The average ASP for the year has increased to RMB18,000 per sqm which is about 14% higher than the previous year's average of RMB15,800 per sqm. Construction works of Phase III with a total GFA of about 215,000 sqm in 6 towers are currently in progress.

Clubhouse of Sky Villa

Brighton Place & Plaza (光華逸家) — a high-end residential project located in Guanghua New City, Qingyang District with a total GFA of about 349,000 sqm. The project is in close proximity to Guanghua Avenue and is equipped with comprehensive ancillary facilities. The project is divided into three phases for development. Phase I with a total GFA of about 85,000 sqm commenced construction in early 2012. Pre-sales of Phase I was first launched in mid March 2012, about 428 units, representing 97% of the launched area, were subscribed on the first day of launch at an ASP of RMB7,300 per sqm.

Grand Launch of Brighton Place & Plaza

Sales Centre of Brighton Place & Plaza

Villa Royale

Villa Royale (城南逸家) — a luxury villa and town-house project with a total GFA of about 272,000 sqm in the Shuangliu County, Chengdu. The project is just 8 minutes by car from the southern extension of the Chengdu South Renmin Road. Shuangliu County is a highly developed transportation hub and presently the sole aviation hub in Chengdu. It is the largest air traffic centre in Western China. The project is located opposite to the Sichuan University campus along a river bank and will be developed in phases. The first phase of the project with a total GFA of about 70,000 sqm, of which about 10,000 sqm are for show units and clubhouse facilities, and the second phase of a total GFA of about 61,000 sqm are under construction. The first and second phases of the project are scheduled for completion and delivery in 2012 and 2013 respectively. As at 31 December 2011, 77% of Phase I was sold at an ASP of RMB13,200 per sqm. Pre-sales of Phase II was first launched in April 2011. Construction works of Phase III of the project commenced in April 2011.

La Concorde (牧山逸家) — a high-end villa project with a total GFA of about 249,000 sqm in the Huayuan Town, Xinjin County, Chengdu, a suburban district approximately 15 kilometres southwest of Chengdu. The project is close to the Shuangliu International Airport and the site has been cleared and upgraded by the local government from rural land into one for low-density residential property development. Construction works of display units and clubhouse have commenced in May 2011. Foundation works of Phase I with a construction area of about 68,000 sqm are currently in progress. Construction is scheduled to commence in the first half of 2012.

Villa Splendido (禮里山莊) — a high-end villa and a 5-star hotel project with a total GFA of about 230,000 sqm in the Dujiangyan District — a famous tourist location. Foundation works of the first 2 phases of villa developments with a total GFA of about 158,000 sqm are currently in progress.

Projects in Other Districts

Dazhou Project (雍河灣) — a residential project located in the Tongchuan District with a total GFA of about 413,000 sqm. Construction works of Phase I with a GFA of about 178,000 sqm commenced in January 2011 and pre-sales of the first batch of residential area of about 67,000 sqm was launched in November 2011. Phase I is expected to be completed in 2013.

Virtual Perspective of First City, Guiyang

First City, Guiyang (中渝 • 第一城) — a pilot project in Guiyang with a planned total GFA of about 1,363,000 sqm, comprising of town-houses, low-rise and high-rise residential towers, Grade-A office towers and commercial property. The project is situated in the Jinyang New District which is a new urban district located 12 kilometres northwest of the old city centre of Guiyang. As a new city district of Guiyang, it will focus on government, finance, real estate, high-tech, aerospace and commercial services. The first phase of the project has a total GFA of about 183,000 sqm. Construction works of Phase I will begin in the first half of 2012. Pre-sales is scheduled to be launched in 2012.

As at the report date, details of the projects held for development are as follows:

Locations/Project Names	Expected Completion Date	GFA (sqm)	The Group's Interest
Chongqing, Yubei District			
— Phoenix County	2012 — 2015	399,000	100%
— Mansions on the Peak	2012	60,000	100%
— Lot #10	2014	436,000	100%
— L'Ambassadeur	2012 — 2014	494,000	100%
— Lot #17-1	2014 or after	210,000	100%
— Lot #9	2014 or after	305,000	100%
— Lot #19	2014 or after	260,000	100%
— Lot #4	2014 or after	557,000	100%
— Lot #3-1	2014 or after	260,000	100%
— Others	2014 or after	91,000	100%
Chongqing, Jiangbei District	2014 or after	1,354,000	25%
Chongqing, Nan'an District			
— Verakin New Park City	2012 — 2017	1,520,000	51%
— Ertang Project	2014 or after	598,000	26%
Chongqing, Wanzhou District			
— Riverside One, Wanzhou	2012 — 2014	286,000	100%
— Wanzhou Project	2014 or after	271,000	100%
Chongqing, Shapingba District			
— Academic Heights	2013 — 2015	467,000	100%
Chongqing, Bishan County, Ludao New District			
— Bishan Verakin New Park City	2014 or after	826,000	26%
Chongqing Rongchang County	2014 or after	157,000	26%
Chengdu, Dujiangyan District, Yutang Town			
— Villa Splendido	2014 or after	230,000	60%
Chengdu, Jinjiang District			
— Sky Villa	2012 — 2015	482,000	51%
Chengdu, Shuangliu County			
— Villa Royale	2012 — 2015	272,000	51%
Chengdu, Xinjin County			
— La Concorde	2014 or after	249,000	51%
Chengdu, Qingyang District			
— Brighton Place & Plaza	2014 or after	349,000	51%
Sichuan, Dazhou, Tongchuan District	2013 — 2015	413,000	100%
Guiyang, Jinyang New District			
— First City, Guiyang	2013 or after	1,363,000	85%
TOTAL		11,909,000	

Land Bank

The Group's strategy to expand business into other key cities in Western China enables it to benefit from the economic growth in the region while diversifying risks.

During the year, the Group extended its territory into Guiyang. Besides Chongqing, the Group has land bank in four other cities, namely Chengdu, Dazhou, Guiyang and Kunming. As at the report date, the Group's land bank stood at 11.9 million sqm GFA (attributable GFA amounted to about 8.0 million sqm) held for development. The average land cost is around RMB2,070 per sqm. The land bank portfolio is sufficient for development for the next 5 to 6 years. The main land bank located at the Yubei District, Liangjiang New Area, Chongqing, accounting for 33% in terms of size of the Group's attributable land bank, is of the highest value due to its excellent location, and to the maturity of its neighborhood. A large portion of the Group's trophy investments properties will be developed on this core land bank.

Under the tightening policy, developers have become more cautious in their cashflow management. Land prices have softened. The Group has maintained its prudent land bank acquisition strategy. Backed by its strong financial position with a net gearing ratio only at 2.7% as at 31 December 2011, during the year, the Group acquired 6 parcels of land at a total consideration of RMB4.9 billion, adding a total GFA of about 3.8 million sqm, with the newly acquired land at an ASP of RMB1,300 per sqm:

1. The Group acquired at a total consideration of about RMB235.7 million, through its 51% owned subsidiary holding the Verakin New Park City Project, 3 land plots adjacent to the Group's Verakin New Park City Project in Chongqing, with a GFA of about 358,000 sqm. These lots were being developed as an extension of the Verakin New Park City. The accommodation value for this acquisition is approximately RMB660 per sqm GFA.

Chongqing Zhong Yu Participated in Autumn Property Exhibition 2011

2. The Group acquired an 85% interest in a land lot in the Jinyang New District, Guiyang, Guizhou Province through the listing-for-sale process. The remaining 15% interest is owned by a local developer which has strong local knowledge and experience. The total consideration for the land lot is RMB728 million. The newly acquired land lot has a GFA of approximately 1,363,000 sqm with an accommodation value of about RMB530 per sqm GFA. It is planned for the development of a mega residential and commercial project.

3. The Group acquired a 51% interest of two adjacent land lots in Ludao New District, Bishan County, Chongqing, through its 51% owned subsidiary holding the Verakin New Park City Project, at a total consideration of RMB1 billion. The land lots acquired have a permitted GFA of approximately 826,000 sqm with an accommodation value of about RMB1,210 per sqm. The Group has a 26% attributable interest in the acquired land lots.

4. The Group acquired a land lot in Guanghua New City, Qingyang District, Chengdu through its 51% owned subsidiary holding the Sky Villa Project. The total consideration of the land lot is approximately RMB767 million. The newly acquired land lot has a GFA of approximately 349,000 sqm with an accommodation value of about RMB2,200 per sqm. The land lot is planned for the development of a high-rise residential and commercial project.

5. The Group acquired a 51% interests in a land lot in Nan'an District, Chongqing at a total consideration of about RMB1,884.7 million, through its 51% owned subsidiary holding the Verakin New Park City Project, with a permitted GFA of about 598,000 sqm. The accommodation value for this acquisition is approximately RMB3,150 per sqm GFA. It is planned for the development of a mega residential and commercial project. The Group has a 26% attributable interest in the acquired land lot.

6. The Group acquired two adjacent land lots in Wanzhou District, Chongqing through the listing-for-sale process. The land lots are close to one of the Group's developing projects, Riverside One, Wanzhou. The total consideration of the land lots is RMB298 million. The land lots acquired have a permitted GFA of approximately 271,000 sqm with an accommodation value of RMB1,100 per sqm. The land lots are planned for the development of a residential and commercial project.

After the year ended 31 December 2011, the Group acquired a 51% interests in a land lot in Rongchang County, Chongqing at a total consideration of about RMB124.7 million, through its 51% owned subsidiary holding the Verakin New Park City Project, with a permitted GFA of about 157,000 sqm. The accommodation value for this acquisition is approximately RMB790 per sqm GFA. It is planned for the development of a residential project. The Group has a 26% attributable interest in the acquired land lot.

The newly acquired projects are located in areas where first-time homebuyers made up the mainstream demand. Construction works of these land lots are already underway to ensure a good asset turnover rate. These acquisitions are quality land lots at extremely reasonable prices and will supplement the Group's earnings base and further add value to the Group.

During the year, to further refine its land bank portfolio, the Group disposed of its 30% interest in the Binjiang New Town Project in Meishan, Pengshan County, Sichuan which resulted in a gain of HK$36.2 million.

As at the report date, the Group's land bank has a well-diversified portfolio. The breakdown by usage is as follows:

Usage	Completed Properties held for Investment GFA (sqm)	Properties held for Own Use GFA (sqm)	Completed Properties held for Sale GFA (sqm)	Land held for Development GFA (sqm)		Total GFA (sqm)	Percentage of Total GFA
				Total	Attributable		
Commercial	28,000	9,000	35,000	984,000	824,000	1,056,000	8.6
Residential	2,000		35,000	5,933,000	3,583,000	5,970,000	48.7
Office			18,000	1,255,000	1,104,000	1,273,000	10.4
Hotel & serviced apartment			20,000	591,000	505,000	611,000	5.0
Town-house & villa				1,094,000	693,000	1,094,000	8.9
Others (Car-park spaces and other auxiliary facilities)	53,000	11,000	145,000	2,052,000	1,311,000	2,261,000	18.4
TOTAL	83,000	20,000	253,000	11,909,000	8,020,000	12,265,000	100.0

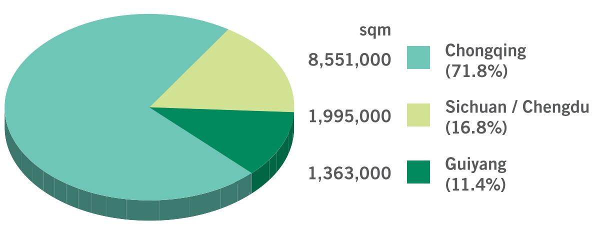
In respect of the total 70,000 sqm completed residential and commercial properties held for sale, about 31% have been pre-sold and are pending delivery.

The breakdown of the land bank held for development by location is as follows:

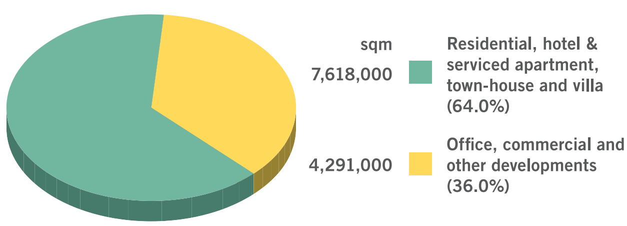
Locations	Total GFA (sqm)	Attributable GFA (sqm)	Percentage of Total GFA
Chongqing	8,551,000	5,621,000	71.8
Sichuan			
— Chengdu	1,582,000	827,000	13.3
— Dazhou	413,000	413,000	3.5
Guizhou			
— Guiyang	1,363,000	1,159,000	11.4
TOTAL	11,909,000	8,020,000	100.0

Around 72% of the land bank held for development is located in Chongqing whilst 28% is in Chengdu, Dazhou and Guiyang. In terms of usage, about 64% of the land held for development is for residential, hotel and serviced apartments as well as town-house and villa use and the remaining 36% for office, commercial and other developments.

By Location



By Usage



Investment Property

Inflation and Reminbi appreciation have made commercial properties a good investment which provides attractive return in the long term.

As of 31 December 2011, the Group's portfolio of investment properties was 83,049 sqm (2010: 83,203 sqm) of which approximately 34.1% were commercial properties, 2.9% were residential properties and 63.0% were car parks and auxiliary facilities.

During the year, the portfolio's fair value appreciated by approximately HK$18.2 million to HK$372.9 million, the majority of which was the revaluation gain recognized in relation to the commercial properties. The rental income from the investment properties amounted to approximately HK$13.8 million for the year ended 31 December 2011 (2010: HK$13.4 million).

Investment Property Under Development

China's strategy to develop its western regions is very supportive for doing business in Chongqing and Chengdu which would remain attractive for investors. Chongqing is entering a new phase of economic development. Compared with the coastal areas, the operating costs for business in Chongqing are lower. Convenient transportation is another favourable factor. Both Chongqing and Sichuan have a huge population providing enough labor forces to support the economic sector. China is also moving forward to relying on domestic consumption in the long run. The economic momentum in these regions as a result would attract investors to increase their investment in the commercial sector.


Virtual Perspective of Lot #3, 4, 9 and 10

The Group's core land bank in the Yubei District is situated right at the heart of the Yubei District of Chongqing, a district where the regional government administration offices, light rail and underground transport systems, major highway junctions and a new rail transportation hub are located. The Yubei district is only 20 minutes by car from the Chongqing Airport. This land bank has been earmarked for development as separate but interlinked projects, consisting of hotels, commercial and residential complexes. Internationally renowned architects and designers have been enlisted to help develop these projects. In view of the prime location of these projects, the Group intends to keep the trophy commercial properties for rental purposes and is expected to build up the investment property portfolio in the coming years. Once completed, this portfolio will form a solid base of recurrent rental income and cash flow for the Group.

Four commercial land lots of the Group's core land bank are situated in the Yubei District, namely, Lot Nos. 3, 4, 9 and 10. Construction on the first commercial land lot, No. 10, started in May 2009, and the pre-sales of the residential project (One Central Midtown) and SOHO project (9 Central Midtown) on this land lot was launched in January 2010 and September 2010 respectively with great success. One Central Midtown and 9 Central Midtown started delivery in the second half of 2011. Other phases of Lot #10 are currently under development and are expected to be completed by 2014.

The Group has also formed a strategic partnership with New World China Land Limited ("NWCL"), a leading property developer and hotel operator in China, to jointly develop a 5-star luxury hotel and serviced apartment project on this lot. The interest of this jointly-developed project is held as to 80% by the Group and 20% by NWCL. The hotel and serviced apartment project has an aggregate GFA of approximately 97,000 sqm and has started construction during the year and is scheduled to be completed by the year of 2014.

Bank Financing

Prudent cashflow management is considered to be the key to success. To ensure the funding can cope with the fast growing of the Group, the Group has obtained a 3-year term facility of HK$600 million in Hong Kong at the end of 2011. As at 31 December 2011, the net gearing of the Group was 2.7% (2010: net cash).

Investor Relations

The Group strives to provide investors with updates and accurate information on the Group's latest major development. The Group believes effective communication is two-ways and therefore also encourages investors to give feedback to the Group. To achieve easy access to information on the Company's latest major development, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website, www.ccland.com.hk, under the column of "Investor Relations".


2011 Presentation of Investment Opportunities in Yubei, Chongqing

To facilitate on-going dialogues with the investment community, the Group held analyst briefings after the results announcement. Global roadshows were conducted during the year to enable overseas investors to better understand the Group's performance. The management of the Group also actively participated in investment forums organized by leading international investment banks. During the year, site visits and property tours were arranged to give institutional investors a better understanding of the Group's property projects under development.

Besides the company's business development, the Company also updates the investors about the latest national and local government policy on the China property market. The China property business sector is very much policy related. The China property stocks have experienced a very volatile year in 2011. The home purchase restrictions spread from the first-tier cities to the second and third-tier cities during the year. Chongqing is one of the two cities which implemented the property tax. The investors are very concerned about the effects the new policies have on the property markets in Chongqing. Understanding the China property market enhances the investors' understanding of the future development of the Group.

Clubhouse of Villa Royale

Show Flat of Brighton Place & Plaza

To keep the investors updated on the sales progress of the Group, monthly updates on the property sales figures were released during the year. Therefore, a stable and close relationship has been established between the Company and the investment community. The Group also maintains an updated distribution list of investors to provide them with updated information through e-mails. The Group believes continuous communication is extremely important especially in a volatile stock market.

Manufacturing Business

Just like other manufacturer, the Group is facing rising operating costs, higher raw material prices brought about by inflation, rising wages and social insurance contributions due to national policies, and a rising Renminbi. Nevertheless, the Group mitigated the impact of these increases by strengthening cost controls and increasing sales of our products. The Group continues to perform well in the manufacturing business following the favorable results in 2010, recording growth in both revenue and profit in year 2011.

The Packaging Business generated a revenue growth of 7.1% to HK$418.7 million (2010: HK$391.0 million) but the luggage business recorded a decrease in revenue by 12.1% to HK$154.4 million (2010: HK$175.6 million). Correspondingly, the segmental contribution to the Group for the packaging and luggage businesses yield a profit of HK$41.3 million and reported a loss of HK$6.0 million respectively.

Packaging Business

As the global economy moved on from the financial crisis and consumers steadily regained confidence, the financial year 2011 was another rewarding year with encouraging result for the Packaging Business. Demand for the packaging products showed marked improvement, resulting in a revenue growth of 7.1% to HK$418.7 million for the year ended 31 December 2011 (2010: HK$391.0 million) primarily due to increased orders from existing customers as a result of the improved market growth. Packaging Business focuses on the export market — Europe, North and South America and Asia. Europe accounted for 37.0% of the Packaging Business revenue for the financial year 2011, representing a decrease of 10.2% as compared to HK$172.4 million for 2010 mainly attributed to the sluggish economies in most of our main European markets. However, the loss of business from Europe was offset by growth from North and South America and Asia. Sales of packaging products to these regions achieved significant growth, with revenue reaching HK$83.5 million and HK$180.3 million, an increase of 29.9% and 16.9% over the last year respectively, for North and South America and Asia.

In light of rising inflation, the Packaging Business was confronted with the pressure of escalating costs in raw materials and production overheads. Notwithstanding these unfavorable factors, our utmost effort in maintaining the high operational efficiency partly offset the rising costs impact. Besides, the Group was able to pass on part but not all of the increase in costs to the customers due to intensive price competition. As a result, the operating profit was HK$41.3 million representing an increase of 30.3% as compared to the last financial year. The increase in profit came from higher level of sales and a slight increase in profit margin.

Luggage Business

The positive performance in the first half reflected the combination of an overall improvement in product pricing and volume growth. The demand for the luggage products softened in the second half of the year. For the whole of this year, luggage business recorded a net decrease in revenue to HK$154.4 million (2010: HK$175.6 million) and operating result recorded at a loss of HK$6.0 million (2010: a profit of HK$1.5 million). The loss in 2011 was mainly attributed to the combined effects of (i) the decrease in production capacity because of lower customer orders resulting from tight inventory control by many of our customers, and (ii) change in sales mix with dominant products sold with lower margins.

Geographically, Europe continued to be the key export market for the luggage business. Sales to Europe result in a drop to HK$41.8 million, accounting for 27.1% of the luggage business revenue, and representing a decrease of 6.7% compared to 33.8% in Year 2010. This decrease was partly due to weaker consumer sentiment in Europe. Sales to North and South America also continually declined to HK$7.7 million, accounting for 5.0% of the luggage business revenue which is in line with the change of market strategy and focused efforts to enlarge the market share in China. Although there has been a decrease in sales volume to Europe and the United States, this is partly offset by growth from China. The China market remains the main growth driver for the luggage business following the setting up of a support team. The revenue from the Chinese market was HK$52.5 million, accounting for 34.0% of the luggage business revenue representing an increase of 11.9% over the prior year.

Other Business

The share of the loss from the 30% owned associated company, Technical International Holdings Limited, amounted to HK$0.5 million (2010: HK$0.6 million). The business environment for this company's products remains challenging. The associated company had taken steps in reducing operating costs, whilst leveraging on new products to improve its performance in the coming year.

Treasury Investment Business

The treasury investments segment recorded a loss for the year of HK$0.8 million (2010: a profit of HK$11.5 million). There was a gain of HK$48.9 million realized on the partial disposal of the available-for-sale investments held by the Group. Dividend income and interest income from investment in notes receivable totaled HK$38.3 million (2010: HK$15.8 million). However, realized and unrealized loss on listed securities amounted to HK$30.7 million and HK$50.4 million respectively (2010: unrealized loss on listed securities of HK$0.3 million).

In view of the shrinking interest returns on bank deposits, the Group shifted its investment to a portfolio of listed securities and unlisted investment funds. To maintain a prudent treasury investment portfolio, the value of the portfolio is limited to no more than 10% of the total asset of the Group.

PROSPECTS

PRC Property Development and Investment Business

According to the National Development and Reform Commission (NDRC), China's top economy planning body, the State Council has approved its 2011-2015 Western Development Program. A NDRC official said the Program aims to boost the economic development of the western regions, targeting higher GDP/income growths than national averages, and an urbanization ratio of over 45% at the end of the 12th Five-Year Planning period (from Year 2011 to Year 2015). The Group remains positive on China's residential and commercial property markets, especially in Western China, in the long term as more people are moving into cities, creating demand for various property products.

"Construct New Chongqing" Zhongyu Thanks Giving Night 2011

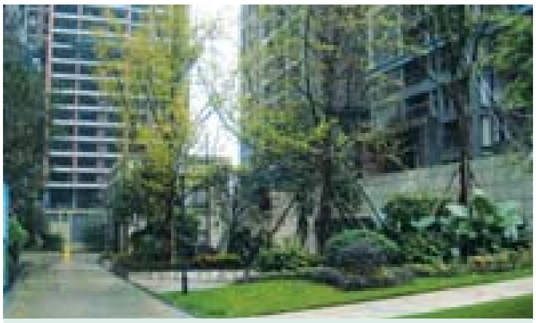
Looking forward, the government will look to consolidate the achievements of the property market tightening measures introduced since 2010. Measures to curb speculation will remain in place and be strictly implemented to bring home prices to reasonable levels. However, local Chinese banks will maintain their support for mortgage demands from first-time homebuyers, and price their mortgages at reasonable interest rates.

As near term policy relaxation is not expected, the first-time homebuyers are the key customers to support the residential property market. Therefore, the Group has adjusted its product mix to build more mid-end products with a smaller lump sum price tag per unit which are the more preferred products in the market. To remain competitive, the Group may consider lowering its price for certain slow-moving projects. At the same time, the Group is planning to launch its first project in Guiyang which is an up-and-coming city with affordable property ASPs. As a result, the overall target ASP of the Group for 2012 will be around RMB7,600 per sqm, about 13% down from that of 2011. However, the target sales area will be up 18% to 877,000 sqm with a target contract sales value of approximately RMB6.8 billion for 2012 (2011: RMB6.4 billion).

As at 31 December 2011, the contract sales yet to be delivered amounted to RMB8,524 million, representing a pre-sold GFA of 1,010,500 sqm. Together with the contract sales in January and February 2012 of RMB383 million, representing 46,500 sqm, the total unrecognized contract sales to be delivered in 2012 and beyond amounted to RMB8,907 million.

The target completion areas for Years 2012 and 2013 are 1,009,000 sqm and 1,301,000 sqm respectively. For 2012, 86% of the target completion delivery residential areas have been pre-sold as at 29 February 2012. As the office tower of i-City Phase III and certain blocks of the Riverside One, Wanzhou Phase II were completed at the end of 2011, the delivery of certain portions for these two projects will be in the first half of 2012. Completion schedule for Years 2012 and 2013 is as follows:

Locations	**Projects**	**Residential Area** (sqm)	**Commercial/ Car park/ Other Area** (sqm)	**Total Construction Area** (sqm)	**The Group's Interests**
Year 2012					
Chongqing	Mansions on the Peak	37,000	23,000	60,000	100%
	Riverside One, Wanzhou Phase II	24,000	25,000	49,000	100%
	Phoenix County Phase I	62,000	17,000	79,000	100%
	L'Ambassadeur Phase I	93,000	39,000	132,000	100%
	L'Ambassadeur Phase II	105,000	50,000	155,000	100%
	Verakin New Park City — Zone W	194,000	49,000	243,000	51%
	Verakin New Park City — Zone J	72,000	6,000	78,000	51%
Chengdu	Sky Villa Phase II	57,000	—	57,000	51%
	Villa Royale Phase I	48,000	12,000	60,000	51%
Kunming	Silver Lining	55,000	41,000	96,000	70%
TOTAL		747,000	262,000	1,009,000	
Year 2013					
Chongqing	Phoenix County Phase II	56,000	31,000	87,000	100%
	L'Ambassadeur Phase III	78,000	24,000	102,000	100%
	Academic Heights Phase I	104,000	34,000	138,000	100%
	Verakin New Park City — Zone K	42,000	1,000	43,000	51%
	Verakin New Park City — Zone N	174,000	59,000	233,000	51%
	Verakin New Park City — Zone P	79,000	20,000	99,000	51%
	Verakin New Park City — Zone L	67,000	21,000	88,000	51%
Chengdu	Sky Villa Phase II	45,000	44,000	89,000	51%
	Villa Royale Phase II	46,000	15,000	61,000	51%
Dazhou	Dazhou Project Phase I	133,000	45,000	178,000	100%
Guiyang	First City, Guiyang Phase I	94,000	89,000	183,000	85%
TOTAL		918,000	383,000	1,301,000	



Sky Villa Phase II

The Group has adjusted its development schedule to maintain a low inventory level. For the more popular projects, more new construction will be started, while postponing new construction on the slow-moving projects. The Group expects the total area for construction start-up in 2012 to be around 1.5 million sqm. Together with the area under construction of 3.5 million sqm as at 31 December 2011, the total area under development is expected to be over 5.0 million sqm at the end of 2012–about 42% of the Group's total land bank.

Silver Lining

To ensure sustainable rapid growth, taking into account of the Group's financial position, the Group will continue to exercise a focused and selective approach to replenish its land bank through various channels to build a solid foundation for future profitability. Besides adding presence to its current cities in Chongqing, Chengdu, Guiyang and Kunming, the Group will also look at suitable land lots at other key Western China cities such as Xian for diversification and continue to increase its output in the coming years to achieve an average growth rate of at least 20% per annum.

As at 31 December 2011, the outstanding land premium is about RMB2.4 billion. The expected construction cost for 2012 is about RMB6 to 7 billion. The Group will continue to be prudent in its cashflow management and keep its gearing at a healthy level.

Virtual Perspective of First City, Guiyang

Manufacturing Business

Looking ahead to year 2012, the global economic condition has become more complicated and fast changing. Unemployment is high in most developed countries which threatens to weaken consumer sentiment. Rising raw material prices and labour costs in China and the appreciation of Renminbi will continue to exert pressure on the Group's production costs. The Group will continue to exercise stringent cost control measures and improve its productivity to minimize margin impact and stay competitive. As a result, the Group remains cautiously optimistic of its performance in the coming years. On 2 March 2012, a listing application was submitted to the Stock Exchange for a spin-off and separate listing of the Group's Packaging Business. The Group believes the spin-off can unlock the value of the Packaging Business, and return it to the shareholders.

The outlook of overseas luggage markets is likely to be clouded by the uncertain economic conditions in Europe and the United States in the near future. The sudden and steep drop of orders for the luggage business in the second half of year 2011 is still prevailing. The Group does not envisage the luggage business to return to profitability in the foreseeable future. As part of the efforts for resources consolidation, the Group announced its decision in February 2012 the disposal of its entire equity interest in Ensure Success Holdings Limited for a total consideration of HK$20 million. Ensure Success Holdings Limited held 60% interest in Hoi Tin Universal Limited which is engaged in the manufacturing and sale of luggage products. The disposal was completed on 26 March 2012. After the disposal, the Group recorded a loss of approximately HK$13.9 million. The disposal would enable the Group to further streamline its business and commit the available resources of the Group to its principal business of property development in Western China.

After the spin-off of the Packaging Business and disposal of the luggage business, the Group will principally become a property company. This will give investors a well clear cut picture of the Group's performance in the property business and answer the investment needs of different types of investors.

FINANCIAL REVIEW

Investments

At 31 December 2011, the Group held a portfolio of listed and unlisted equity securities and notes receivable (issued by companies listed on the Stock Exchange) with a carrying value of HK$1,181.4 million (31 December 2010: HK$1,105.6 million). The amount of dividends, interest and other income from investments for the year was HK$39.9 million (2010: HK$22.8 million).

Liquidity and Financial Resources

As of 31 December 2011, the Group's aggregate cash and bank balances and time deposits amounted to HK$6,753.9 million (31 December 2010: HK$5,880.0 million) which included HK$152.1 million (31 December 2010: HK$153.8 million) of deposits pledged to banks. Total borrowings amounted to HK$7,099.6 million (31 December 2010: HK$4,288.8 million). About 65.3% of the total borrowings are in RMB and the remaining 34.7% are in Hong Kong Dollars and US Dollars. About 29.1% are repayable within one year and the remaining 70.9% are long term borrowings. The average borrowing interest rate for the year ended 31 December 2011 was 4.80% (2010: 3.98%) per annum.

The structure of the Group's bank borrowings as at 31 December 2011 is summarized below:

Currency of Bank Loans	**Total** HK$'M	**Due within One Year** HK$'M	**Due more than One Year but not exceeding Two Years** HK$'M	**Due more than Two Years but not exceeding Five Years** HK$'M	**Beyond Five Years** HK$'M
RMB	4,635.1	1,518.6	2,296.2	788.2	32.1
HK$	2,452.2	534.4	1,917.8	—	—
US$	12.3	12.3	—	—	—
	7,099.6	2,065.3	4,214.0	788.2	32.1

Secured debts accounted for approximately 65.3% of total borrowings as at 31 December 2011 (31 December 2010: 55.8%).

As at 31 December 2011, the Group was at a net borrowing position of HK$345.7 million after netting off total bank and other borrowings against cash balance (31 December 2010: net cash position of HK$1,591.2 million). Details are as follows:

	31 December 2011 HK$ million	31 December 2010 HK$ million
Cash and bank balances and time deposits	**6,753.9**	5,880.0
Less: Total bank and other borrowings	**(7,099.6)**	(4,288.8)
Net cash/(borrowing) position	**(345.7)**	1,591.2

The net gearing ratio of the Group as at 31 December 2011 was 2.7%, calculated by total borrowings less bank balances and cash divided by owners' equity. The net gearing position was mainly due to the land premium paid for the new land lots acquired during the year. Property development expenditures in the year were about RMB7,050 million (including payment of land acquisition costs and construction costs of RMB2,470 million and RMB4,580 million respectively). These payments were mainly financed by internal resources generated from cash received from property sales and external bank borrowings. The cash collection ratio for the property business was 74% for the year 2011.

As at 31 December 2011, the Group had a total undrawn bank loan facilities of HK$1,229 million (including the 3-year syndicate facility obtained by the Group at the end of 2011). As the borrowings were increased, the total finance costs increased by approximately 104% as compared to the previous year and amounted to HK$298.5 million. The finance cost of the Group was 4.80% per annum (total finance cost divided by average borrowings).

The owners' equity was HK$12,981.8 million (31 December 2010: HK$12,265.7 million) and the net asset value per share is HK$5.10 (31 December 2010: HK$4.79).

Contingent Liabilities/Financial Guarantees

At 31 December 2011, the Group had the following contingent liabilities/financial guarantees:

a. Guarantees given to banks in connection with facilities granted to a jointly-controlled entity and associates in the amount of HK$350.0 million (2010: HK$350.0 million) and HK$9.0 million (2010: HK$9.0 million) respectively.

b. Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK$4,090.1 million (2010: HK$2,288.6 million).

Pledge of Assets

At 31 December 2011, the Group has pledged the following assets:

a.	Leasehold properties as security for general banking facilities granted to the Group.	HK$5.4 million
b.	Fixed deposits as security for general banking facilities granted to the Group.	HK$152.1 million
c.	Properties under development, prepaid land lease payments and investment properties pledged to secure banking facilities granted to the Group.	RMB7,997.8 million

Exchange Risks

The sales and purchase transactions of the Group's manufacturing business are primarily conducted in US dollars, Hong Kong dollars and/or RMB. The potential exchange fluctuations are included as an element in the Group's product costing. On account of the relatively short time required for revenue recognition for this business, the foreign exchange exposure is considered minimal. However, for the Packaging Business, the Group entered into US/RMB currency hedging contracts commencing from July 2011. For the Group's property business, sales transactions and all major cost items are denominated in RMB. Therefore the foreign exchange exposure for the property business is minimal.

EVENTS AFTER THE REPORTING PERIOD

1. On 1 February 2012, the Group entered into an agreement to dispose of its entire interest in Ensure Success Holdings Limited at a consideration of HK$20 million. Ensure Success Holdings Limited held 60% interest in Hoi Tin Universal Limited which is engaged in the manufacturing and sale of luggage products. The estimated loss on disposal is approximately HK$13.9 million and the transaction was completed on 26 March 2012.

2. On 2 March 2012, a listing application was submitted to the Stock Exchange for a spin-off and separate listing of the Group's Packaging Business on the Main Board of the Stock Exchange. The listing application and the final structure of the spin-off are subject to the Stock Exchange's approval and the final decision of the Board.

EMPLOYEES

At 31 December 2011, the Group had approximately 3,496 employees. The Group remunerates its staff based on their merit, qualification and competence. The Group has also established an incentive bonus scheme to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the year ended 31 December 2011, an amount of HK$0.1 million (2010: HK$19.3 million) was charged off as equity-settled share option expense to the income statement. Other benefits include contributions to a provident fund scheme, mandatory provident fund, and medical insurance.

The Company is committed to maintaining a high standard of corporate governance. The board of directors of the Company (the "Board") considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for a slight deviation from Code Provision A.4.1 of the Code as explained in the relevant paragraph below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own codes of conduct regarding securities transactions by directors. Specific enquiries have been made of all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

Currently, the Board is chaired by Mr. Cheung Chung Kiu. It consists of eight executive directors and four non-executive directors, three of whom are independent. Names and other details of the members of the Board are set out under the heading of "Profiles of the Directors" on pages 28 to 29. The current structure and composition have provided an appropriate mix of skills and experience on the Board. The Board reviews its structure and composition from time to time to ensure that appropriate expertise and independence are maintained.

The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The day-to-day management of the Company is delegated to the Managing Director who is supported by the Executive Committee, the Remuneration Committee and the Audit Committee. Dr. Lam How Mun Peter, Deputy Chairman, is the current Managing Director.

The Chairman sets the agenda for the Board and takes the lead in the formulation of objectives, strategies and actions at the directorate level. He ensures that members of the Board receive accurate, timely and clear information, and that matters to be taken into consideration are given their due weight, so that sound decisions can be made. With the assistance of the Company Secretary, the Chairman ensures that the Board properly exercises its powers, its meetings and procedures comply strictly with all rules and requirements, and full and proper records are maintained. Procedures are also established for every director to have access to supporting papers and relevant information for each scheduled meeting. All directors also have access to the services of the Company Secretary and her team, and may take independent professional advice upon request, at the Company's expense.

During 2011, four full regular board meetings were held and details of attendance are as follows:

Name of directors	Number of meetings Attended/Held
Executive Directors:	
Mr. Cheung Chung Kiu *(Chairman)*	4/4
Dr. Lam How Mun Peter *(Deputy Chairman & Managing Director)*	4/4
Mr. Tsang Wai Choi *(Deputy Chairman)*	4/4
Mr. Lam Hiu Lo	4/4
Mr. Leung Chun Cheong	4/4
Mr. Leung Wai Fai	4/4
Ms. Poon Ho Yee Agnes	4/4
Mr. Wu Hong Cho	4/4
Dr. Wong Kim Wing *(resigned with effect from 31 August 2011)*	3/3
Non-executive Director:	
Mr. Wong Yat Fai	4/4
Independent Non-executive Directors:	
Mr. Lam Kin Fung Jeffrey	4/4
Mr. Leung Yu Ming Steven	4/4
Dr. Wong Lung Tak Patrick	4/4

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate. The main responsibility of Chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Supported by the members of the Executive Committee, Managing Director is responsible for the day-to-day management of the Company's business, recommending strategies to the Board, and determining and implementing operational decisions.

NON-EXECUTIVE DIRECTORS

As stated above, there is a slight deviation from the requirements of Code Provision A.4.1 of the Code in that none of the existing non-executive directors of the Company are appointed for a specific term. Nevertheless, the length of tenure of non-executive directors is governed by the Company's Bye-laws which require every director to retire by rotation at the annual general meeting at least once every three years. A retiring director is eligible for re-election. This stipulation is consistent with the requirements of Code Provision A.4.1 of the Code. As such, notwithstanding the slight deviation, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are on terms no less exacting than the required standard set out in the Code.

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and the Board has reviewed their independence based on such confirmation and still considers all of the independent non-executive directors to be independent.

BOARD COMMITTEES

The Board has set up the Executive Committee which comprises all executive directors on the Board. Under its terms of reference, the Executive Committee is responsible for overseeing the management and daily operations of the Group and any other matters delegated by the Board.

In addition to the Executive Committee, the Board has set up two committees in accordance with the Code, namely the Remuneration Committee and the Audit Committee. During the year and up to the date of this report, no Nomination Committee was set up by the Board (see Note). The Board is responsible for nominating and appointing new directors either to fill casual vacancies or as an addition to the Board, subject to re-election by the shareholders at the next general meeting or next annual general meeting as the case may be. The Board also reviews the structure, size and composition of the Board and assesses the independence of independent non-executive directors.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Cheung Chung Kiu (see Note).

The major roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
2. to determine the specific remuneration packages of all executive directors;
3. to review and approve performance-based remuneration;
4. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
5. to ensure that no director or any of his associates is involved in deciding his own remuneration; and
6. to advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Listing Rules.

During 2011, the Remuneration Committee held one meeting which was attended by all its members. It has reviewed and discussed, among other matters, the remuneration packages (including the annual performance bonus policy) of the executive directors, the remuneration of the non-executive directors, the existing share option policy, the retirement benefit schemes, and the long-term incentive arrangement. The Remuneration Committee has also determined the specific remuneration package of the executive directors of the Company. Details of the directors' remuneration are set out in note 9 to the financial statements.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Lam Kin Fung Jeffrey.

The major roles and functions of the Audit Committee are as follows:

1. to review the annual report and half-year report before submission to the Board;
2. to review the Group's financial and accounting policies and practices;
3. to review the financial controls, internal control and risk management systems;
4. to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
5. to review and consider the management letter prepared by the external auditors and matters related to the affairs of the Group, and the management's response;
6. to be primarily responsible for making recommendation to the Board on the appointment of the external auditor, to approve the remuneration and terms of engagement of the external auditor, to approve the provision of non-audit services by the external auditors, and any questions of resignation or dismissal of that auditor; and
7. to report to the Board on the matters set out in the provisions of the Code relating to Audit Committee.

The Audit Committee held three meetings in 2011 all of which were attended by all its members. Draft and final versions of minutes of meetings of the Audit Committee are sent to all members within reasonable time after each meeting for their comment and records. Full minutes of meetings of the Audit Committee are kept by the Company Secretary.

The Audit Committee has reviewed together with the management and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including reviewing the Group's consolidated results for the year ended 31 December 2011. It reviews the financial statements before submission to the Board. When reviewing the Company's interim and annual reports, the Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with applicable accounting standards, the Listing Rules and relevant legal requirements. The Audit Committee has also reviewed with the management the system of internal control covering all material controls, including financial, operational and compliance controls and risk management functions. It has also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function.

INDEPENDENT AUDITORS' REMUNERATION

During the year under review, the remuneration paid/payable to the Company's independent auditors, Messrs. Ernst & Young amounted to a total of HK$8,828,000 of which HK$4,600,000 was for audit services and HK$4,228,000 for non-audit services including review, tax and consultancy services.

In addition, the remuneration paid/payable to the independent auditors of certain subsidiaries of the Company amounted to a total of HK$714,000 of which HK$710,000 was for audit services and HK$4,000 for non-audit services including tax services.

INTERNAL CONTROLS

The Board is responsible for the Group's internal control system and for reviewing its effectiveness. The Company has maintained an internal audit function which is internally resourced and staffed by qualified accounting personnel with suitable experience. The internal audit function forms part of the permanent establishment of the Group.

The internal audit function monitors the adequacy and effectiveness of the internal control system established within the Company and its subsidiaries for safeguarding assets against unauthorized use, for maintaining proper accounting records, and for ensuring the reliability of financial information. Functional reporting and financial reporting procedures appropriate to the business of the Company's subsidiaries are established for application within the Group. These procedures are designed to enable timely and reliable functional and financial reporting by subsidiaries of the Group and to provide reasonable assurance against material misstatement, errors, losses or fraud. The work of the internal audit function is generally focused on identifying, monitoring and reporting on major risks faced by the Group, including those related to business operations, compliance with laws and regulations and financial reporting. The Board is responsible for ensuring that recommendations made by the internal audit function are properly implemented.

The Board recognizes that the Group's internal control system plays a key role in the management of risks, and the assurance of continued compliance with laws and regulations by the Group. The Audit Committee has kept under review the system of internal control. The Board has also conducted an annual review of the effectiveness of internal control system. Based on review undertaken together with, and reports submitted by, the management, the Audit Committee will provide the Board with advice on the adequacy of the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, in order to ensure that an effective internal control system is put in place.

During the year under review, the Board considers that the Group has complied with the provisions on internal controls as stipulated in the Code. The Board is satisfied that the Group's internal control system including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and that no significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external independent auditors of the Company, Messrs Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on page 66.

On behalf of the Board

Lam How Mun Peter
Deputy Chairman & Managing Director

Hong Kong, 28 March 2012

Note:

In response to certain amendments to the Listing Rules relating to corporate governance effective on 1 April 2012, a Nomination Committee comprising Mr. Cheung Chung Kiu as chairman, Dr. Lam How Mun Peter, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick was established on 30 March 2012. In addition, Mr. Leung Yu Ming Steven has been appointed chairman of the Remuneration Committee in place of Mr. Cheung Chung Kiu with effect from 30 March 2012, while Mr. Cheung Chung Kiu remained a member of the Remuneration Committee.

A list of Directors and their Role and Function setting out details of the members of the Board and their role and function, together with the terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee have been uploaded to the websites of both the Stock Exchange and the Company.

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. The principal activities of its subsidiaries are property development and investment, manufacturing and sale of packaging and luggage products, as well as treasury investments, details of which are set out in note 21 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2011 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 67 to 137.

The directors recommend the payment of a final dividend of HK$0.04 per share in respect of the year to the shareholders on the Company's register of members on 28 May 2012. The directors also propose that the shareholders entitled to the proposed final dividend be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the proposed final dividend.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 138. The summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

Details of movements in the property, plant and equipment of the Company and of the Group and investment properties and properties under development of the Group during the year are set out in notes 16, 17 and 27.1 to the financial statements. Further details of the Group's major properties are set out on pages 7 to 11.

ASSOCIATES

Particulars of the Group's associates are set out in note 22 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 39 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no pre-emptive rights provision in the Companies Act 1981 of Bermuda or in the Company's Bye-laws.

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

During the year, the Company had repurchased a total of 16,034,000 shares of HK$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$33,874,700. All of the repurchased shares were subsequently cancelled. The repurchases were effected by the directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration HK$
April 2011	600,000	2.68	2.60	1,583,140
May 2011	3,164,000	2.85	2.71	8,798,710
June 2011	2,680,000	2.80	2.71	7,390,610
July 2011	432,000	2.60	2.57	1,119,200
August 2011	585,000	2.07	2.02	1,204,300
September 2011	8,573,000	1.98	1.27	13,778,740
Total	16,034,000			33,874,700

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 40 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2011, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to HK$674,730,000 of which HK$101,757,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account in the amount of HK$9,455,753,000 may be distributed in form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group had made charitable contributions amounting to HK$8,802,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted in the aggregate for 4% of the total sales for the year and sales to the largest customer included therein amounted to 1%. Purchases from the Group's five largest suppliers accounted in the aggregate for 28% of the total purchases for the year and purchases from the largest supplier included therein amounted to 10%.

None of the directors, their associates or shareholders, who to the knowledge of the directors own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers and suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report (except as indicated) were as follows:

Executive directors:
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter *(Deputy Chairman and Managing Director)*
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Lam Hiu Lo
Mr. Leung Chun Cheong
Mr. Leung Wai Fai
Ms. Poon Ho Yee Agnes
Mr. Wu Hong Cho
Dr. Wong Kim Wing *(resigned with effect from 31 August 2011)*

Non-executive director:
Mr. Wong Yat Fai

Independent non-executive directors:
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Leung Wai Fai, Mr. Wu Hong Cho, Mr. Wong Yat Fai and Mr. Lam Kin Fung Jeffrey will retire at the forthcoming annual general meeting. Mr. Leung Wai Fai, Mr. Wong Yat Fai and Mr. Lam Kin Fung Jeffrey, being eligible, will offer themselves for re-election, whereas Mr. Wu Hong Cho has indicated to the Company that he will not offer himself for re-election. All other directors will continue to be in office.

The Company has received from each of the independent non-executive directors, Messrs. Lam Kin Fung Jeffrey, Leung Yu Ming Steven and Wong Lung Tak Patrick, an annual written confirmation of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Board has reviewed their independence based on such confirmation and considers all of them to remain independent.

DIRECTORS' BIOGRAPHIES

Updated biographical details of the directors of the Company are set out on pages 28 to 29. During the year, Mr. Lam Kin Fung Jeffrey was appointed the Board Member of the Airport Authority Hong Kong and Independent Non-executive Director of Chow Tai Fook Jewellery Group Limited (the shares of which are listed on the Stock Exchange) on 1 June 2011 and 17 November 2011 respectively. He was also awarded the Gold Bauhinia Star by the Government of the HKSAR on 1 July 2011. Dr. Wong Lung Tak Patrick was appointed Independent Non-executive Director of Winox Holdings Limited (the shares of which are listed on the Stock Exchange) on 24 June 2011.

DIRECTORS' SERVICE CONTRACTS

No director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with any company in the Group which is not terminable by such company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' REMUNERATION

Details of the directors' remuneration and the five highest paid individuals in the Group are set out in notes 9 and 10 to the financial statements respectively.

REMUNERATION POLICY

The remuneration policy for employees of the Group is formulated based on the merit, qualifications and competence of individual employee which are reviewed regularly in order to provide compensation packages at market rates sufficient to reward successful performance and attract, retain and motivate employees. The Company has adopted a share option scheme as a long-term incentive to eligible employees and directors, details of which are set out in note 43 to the financial statements.

The remuneration policy for executive directors of the Company is determined with reference to the Group's operating results, duties and level of responsibility of the executive directors and the prevailing market conditions which are reviewed annually in order to provide remuneration and compensation packages sufficient to attract, retain and motivate high quality executives to serve the Company. The fee for non-executive director is determined with reference to his duties and level of responsibility with the Company and is reviewed on an annual basis.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 31 December 2011, details of the interests and short positions of each of the directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Interests in shares of the Company (long positions)

Name of directors	Interests in shares: Personal interests	Interests in shares: Corporate interests	Interests in underlying shares pursuant to share options granted by the Company [3]	Aggregate interests	Approximate percentage [4]
Mr. Cheung Chung Kiu		1,294,165,207 [1&2]		1,294,165,207	50.87
Dr. Lam How Mun Peter	311,000		43,039,000	43,350,000	1.70
Mr. Tsang Wai Choi	3,314,000			3,314,000	0.13
Mr. Leung Chun Cheong	534,000		1,500,000	2,034,000	0.08
Mr. Leung Wai Fai			3,000,000	3,000,000	0.12
Ms. Poon Ho Yee Agnes	104,000		2,000,000	2,104,000	0.08
Mr. Wu Hong Cho			1,800,000	1,800,000	0.07

Notes:

1. 254,239,636 of such shares were held through Regulator Holdings Limited ("Regulator"), an indirect wholly-owned subsidiary of Yugang International Limited ("Yugang"), which was owned by Chongqing Industrial Limited ("Chongqing"), Timmex Investment Limited ("Timmex") and Mr. Cheung Chung Kiu ("Mr. Cheung") in the aggregate as to 44.06%. Mr. Cheung was deemed to be interested in the same number of shares held by Regulator by virtue of his indirect shareholding interests in Chongqing. As Mr. Cheung had 100% beneficial interest in Timmex, he was also deemed to be interested in the same number of shares held by Timmex through Regulator.

   1,039,925,571 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung. Accordingly, he was also deemed to be interested in the same number of shares held through Thrivetrade.

2. Mr. Cheung, Peking Palace Limited, Miraculous Services Limited and Prize Winner Limited had 35%, 30%, 5% and 30% equity interest in Chongqing respectively. Peking Palace Limited and Miraculous Services Limited were beneficially owned by Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Prize Winner Limited was beneficially owned by Mr. Cheung and his associates. Mr. Cheung had 100% beneficial interest in Timmex.

3. Details of the directors' interests in the shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.

4. Approximate percentage refers to the aggregate interests of a director expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 31 December 2011.

5. To our best knowledge, Dr. Wong Kim Wing (a former director of the Company) held 800,000 shares of the Company as at 31 August 2011, being the effective date of his resignation.

Save as disclosed above, as at 31 December 2011, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests and Short Positions" above and "Share Options" below, and in the share option scheme disclosures set out in note 43 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors, or any of their associates, had any rights to subscribe for shares of the Company, or had exercised any such rights during the year.

SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 29 April 2005, details of which were disclosed in the Company's circular dated 13 April 2005 and are set out in note 43 to the financial statements. Details of the share options granted under the Scheme and their movements during the year are set out below:

Name or category of participants	Number of share options: At 1 January 2011	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2011	Date of grant [1]	Exercise period	Exercise price [2] HK$ per share	Closing price immediately before date of grant HK$ per share
Directors										
Lam How Mun Peter	17,500,000	–	–	–	–	17,500,000	07-05-2009	07-05-2009 to 06-05-2019	3.27	3.47
	21,539,000	–	–	–	–	21,539,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	4,000,000	–	–	–	–	4,000,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	43,039,000	–	–	–	–	43,039,000				
Leung Chun Cheong	1,500,000	–	–	–	–	1,500,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Leung Wai Fai	3,000,000	–	–	–	–	3,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Poon Ho Yee Agnes	2,000,000	–	–	–	–	2,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Wu Hong Cho	1,800,000	–	–	–	–	1,800,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Wong Kim Wing *(resigned with effect from 31 August 2011)*	2,000,000	–	–	–	(2,000,000)	–	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	53,339,000	–	–	–	(2,000,000)	51,339,000				
Employees										
In aggregate	11,895,000	–	–	–	(360,000)	11,535,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	900,000	–	–	–	(100,000)	800,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	12,795,000	–	–	–	(460,000)	12,335,000				
Others										
In aggregate	3,000,000	–	–	–	–	3,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Total	69,134,000	–	–	–	(2,460,000)	66,674,000				

Notes:

1. The vesting period of the share options (if any) is from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER SFO

As at 31 December 2011, details of the interests and short positions in the shares and underlying shares of the Company of every person other than directors of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage[4]
(a) Long Positions			
Regulator	Beneficial owner	254,239,636[1]	9.99
Yugang International (B.V.I.) Limited ("Yugang-BVI")	Interest of controlled corporation	254,239,636[1]	9.99
Yugang	Interest of controlled corporation	254,239,636[1]	9.99
Chongqing	Interest of controlled corporation	254,239,636[1]	9.99
Palin Holdings Limited ("Palin")	Interest of controlled corporation	254,239,636[1]	9.99
Thrivetrade	Beneficial owner	1,039,925,571[2]	40.88
T. Rowe Price Associates, Inc. and its Affiliates	Investment manager	154,854,000	6.09
JPMorgan Chase & Co.	Beneficial owner and custodian corporation/approved lending agent	176,275,406[3]	6.93
(b) Short Positions			
JPMorgan Chase & Co.	Beneficial owner	4,180,460	0.16

Notes:

1. The interests held by Regulator, Yugang-BVI, Yugang, Chongqing and Palin respectively as shown above refer to interests in the same block of shares. Regulator is a direct wholly-owned subsidiary of Yugang-BVI which is in turn a direct wholly-owned subsidiary of Yugang. Yugang was owned by Chongqing, Timmex and Mr. Cheung in the aggregate as to 44.06%. Chongqing, Timmex and Palin were controlled by Mr. Cheung. The said interests were also included in the interests in shares of the Company of Mr. Cheung as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions" above.

2. These shares were also included in the interests in shares of the Company of Mr. Cheung as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions" above.

3. Of its interests in 176,275,406 shares, JPMorgan Chase & Co. had interests in 4,180,460 shares as beneficial owner and in 172,094,946 shares as a custodian corporation/approved lending agent. 172,094,946 shares were in the lending pool.

4. Approximate percentage refers to the number of shares which a shareholder held or had short positions in expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 31 December 2011.

Save as disclosed above, as at 31 December 2011, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company of any other person other than directors of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year and up to the date of this report, the Group had entered into the following connected transactions:

1. On 1 February 2011, Chongqing Verakin Real Estate Company Limited ("Verakin Property" owned as to 61% by Chongqing Top Pioneer Realty Company ("Chongqing Top Pioneer", an indirect wholly owned subsidiary of the Company) and 39% by Verakin Group Company Limited ("Verakin Group") as at the date of agreement and currently owned as to 51% by Chongqing Top Pioneer and 49% by Verakin Group) entered into an agreement to acquire from Verakin Group 51% interest of the registered capital in, and 51% share of the aggregate shareholder's loans advanced or to be advanced to, Chongqing Lian Xing Investment Company Limited ("Chongqing Lian Xing") for a total consideration of RMB106,915,443. Chongqing Lian Xing has 3 land plots lying adjacent to the Verakin New Park City project site owned by Verakin Property, which can be developed as an extension of the project. The acquisition was in line with the business strategy of the Company to expand its quality land bank and real estate development in Western China.

2. On 26 April 2011, Verakin Property entered into another agreement to acquire from Verakin Group the remaining 49% interest of the registered capital in, and Verakin Group's remaining share of the shareholder's loan (including sums advanced by Verakin Group after 1 February 2011) to Chongqing Lian Xing for a total consideration of RMB128,736,000. This acquisition was of strategic importance to the Group and further enhance and strengthen the Group's leadership position and cooperation with Verakin Group in the Verakin New Park City project. After completion, Chongqing Lian Xing was wholly-owned by Verakin Property.

3. On 18 May 2011, Verakin Group notified Chongqing Top Pioneer of its exercise of the buy-back option to repurchase 10% of the registered and paid-up capital in Verakin Property granted to Verakin Group under the agreement between the parties dated 31 August 2009 at a consideration of RMB30,145,000. The exercise of the option by Verakin Group provided Chongqing Top Pioneer with a reasonable compensation by way of the increment in the repurchase price for (i) the 10% increase in its funding obligations towards Verakin Property; and (ii) loss of revenue which could otherwise have been generated for the Group had the same amount for acquiring 10% of the registered and paid-up capital in Verakin Property been put to other uses.

4. On 11 October 2011, Chongqing Top Pioneer and Verakin Group (collectively, "JV Partners") passed resolutions at the shareholders meeting (i) requiring proportional capital contributions to Verakin Property by the JV Partners (the "Capital Contributions") and (ii) authorizing the repatriation of funds from Verakin Property to the JV Partners (the "Capital Repatriation"). The Capital Contributions were required to be made by the JV Partners by way of interest-free shareholder's loans up to a maximum total amount not exceeding RMB200,000,000 in proportion to their respective percentage interest in the registered capital of Verakin Property. The respective sharing of the cash contributions by Chongqing Top Pioneer and Verakin Group were therefore RMB102,000,000 and RMB98,000,000. It was a prudent measure which provided the mechanism for the JV Partners to provide the funding backup for the acquisition of the land sites in Ludao New District, Bishan County, Chongqing in the event of an unforeseen shortfall in available funds of Verakin Property. The Capital Repatriation provided the JV Partners with the flexibility of freeing up in a timely manner a part of the cash resources in Verakin Property in excess of its operational requirements.

5. On 24 October 2011, Chongqing Xinhua Bookstore Group Company (holding company of Chongqing Xinhua Bookstore Group Real Estate Development Company ("Xinhua Bookstore"), being a substantial shareholder of Chongqing Verakin Wenlong Real Estate Company Limited ("Verakin Wenlong") and Chongqing Verakin Wenhao Real Estate Company Limited, indirect subsidiaries of the Company) notified Verakin Wenlong of its exercise of the property purchase option to acquire 7,734.40 sqm of commercial area and 2 car parking spaces in the commercial/residential project at Fuling District ("Fuling Project"), Chongqing at the total consideration of RMB37,368,480. The exercise of such option (which had been provided for in a joint venture agreement as novated under the agreement dated 10 February 2010 relating to the acquisition of 51% interest in Verakin Wenlong by Verakin Property) would result in a gain of about RMB7,100,000 for the Group. It would also provide the Fuling Project with anchor buyers and tenants, and added impetus in the promotion and sales of both residential and commercial units of the Fuling Project.

6. On 14 December 2011, Verakin Property and Xinhua Bookstore entered into an agreement in relation to Chongqing Verakin Gonghao Land Company Limited ("Verakin Gonghao", a wholly-owned subsidiary of Verakin Property as at the date of agreement). The agreement provided for, inter alia, the contribution by Xinhua Bookstore of a sum of RMB147,000,000 to the registered capital of Verakin Gonghao as consideration for a 49% interest in the registered capital (as enlarged by the aforesaid contribution from Xinhua Bookstore and a further contribution of RMB133,000,000 by Verakin Property) of Verakin Gonghao, and the provision of shareholder's loans to Verakin Gonghao by the parties. Under the agreement, Xinhua Bookstore would provide a further sum of RMB174,654,167 to Verakin Gonghao as its share of shareholder's loan. After completion, Verakin Gonghao was owned as to 51% by Verakin Property and 49% by Xinhua Bookstore, and the parties would be providing shareholder's loans pro-rata to their respective holdings in the registered capital of Verakin Gonghao.

7. On 1 February 2012, Mighty Gain Enterprises Limited (the "Vendor", an indirect wholly-owned subsidiary of the Company) entered into an agreement with Ms. Chau Tin Ping (a 20.8% shareholder of an indirect subsidiary of the Company which is owned as to 60% by the Vendor) and Mr. Wang Zhe (collectively, the "Purchasers"), pursuant to which the Vendor conditionally agreed to sell to the Purchasers respectively 85% and 15% of the issued share capital of Ensure Success Holdings Limited, an indirect wholly-owned subsidiary of the Company, at a consideration of HK$17,000,000 and HK$3,000,000 respectively.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

1. On 6 July 2010, the Company as borrower executed a facility agreement (the "First Facility Agreement") with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK$2,750,000,000 (the "First Facility"). Under the First Facility Agreement, it is (among other matters) an event of default if Mr. Cheung Chung Kiu ("Mr. Cheung") (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the First Facility Agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the First Facility may become immediately due and payable, and/or all or any part of the loan under the First Facility may become payable on demand. As at 31 December 2011, the outstanding loan balance was HK$2,475,000,000.

2. On 24 August 2010, a jointly-controlled entity held as to 25% by the Company entered into a facility agreement (the "JV Facility Agreement") as borrower with, among others, various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK$1,000,000,000 ("Initial Facility"). On 22 December 2010, a supplement to the JV Facility Agreement was executed whereby the Initial Facility was enlarged to HK$1,400,000,000 by an additional term loan facility in the aggregate principal amount of HK$400,000,000 for a term of 36-month from the date of the JV Facility Agreement. Under the JV Facility Agreement, it is (among other matters) an event of default if Mr. Cheung ceases to (i) save for a certain exception, own beneficially (directly or indirectly, through any other entity or entities wholly and beneficially owned by him or by virtue of his entitlement as beneficiary under any family trust arrangement(s)) at least 35% of the issued share capital of the Company; or (ii) exercise management control over the Company. On and at any time after the occurrence of an event of default which is continuing, commitments of the lenders under the JV Facility Agreement may immediately be cancelled, and/or all or any part of the loans together with accrued interest and all other amounts accrued or outstanding under certain finance documents defined in the JV Facility Agreement may become immediately due and payable or payable on demand, and/or certain security documents defined in the JV Facility Agreement or any of them may become immediately enforceable. As at 31 December 2011, the outstanding loan balance was HK$1,400,000,000.

3. On 28 December 2011, the Company as borrower executed a facility agreement (the "Second Facility Agreement") with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK$600,000,000 (the "Second Facility"). Under the Second Facility Agreement, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the Second Facility Agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the Second Facility may become immediately due and payable, and/or all or any part of the loan under the Second Facility may become payable on demand. As at 31 December 2011, the Second Facility was unutilized.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events which took place subsequent to the reporting period are set out in note 51 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2011 and up to the date of this report as required under the Listing Rules.

INDEPENDENT AUDITORS

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

On behalf of the Board

Cheung Chung Kiu
Chairman

Hong Kong, 28 March 2012

ERNST & YOUNG
安 永

To the shareholders of C C Land Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of C C Land Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 67 to 137, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

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

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
28 March 2012

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5	**4,856,633**	1,525,923
Cost of sales		**(3,539,554)**	(1,282,412)
Gross profit		**1,317,079**	243,511
Other income and gains	5	**233,818**	308,189
Selling and distribution costs		**(276,351)**	(176,366)
Administrative expenses		**(413,519)**	(281,966)
Other expenses	6	**243,371**	313,776
Finance costs	7	**(51,354)**	(30,792)
Share of profits and losses of jointly-controlled entities		**(27,732)**	(9,814)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	8	**1,025,312**	366,538
Income tax expense	11	**(649,688)**	(142,597)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**375,624**	223,941
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	13(a)	**41,171**	31,620
PROFIT FOR THE YEAR		**416,795**	255,561
Attributable to:			
Owners of the parent	12	**300,995**	260,082
Non-controlling interests		**115,800**	(4,521)
		416,795	255,561
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	15		
For the year — Basic and diluted		**HK11.79 cents**	HK10.15 cents
From continuing operations — Basic and diluted		**HK10.32 cents**	HK9.07 cents

Details of dividends are disclosed in note 14 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
PROFIT FOR THE YEAR	**416,795**	255,561
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(19,196)**	(107,255)
Deferred tax	**4,799**	26,814
	(14,397)	(80,441)
Share of other comprehensive income of jointly-controlled entities	**58,340**	49,200
Exchange fluctuation reserve:		
Release upon disposal of subsidiaries and a jointly-controlled entity	**—**	(7,575)
Exchange differences on translation of foreign operations	**566,305**	373,134
	566,305	365,559
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**610,248**	334,318
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,027,043**	589,879
Attributable to:		
Owners of the parent	**838,395**	550,711
Non-controlling interests	**188,648**	39,168
	1,027,043	589,879

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**155,907**	266,935
Investment properties	17	**372,949**	338,323
Prepaid land lease payments	18	**784,860**	1,899,345
Investments in jointly-controlled entities	20	**1,129,249**	1,082,627
Investments in associates	22	**—**	1,105
Held-to-maturity investments	24	**115,391**	114,969
Available-for-sale investments	25	**696,920**	822,491
Properties under development	27.1	**7,350,068**	7,164,334
Interests in land use rights for property development	27.2	**3,150,527**	—
Total non-current assets		**13,755,871**	11,690,129
CURRENT ASSETS			
Properties under development	27.1	**12,072,015**	7,608,781
Completed properties held for sale	27.3	**1,184,707**	1,006,981
Prepaid land lease payments	18	**18,128**	42,551
Inventories	28	**21,600**	82,170
Trade and bills receivables	29	**38,262**	113,101
Prepayments, deposits and other receivables	30	**943,290**	710,985
Convertible note receivable — loan portion	23	**—**	37,178
Equity investments at fair value through profit or loss	26	**369,045**	131,006
Tax recoverable		**157,912**	40,829
Deposits with brokerage companies	31	**1,539**	1,027
Pledged deposits	32	**152,075**	153,774
Restricted bank balances	32	**2,543,736**	1,165,456
Time deposits with original maturity over three months	32	**71,543**	—
Cash and cash equivalents	32	**3,986,532**	4,560,752
		21,560,384	15,654,591
Non-current asset and assets of a disposal group classified as held for sale	13	**327,001**	65,803
Total current assets		**21,887,385**	15,720,394
CURRENT LIABILITIES			
Trade and bills payables	33	**1,937,009**	961,663
Other payables and accruals	34	**8,660,286**	6,076,986
Call option liability	35	**—**	75,766
Loans from non-controlling shareholders of subsidiaries	36	**666,155**	688,303
Interest-bearing bank and other borrowings	37	**2,065,320**	1,389,879
Tax payable		**767,666**	114,788
Consideration payable on acquisition of subsidiaries		**1,100**	1,100
		14,097,536	9,308,485
Liabilities directly associated with the assets classified as held for sale	13	**70,030**	7,067
Total current liabilities		**14,167,566**	9,315,552
NET CURRENT ASSETS		**7,719,819**	6,404,842
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,475,690**	18,094,971

Consolidated Statement of Financial Position

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	37	**5,034,261**	2,898,889
Deferred tax liabilities	38	**1,835,769**	1,980,258
Total non-current liabilities		**6,870,030**	4,879,147
Net assets		**14,605,660**	13,215,824
EQUITY			
Equity attributable to owners of the parent			
Issued capital	39	**254,392**	255,996
Reserves	40(a)	**12,727,397**	12,009,730
		12,981,789	12,265,726
Non-controlling interests		**1,623,871**	950,098
Total equity		**14,605,660**	13,215,824

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

		Attributable to owners of the parent									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Surplus account HK$'000 (Note)	Exchange fluctuation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2010		257,263	9,522,583	90,554	984,046	151,640	622,445	179,104	11,807,635	748,022	12,555,657
Profit for the year		—	—	—	—	—	260,082	—	260,082	(4,521)	255,561
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investments, net of tax		—	—	—	—	(80,441)	—	—	(80,441)	—	(80,441)
Share of other comprehensive income of jointly-controlled entities		—	—	—	49,200	—	—	—	49,200	—	49,200
Release upon disposal of subsidiaries and a jointly-controlled entity		—	—	—	(7,575)	—	—	—	(7,575)	—	(7,575)
Exchange differences on translation of foreign operations		—	—	—	329,445	—	—	—	329,445	43,689	373,134
Total comprehensive income for the year		—	—	—	371,070	(80,441)	260,082	—	550,711	39,168	589,879
Acquisition of a subsidiary	41(b)	—	—	—	—	—	—	—	—	29,440	29,440
Acquisition of non-controlling interests		—	—	—	—	—	—	—	—	(2,927)	(2,927)
Capital contributions by non-controlling shareholders		—	—	—	—	—	—	—	—	142,429	142,429
Disposal of subsidiaries	42(b)	—	—	—	—	—	—	—	—	(2,114)	(2,114)
Dividend paid to a non-controlling shareholder		—	—	—	—	—	—	—	—	(3,920)	(3,920)
Equity-settled share option arrangements	43	—	—	—	—	—	—	19,826	19,826	—	19,826
Repurchase of shares	39	(1,267)	(34,380)	—	—	—	—	—	(35,647)	—	(35,647)
Final 2009 dividend approved		—	—	—	—	—	(76,799)	—	(76,799)	—	(76,799)
At 31 December 2010		255,996	9,488,203*	90,554*	1,355,116*	71,199*	805,728*	198,930*	12,265,726	950,098	13,215,824
At 1 January 2011		**255,996**	**9,488,203**	**90,554**	**1,355,116**	**71,199**	**805,728**	**198,930**	**12,265,726**	**950,098**	**13,215,824**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**300,995**	**—**	**300,995**	**115,800**	**416,795**
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investments, net of tax		**—**	**—**	**—**	**—**	**(14,397)**	**—**	**—**	**(14,397)**	**—**	**(14,397)**
Share of other comprehensive income of jointly-controlled entities		**—**	**—**	**—**	**58,340**	**—**	**—**	**—**	**58,340**	**—**	**58,340**
Exchange differences on translation of foreign operations		**—**	**—**	**—**	**493,457**	**—**	**—**	**—**	**493,457**	**72,848**	**566,305**
Total comprehensive income for the year		**—**	**—**	**—**	**551,797**	**(14,397)**	**300,995**	**—**	**838,395**	**188,648**	**1,027,043**
Acquisition of a subsidiary that is not a business	41(a)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**46,444**	**46,444**
Acquisition of non-controlling interests		**—**	**—**	**—**	**—**	**—**	**(13,823)**	**—**	**(13,823)**	**(55,606)**	**(69,429)**
Disposal of a subsidiary	42(a)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(22,334)**	**(22,334)**
Disposal of partial equity interest in subsidiaries		**—**	**—**	**—**	**—**	**—**	**27,763**	**—**	**27,763**	**160,326**	**188,089**
Contributions by non-controlling shareholders		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**359,725**	**359,725**
Dividend paid to a non-controlling shareholder		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,430)**	**(3,430)**
Equity-settled share option arrangements	43	**—**	**—**	**—**	**—**	**—**	**—**	**30**	**30**	**—**	**30**
Forfeiture of share options		**—**	**—**	**—**	**—**	**—**	**18,322**	**(18,322)**	**—**	**—**	**—**
Repurchase of shares	39	**(1,604)**	**(32,450)**	**—**	**—**	**—**	**—**	**—**	**(34,054)**	**—**	**(34,054)**
Final 2010 dividend approved	14	**—**	**—**	**—**	**—**	**—**	**(102,248)**	**—**	**(102,248)**	**—**	**(102,248)**
At 31 December 2011		**254,392**	**9,455,753***	**90,554***	**1,906,913***	**56,802***	**1,036,737***	**180,638***	**12,981,789**	**1,623,871**	**14,605,660**

Note: The surplus account represents the aggregate of the reserves other than the retained profits of the subsidiaries at 1 April 1998 and the excess of the nominal value of the shares issued and issuable by the Company over the nominal value of the issued share capital of the subsidiaries acquired pursuant to the group reorganisation in 1998.

* These reserve accounts comprise the consolidated reserves of HK$12,727,397,000 (2010: HK$12,009,730,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations		**1,025,312**	366,538
From a discontinued operation	13(a)	**46,092**	35,801
Adjustments for:			
Impairment/(write-back of impairment) of trade receivables	4	**(294)**	524
Write-back of impairment of prepaid land lease payments	6	**(150,881)**	(51,708)
Write-back of impairment of properties under development	6	**(119,392)**	(310,452)
Write-back of impairment of completed properties held for sale	6	**(23,962)**	—
Interest income on bank deposits		**(62,608)**	(21,711)
Other interest income		**(9,923)**	—
Depreciation		**28,924**	22,534
Amortisation of prepaid land lease payments	4	**21,360**	42,176
Finance costs	7	**51,354**	30,792
Share of profits and losses of jointly-controlled entities	4, 20	**27,732**	9,814
Share of profits and losses of associates	4	**480**	638
Fair value losses on equity investments at fair value through profit or loss, net	6	**50,372**	271
Fair value loss on a call option liability	6	**—**	5,281
Fair value gains on investment properties	5	**(18,206)**	(32,620)
Loss on disposal of investment properties	6	**178**	415
Gain on disposal of subsidiaries	5	**(36,192)**	(83,926)
Gain on disposal of a jointly-controlled entity	5	**—**	(164,802)
Gain on disposal of available-for-sale investments	5	**(48,929)**	—
Interest income from a convertible note receivable	5	**(1,072)**	(2,280)
Interest income from held-to-maturity investments	5	**(22,567)**	(9,441)
Dividend income from listed investments	5	**(15,359)**	(10,169)
Dividend income from unlisted investments	5	**(889)**	(935)
Loss on disposal of items of property, plant and equipment		**229**	99
Gain on bargain purchase of a subsidiary	5	**—**	(1,648)
Equity-settled share option expense	6	**30**	19,826
Write-back of allowance for obsolete inventories		**(1,538)**	(940)
		740,251	(155,923)
Increase in properties under development		**(5,021,280)**	(2,575,630)
Increase in prepaid land lease payments		**(448,742)**	—
Decrease in completed properties held for sale		**3,394,413**	1,124,460
Decrease/(increase) in inventories		**23,101**	(29,820)
Increase in trade, bills and other receivables, prepayments and deposits		**(357,792)**	(446,910)
Increase in equity investments at fair value through profit or loss		**(288,411)**	(119,645)
Decrease/(increase) in deposits with brokerage companies		**(512)**	5,393
Increase in restricted bank balances		**(1,320,446)**	(613,699)
Increase in trade and other payables and accruals		**3,361,288**	4,766,537
Decrease in amount due to a related party		**—**	(20,000)
Cash generated from operations		**81,870**	1,934,763
Tax paid, net		**(351,672)**	(94,382)
Interest paid		**(280,152)**	(137,673)
Net cash flows from/(used in) operating activities		**(549,954)**	1,702,708

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary	41(b)	—	(22,996)
Acquisition of a subsidiary that is not a business	41(a)	(126,935)	—
Investments in jointly-controlled entities		—	(2)
Loans to jointly-controlled entities, net		(16,014)	(316,972)
Decrease/(increase) in pledged time deposits		9,280	(152,774)
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		(71,543)	993,913
Payment of land premium and related costs		(2,971,409)	(1,927,908)
Purchases of items of property, plant and equipment		(39,055)	(16,394)
Interest received from bank deposits		62,608	21,711
Interest received from a convertible note receivable		750	752
Interest received from held-to-maturity investments		22,208	7,303
Other interest received		9,923	—
Dividend income from listed investments		15,359	10,169
Dividend income from unlisted investments		889	935
Proceeds from disposal of items of property, plant and equipment		4,604	110
Proceeds from disposal of a subsidiary	42	15,721	404,744
Proceeds from disposal of a jointly-controlled entity		—	134,122
Proceeds from disposal of investment properties		549	2,623
Proceeds from disposal of available-for-sale investments		553,704	—
Proceeds from redemption of convertible note receivable		37,500	—
Purchase of available-for-sale investments		(388,413)	(18,967)
Purchase of held-to-maturity investments		—	(114,702)
Net cash flows used in investing activities		(2,880,274)	(994,333)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interests		(153,918)	(24,499)
Proceeds from disposal of partial interests in subsidiaries		87,754	—
Dividends paid		(102,248)	(76,799)
Dividend paid to a non-controlling shareholder		(3,430)	(3,920)
Repurchase of shares	39	(34,054)	(35,647)
Capital contributions by non-controlling shareholders		180,607	142,429
Advance from non-controlling shareholders		130,714	62,674
Additions of bank borrowings, net		2,624,342	1,501,126
Payment of loan procurement fee		(1,823)	—
Net cash flows from financing activities		2,727,944	1,565,364
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(702,284)	2,273,739
Cash and cash equivalents at beginning of year		4,564,274	2,256,445
Effect of foreign exchange rate changes, net		184,340	34,090
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,046,330	4,564,274
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	32	3,656,337	3,763,445
Non-pledged time deposits with original maturity of less than three months when acquired	32	330,195	797,307
Cash and cash equivalents as stated in the consolidated statement of financial position		3,986,532	4,560,752
Cash and bank balances attributable to the disposal group classified as held for sale	13	59,798	5,775
Bank overdraft	37	—	(2,253)
Cash and cash equivalents as stated in the consolidated statement of cash flows		4,046,330	4,564,274

Statement of Financial Position

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**556**	927
Investments in subsidiaries	21	**1,162,212**	162,212
Deferred tax asset	38	**6,497**	—
Total non-current assets		**1,169,265**	163,139
CURRENT ASSETS			
Prepayments, deposits and other receivables	30	**332**	604
Tax recoverable		**425**	8
Due from subsidiaries	21	**11,860,937**	11,849,883
Bank balances	32	**461**	148
Total current assets		**11,862,155**	11,850,643
CURRENT LIABILITIES			
Other payables and accruals	34	**13,578**	13,719
Due to a subsidiary	21	**109**	—
Interest-bearing bank borrowings	37	**534,402**	172,396
Total current liabilities		**548,089**	186,115
NET CURRENT ASSETS		**11,314,066**	11,664,528
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,483,331**	11,827,667
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	37	**1,917,818**	1,688,260
Total non-current liabilities		**1,917,818**	1,688,260
Net assets		**10,565,513**	10,139,407
EQUITY			
Issued capital	39	**254,392**	255,996
Reserves	40(b)	**10,311,121**	9,883,411
Total equity		**10,565,513**	10,139,407

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

1. CORPORATE INFORMATION

C C Land Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of the principal place of business of the Company is 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

(i) property development and investment;

(ii) manufacture and sale of watch boxes, gift boxes, eyewear cases, bags and pouches and display units (discontinued operation (note 13(a)));

(iii) manufacture and sale of soft luggage, travel bags, backpacks and briefcases; and

(iv) treasury investment.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain equity investments, which have been measured at fair value. Non-current asset and a disposal group held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

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

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

The principal effects of adopting these HKFRSs are as follows:

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

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 48 to the consolidated financial statements.

(b) *Improvements to HKFRSs 2010*

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

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes: Deferred Tax — Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

(a) HKFRS 7 Amendments introduce more extensive quantitative and qualitative disclosure requirements regarding transfer transactions of financial assets (e.g. securitisations), including information for understanding the possible effects of any risks that may remain with the entity that transferred the assets. The Group expects to adopt the amendments from 1 January 2012 and comparative disclosures are not required for any period beginning before that date.

HKFRS 7 Amendments issue new disclosure requirements in relation to the offsetting models of financial assets and financial liabilities. The amendments also improve the transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. The Group expects to adopt the amendments from 1 January 2013.

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

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

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

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

(d) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(i) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

(j) HKAS 32 Amendments clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of "currently has a legally enforceable right of set-off" and some gross settlement systems may be considered equivalents to net settlements. The Group expects to adopt the amendments from 1 January 2014.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's investments in jointly-controlled entities. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in a jointly-controlled entity is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Related parties

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

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

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

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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

Land and buildings	2% to 5% or over the unexpired terms of the leases, if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases, if less than five years
Electricity supply system	10%
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%
Plant and machinery	10%
Moulds	15%

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

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

Construction in progress represents assets in the course of construction for production or administrative purposes which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

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

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

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated or amortised.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Sales deposits/instalments received and receivable from purchasers in respect of pre-sale of properties under development prior to completion of the development are included in current liabilities.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

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

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

The Group's financial assets include cash and bank balances, trade and other receivables, loans receivable, and quoted and unquoted financial instruments.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation as these instruments cannot be reclassified after initial recognition.

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassified becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition of financial assets

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Initial recognition and measurement *(Continued)*

The Group's financial liabilities include trade and other payables, financial guarantee contracts, a call option liability, loans from non-controlling shareholders of subsidiaries, consideration payable on acquisition of subsidiaries, and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Inventories

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at bank, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

(b) from the sale of properties, when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectibility of related receivables is reasonably assured;

(c) rental income from properties, in the period in which the properties are let and on a straight-line basis over the lease terms;

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

(e) dividend income, when the shareholders' right to receive payment has been established; and

(f) income from the sale of listed securities, on the trade date.

Share-based payment transactions

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 43 to the financial statements.

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

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

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

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

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

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 2.82% (2010: 2.28%) has been applied to the expenditure on the individual assets.

Foreign currencies

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

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

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments — Group as lessor

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

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

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

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

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease or other contract and (when possible) by 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.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

Provision for obsolete and slow-moving inventories

The Group has a general provision policy on inventories based on ageing. The Group's sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves a comparison of the carrying values of aged inventory items with their respective net realisable values. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance needs to be made in respect of any obsolete and defective inventories identified.

Impairment loss on trade and other receivables

In determining whether impairment loss on trade and other receivable is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the Group's responsible personnel discusses with the relevant customers and reports to management on the recoverability. Impairment loss is only made for receivables that are unlikely to be collected.

Impairment of non-financial assets

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

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement.

Land appreciation taxes

Land appreciation tax in the People's Republic of China (the "PRC") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to land appreciation taxes. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its land appreciation tax returns for most of its completed property development projects with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement and the provision for land appreciation taxes in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 38 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

Sale of packaging products segment	—	Manufacture and sale of watch boxes, gift boxes, eyewear cases, bags and pouches, and display units (discontinued operation (note 13(a)))
Sale of travel bags segment	—	Manufacture and sale of soft luggage, travel bags, backpacks and briefcases
Treasury investment segment	—	Investments in securities and notes receivables, and provision of financial services
Property development and investment segment	—	Development and investment of properties located in Mainland China

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

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding these reportable segments is presented below.

Reportable segment information

Year ended 31 December 2011

	Continuing operations				Discontinued operation	
	Sale of travel bags HK$'000	Treasury investment HK$'000	Property development and investment HK$'000	Total continuing operations HK$'000	Sale of packaging products HK$'000	Total Group HK$'000
Segment revenue						
Sales to external customers	154,421	7,599	4,694,613	4,856,633	418,660	5,275,293
Segment results	(5,476)	3,946	1,122,477	1,120,947	46,092	1,167,039
Corporate and unallocated income				2,415	—	2,415
Corporate and unallocated expenses				(46,696)	—	(46,696)
Finance costs				(51,354)	—	(51,354)
Profit before tax				1,025,312	46,092	1,071,404
Other segment information:						
Share of profits and losses of:						
Jointly-controlled entities	—	—	(27,732)	(27,732)	—	(27,732)
Associates	—	—	—	—	(480)	(480)
Capital expenditure*	534	—	739,987	740,521	159	740,680
Depreciation	1,766	41	22,490	24,297	5,663	29,960
Amortisation of prepaid land lease payments	80	—	20,707	20,787	573	21,360
Fair value gains on investment properties	—	—	18,206	18,206	—	18,206
Fair value losses on equity investments at fair value through profit or loss, net	—	50,372	—	50,372	—	50,372
Write-back of impairment of trade receivables	—	—	—	—	294	294
Write-back of impairment losses recognised in respect of the Group's properties portfolio	—	—	294,235	294,235	—	294,235
Investments in jointly-controlled entities	—	—	1,129,249	1,129,249	—	1,129,249
Investments in associates	—	—	—	—	625	625

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Reportable segment information *(Continued)*

Year ended 31 December 2010

	Continuing operations				Discontinued operation	
	Sale of travel bags HK$'000	Treasury investment HK$'000	Property development and investment HK$'000	Total continuing operations HK$'000	Sale of packaging products HK$'000	Total Group HK$'000
Segment revenue						
Sales to external customers	175,573	15,804	1,334,546	1,525,923	391,052	1,916,975
Segment results	1,912	11,463	401,870	415,245	35,847	451,092
Corporate and unallocated income				45,512	—	45,512
Corporate and unallocated expenses				(63,427)	(46)	(63,473)
Finance costs				(30,792)	—	(30,792)
Profit before tax				366,538	35,801	402,339
Other segment information:						
Share of profits and losses of:						
Jointly-controlled entities	—	—	(9,814)	(9,814)	—	(9,814)
Associates	—	—	—	—	(638)	(638)
Capital expenditure in respect of items of property, plant and equipment	436	—	13,353	13,789	2,605	16,394
Depreciation	1,790	73	14,434	16,297	6,835	23,132
Amortisation of prepaid land lease payments	76	—	41,528	41,604	572	42,176
Fair value gains on investment properties	—	—	32,620	32,620	—	32,620
Fair value losses on equity investments at fair value through profit or loss, net	—	271	—	271	—	271
Fair value loss on a call option liability	—	—	5,281	5,281	—	5,281
Impairment/(write-back of impairment) of trade receivables	—	—	(88)	(88)	612	524
Write-back of impairment losses recognised in respect of the Group's properties portfolio	—	—	362,160	362,160	—	362,160
Investments in jointly-controlled entities	—	—	1,082,627	1,082,627	—	1,082,627
Investments in associates	—	—	—	—	1,105	1,105

Geographical information

(a) Revenue from external customers

	2011 HK$'000	2010 HK$'000 (Restated)
Mainland China	**4,747,127**	1,381,412
Hong Kong	**33,719**	46,537
Europe	**41,795**	59,409
North and South America	**7,709**	15,660
India	**15,993**	13,227
Others	**10,290**	9,678
	4,856,633	1,525,923

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

(b) Non-current assets

Over 90% of the Group's non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Information about a major customer

Revenue from continuing operations of approximately HK$142,123,000 (2010: HK$151,389,000) was derived from sales by the sale of travel bags segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts; gross proceeds from sale of properties, net of business tax; net gains/(losses) on disposal of equity investments at fair value through profit or loss; gross rental income received and receivable from investment properties; and dividend and interest income from listed and unlisted investments during the year.

An analysis of the Group's revenue, other income and gains from continuing operations is as follows:

	Notes	**2011 HK$'000**	2010 HK$'000 (Restated)
Revenue			
Sale of goods		**154,421**	175,573
Sale of properties		**4,679,270**	1,314,125
Gross rental income		**13,766**	13,400
Losses on disposal of equity investments at fair value through profit or loss, net		**(30,711)**	—
Dividend income from listed investments		**15,359**	10,169
Dividend income from unlisted investments		**889**	935
Interest income from a convertible note receivable		**1,072**	2,280
Interest income from held-to-maturity investments		**22,567**	9,441
		4,856,633	1,525,923
Other income and gains			
Bank interest income		**62,582**	21,687
Other interest income		**9,032**	—
Exchange gains, net		**55,761**	—
Gain on bargain purchase of a subsidiary	41(b)	**—**	1,648
Gain on disposal of a jointly-controlling entity		**—**	164,802
Gain on disposal of subsidiaries	42	**36,192**	83,926
Gain on disposal of available-for-sale investments		**48,929**	—
Write-back of impairment of trade receivables		**—**	88
Fair value gains on investment properties	17	**18,206**	32,620
Others		**3,116**	3,418
		233,818	308,189

6. OTHER EXPENSES

An analysis of other expenses from continuing operations is as follows:

	Notes	Group 2011 HK$'000	2010 HK$'000 (Restated)
Exchange losses, net		—	1,056
Write-back of impairment of prepaid land lease payments	18	**(150,881)**	(51,708)
Write-back of impairment of properties under development	27.1	**(119,392)**	(310,452)
Write-back of impairment of completed properties held for sale	27.3	**(23,962)**	—
Fair value losses on equity investments at fair value through profit or loss, net		**50,372**	271
Fair value loss on a call option liability		—	5,281
Loss on disposal of investment properties		**178**	415
Loss on disposal of items of property, plant and equipment		**284**	128
Equity-settled share option expense	43	**30**	19,826
Provision for late payment of land premium		—	21,407
		(243,371)	(313,776)

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Group 2011 HK$'000	2010 HK$'000
Interest on bank loans, overdrafts and other loans wholly repayable:		
Within five years	**290,856**	142,284
Beyond five years	**7,683**	4,286
	298,539	146,570
Less: Interest capitalised	**(247,185)**	(115,778)
	51,354	30,792

8. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Cost of inventories sold		**141,244**	152,380
Cost of properties sold	27.3	**3,394,413**	1,124,460
Write-back of allowance for obsolete inventories		**—**	(904)
Write-back of impairment losses recognised in respect of the Group's properties portfolio		**(294,235)**	(362,160)
Depreciation	4	**24,297**	16,297
Less: Amount capitalised		**(1,036)**	(598)
		23,261	15,699
Amortisation of prepaid land lease payments	4	**20,787**	41,604
Minimum lease payments under operating leases in respect of land and buildings		**6,349**	3,720
Auditors' remuneration		**4,625**	4,130
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries		**289,701**	184,334
Equity-settled share option expense		**30**	19,272
Pension scheme contributions		**5,865**	4,271
Less: Amount capitalised		**(55,985)**	(31,850)
		239,611	176,027
Foreign exchange differences, net		**55,761**	1,056
Gross rental income, net of business tax		**(13,766)**	(13,400)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**3,897**	4,055
Net rental income		**(9,869)**	(9,345)

9. DIRECTORS' REMUNERATION

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

	Group	
	2011 HK$'000	2010 HK$'000
Fees	**1,740**	1,650
Other emoluments:		
Salaries, allowances and benefits in kind	**19,618**	19,814
Performance-related bonuses*	**11,610**	10,500
Equity-settled share option expense	**—**	14,754
Pension scheme contributions	**856**	854
	32,084	45,922
	33,824	47,572

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Company's operating results, individual performance of the directors and comparable market statistics during the year.

9. DIRECTORS' REMUNERATION *(Continued)*

In 2010, certain directors were granted share options in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 43 to the financial statements. The fair values of these options, which have been recognised in the consolidated income statement over the vesting period, was determined as at the date of grant, and the amount included in the financial statements is included in the above directors' remuneration disclosures.

During the year, the Group also provided a leasehold property in Hong Kong as staff quarter for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$600,000 (2010: HK$600,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(a) Independent non-executive directors

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

	2011 HK$'000	2010 HK$'000
Mr. Lam Kin Fung Jeffrey	480	450
Mr. Leung Yu Ming Steven	420	400
Dr. Wong Lung Tak Patrick	420	400
	1,320	1,250

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

(b) Executive directors and a non-executive director

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2011						
Executive directors:						
Mr. Cheung Chung Kiu	—	—	—	—	—	—
Dr. Lam How Mun Peter	—	6,450	6,000	—	270	12,720
Mr. Tsang Wai Choi	—	3,510	3,000	—	162	6,672
Mr. Lam Hiu Lo	—	—	—	—	—	—
Mr. Leung Chun Cheong	—	1,794	600	—	83	2,477
Mr. Leung Wai Fai	—	1,664	1,200	—	77	2,941
Ms. Poon Ho Yee Agnes	—	1,794	360	—	83	2,237
Dr. Wong Kim Wing*	—	2,742	—	—	104	2,846
Mr. Wu Hong Cho	—	1,664	450	—	77	2,191
	—	19,618	11,610	—	856	32,084
Non-executive director:						
Mr. Wong Yat Fai	420	—	—	—	—	420
	420	19,618	11,610	—	856	32,504

* Dr. Wong Kim Wing resigned as an executive director of the Company on 31 August 2011.

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and a non-executive director *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2010						
Executive directors:						
Mr. Cheung Chung Kiu	—	—	—	—	—	—
Dr. Lam How Mun Peter	—	6,060	5,000	12,087	252	23,399
Mr. Tsang Wai Choi	—	3,250	2,500	—	150	5,900
Mr. Lam Hiu Lo	—	—	—	—	—	—
Mr. Leung Chun Cheong	—	1,690	500	388	78	2,656
Mr. Leung Wai Fai	—	1,560	1,000	758	72	3,390
Ms. Poon Ho Yee Agnes	—	1,690	300	512	78	2,580
Dr. Wong Kim Wing	—	4,004	800	547	152	5,503
Mr. Wu Hong Cho	—	1,560	400	462	72	2,494
	—	19,814	10,500	14,754	854	45,922
Non-executive director:						
Mr. Wong Yat Fai	400	—	—	—	—	400
	400	19,814	10,500	14,754	854	46,322

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2010: four) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2010: one) non-directors, highest paid employee for the year are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Salaries, allowances, and benefits in kind	**3,510**	1,950
Performance-related bonuses	**4,000**	1,000
Equity-settled share option expense	**—**	528
Pension scheme contributions	**162**	90
	7,672	3,568

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

	No. of individuals	
	2011	2010
HK$3,000,001 to HK$4,000,000	**1**	1
HK$4,000,001 to HK$5,000,000	**1**	—
	2	1

In 2010, share options were granted to one non-director, highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 43 to the financial statements. The fair value of these options, which has been recognised in the consolidated income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above non-directors, highest paid employees remuneration disclosures.

11. INCOME TAX

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

	2011 HK$'000	2010 HK$'000 (Restated)
Group:		
Current charge for the year		
Hong Kong	**3,645**	385
Mainland China	**375,570**	88,668
	379,215	89,053
Underprovision/(overprovision) in prior years		
Hong Kong	**1,086**	—
Mainland China	**17,341**	(7,286)
	18,427	(7,286)
Land appreciation tax charge for the year	**485,722**	30,928
Deferred tax (note 38)	**(233,676)**	29,902
	649,688	142,597

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

	Group	
	2011 HK$'000	2010 HK$'000 (Restated)
Profit before tax from continuing operations	**1,025,312**	366,538
Tax at the statutory/applicable tax rates of different jurisdictions	**255,609**	95,908
Lower tax rate for specific provinces or enacted by local authority	**—**	(5,031)
Adjustments in respect of current tax of previous periods	**18,427**	(7,286)
Profits and losses attributable to jointly-controlled entities	**4,924**	1,942
Income not subject to tax	**(66,369)**	(53,083)
Expenses not deductible for tax	**69,263**	71,636
Tax losses utilised from previous periods	**(1,883)**	(11,646)
Tax losses not recognised	**6,088**	18,984
Land appreciation tax	**485,722**	30,928
Tax effect of land appreciation tax	**(121,531)**	772
Others	**(562)**	(527)
Tax expense at the Group's effective rate	**649,688**	142,597

The share of tax expense attributable to jointly-controlled entities amounting to HK$13,000 (2010: Nil) is included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statement.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2011 includes a loss of HK$40,035,000 (2010: HK$60,999,000) which has been dealt with in the financial statements of the Company.

13. NON-CURRENT ASSET AND A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Discontinued operation — Packaging Business

On 29 December 2011, the Group announced its proposal to spin-off and separately list the business of manufacturing and sale of packaging products and display products of the Group (the "Packaging Business") on the Main Board of the Stock Exchange. The Group has on 29 December 2011 submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange. As at 31 December 2011, the proposed spin-off was subject to the approval of the Stock Exchange and the final decision of the board of directors of the Company and the Packaging Business was classified as a discontinued operation.

The results of the Packaging Business for the year are presented below:

	2011 **HK$'000**	2010 HK$'000
Revenue	**418,660**	391,052
Cost of sales	**(333,017)**	(315,438)
Gross profit	**85,643**	75,614
Other income and gains	**3,564**	1,408
Selling and distribution costs	**(14,969)**	(14,668)
Administrative expenses	**(27,960)**	(24,976)
Other expenses	**294**	(939)
Share of profits and losses of associates	**(480)**	(638)
Profit before tax from the discontinued operation	**46,092**	35,801
Income tax expense	**(4,921)**	(4,181)
Profit for the year from the discontinued operation	**41,171**	31,620
Attributable to:		
Owners of the parent	**37,509**	27,570
Non-controlling interests	**3,662**	4,050
	41,171	31,620

The major classes of assets and liabilities of the Packaging Business classified as a discontinued operation as at 31 December 2011 are as follows:

	Notes	**2011** **HK$'000**
Assets		
Property, plant and equipment	16	**119,592**
Prepaid land lease payments	18	**19,395**
Investments in associates	22	**625**
Inventories		**39,007**
Trade and bills receivables		**45,916**
Prepayments, deposits and other receivables		**4,553**
Cash and cash equivalents		**59,798**
Assets classified as a discontinued operation		**288,886**
Liabilities		
Trade payables		**38,329**
Other payables and accruals		**29,783**
Tax payable		**901**
Deferred tax liabilities		**1,017**
Liabilities directly associated with the assets classified as a discontinued operation		**70,030**
Net assets directly associated with the discontinued operation		**218,856**

At 31 December 2011, certain of the leasehold land and buildings of the Packaging Business with a net book value of HK$5,434,000 were pledged to secure general banking facilities granted to the Packaging Business.

13. NON-CURRENT ASSET AND A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

(a) Discontinued operation — Packaging Business *(Continued)*

The net cash flows incurred by the Packaging Business are as follows:

	2011 HK$'000	2010 HK$'000
Operating activities	**45,179**	37,292
Investing activities	**670**	(2,547)
Financing activities	**(51,386)**	(24,698)
Net cash inflow/(outflow)	**(5,537)**	10,047

	2011	2010
Basic and diluted earnings per share from the discontinued operation	**HK1.47 cents**	HK1.08 cents

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	2011	2010
Profit attributable to ordinary equity holders of the parent from the discontinued operation (note 15)	**HK$37,509,000**	HK$27,570,000
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation (note 15)	**2,553,213,041**	2,563,291,362

(b) Non-current asset and a disposal group classified as held for sale — Sichuan Hengchen

The assets and liabilities related to the 60% equity interest in Sichuan Hengchen Real Estate Development Company Limited ("Sichuan Hengchen") had been presented as held for sale as at 31 December 2010 following the decision of the board of directors of the Company (the "Board") on 30 November 2010 to dispose of Sichuan Hengchen. Sichuan Hengchen is principally engaged in property development and investment. The partial disposal of 30% equity interest in Sichuan Hengchen has been completed on 30 March 2011 at a consideration of RMB30 million.

Following completion of the first 30% disposal, the Group ceased to have control over Sichuan Hengchen thereafter. The Group has accounted for the investment retained in Sichuan Hengchen as an associate held for sale which was stated at its fair value at the date the control was lost and was presented as a non-current asset held for sale of HK$38,115,000 as at 31 December 2011. The disposal of the remaining 30% equity interest in Sichuan Hengchen is expected to be completed in 2012 at a consideration of RMB30 million plus a premium of 1.25% per month on the consideration calculated for the period from 1 January 2011 to the completion date of the disposal.

The major classes of assets and liabilities of Sichuan Hengchen classified as held for sale as at 31 December 2010 are as follows:

	Notes	2010 HK$'000
Assets		
Property, plant and equipment	16	305
Interests in land use rights for property development	27.2	58,907
Prepayments and other receivables		816
Cash and bank balances		5,775
Assets classified as held for sale		65,803
Liabilities		
Trade payables		2,115
Other payables and accruals		4,952
Liabilities directly associated with the assets classified as held for sale		7,067
Net assets directly associated with the disposal group		58,736

13. NON-CURRENT ASSET AND A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

(b) Non-current asset and a disposal group classified as held for sale — Sichuan Hengchen *(Continued)*

Cumulative income recognised in other comprehensive income relating to disposal group classified as held for sale:

	2010 HK$'000
Exchange fluctuation reserve	6,480

14. DIVIDENDS

	2011 **HK$'000**	2010 HK$'000
Final proposed subsequent to the reporting period — HK$0.04 (2010: HK$0.04) per ordinary share	**101,757**	102,248

The final dividend proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. No interim dividend was declared in respect of the current and prior years.

The final dividend for the year will be payable in cash with a scrip dividend alternative subject to the approval of the Company's shareholders of the relevant resolutions regarding the proposed final dividend and the granting of a general mandate unconditionally to the directors to issue shares at the forthcoming annual general meeting and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued.

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,553,213,041 (2010: 2,563,291,362) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	Note	**2011** **HK$'000**	2010 HK$'000
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:			
From continuing operations		**263,486**	232,512
From a discontinued operation	13(a)	**37,509**	27,570
		300,995	260,082

	Number of shares **2011**	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**2,553,213,041**	2,563,291,362

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Electricity supply system HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2011									
At 31 December 2010 and at 1 January 2011:									
Cost	264,854	7,621	2,729	35,961	36,326	30,005	9,264	—	386,760
Accumulated depreciation	(44,660)	(6,866)	(2,568)	(21,865)	(13,288)	(22,574)	(8,004)	—	(119,825)
Net carrying amount	220,194	755	161	14,096	23,038	7,431	1,260	—	266,935
At 1 January 2011, net of accumulated depreciation	220,194	755	161	14,096	23,038	7,431	1,260	—	266,935
Additions	6,405	177	—	13,788	18,586	88	11	—	39,055
Assets included as a discontinued operation (note 13(a))	(113,047)	(121)	(2)	(1,863)	(1,008)	(2,946)	(605)	—	(119,592)
Disposals	(1,280)	—	—	(375)	(2,505)	(409)	(264)	—	(4,833)
Depreciation provided during the year	(9,145)	(492)	(159)	(7,465)	(10,674)	(1,623)	(402)	—	(29,960)
Exchange realignment	1,583	—	—	1,575	992	152	—	—	4,302
At 31 December 2011, net of accumulated depreciation	104,710	319	—	19,756	28,429	2,693	—	—	155,907
At 31 December 2011:									
Cost	128,041	1,731	—	35,453	48,655	7,347	—	—	221,227
Accumulated depreciation	(23,331)	(1,412)	—	(15,697)	(20,226)	(4,654)	—	—	(65,320)
Net carrying amount	104,710	319	—	19,756	28,429	2,693	—	—	155,907
31 December 2010									
At 1 January 2010:									
Cost	260,732	7,621	2,729	31,289	27,457	31,225	11,615	136	372,804
Accumulated depreciation	(35,394)	(6,190)	(2,295)	(18,590)	(7,586)	(22,785)	(9,993)	—	(102,833)
Net carrying amount	225,338	1,431	434	12,699	19,871	8,440	1,622	136	269,971
At 1 January 2010, net of accumulated depreciation	225,338	1,431	434	12,699	19,871	8,440	1,622	136	269,971
Additions	300	—	—	6,358	8,490	665	268	313	16,394
Acquisition of a subsidiary (note 41(b))	—	—	—	157	290	—	—	—	447
Assets included as held for sale (note 13(b))	—	—	—	(44)	(261)	—	—	—	(305)
Disposals	—	—	—	(172)	(37)	—	—	—	(209)
Transfers	453	—	—	—	—	—	—	(453)	—
Depreciation provided during the year	(8,750)	(676)	(273)	(5,146)	(5,912)	(1,745)	(630)	—	(23,132)
Exchange realignment	2,853	—	—	244	597	71	—	4	3,769
At 31 December 2010, net of accumulated depreciation	220,194	755	161	14,096	23,038	7,431	1,260	—	266,935
At 31 December 2010:									
Cost	264,854	7,621	2,729	35,961	36,326	30,005	9,264	—	386,760
Accumulated depreciation	(44,660)	(6,866)	(2,568)	(21,865)	(13,288)	(22,574)	(8,004)	—	(119,825)
Net carrying amount	220,194	755	161	14,096	23,038	7,431	1,260	—	266,935

At 31 December 2010, certain of the Group's leasehold land and buildings included in property, plant and equipment were pledged to banks to secure banking facilities granted to the Group (note 37(a)).

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

The carrying value of land and buildings shown above comprises:

	2011 HK$'000	2010 HK$'000
Land and buildings situated in Hong Kong:		
Long term leases	**15,025**	80,005
Medium term leases	**—**	5,592
	15,025	85,597
Buildings situated in Mainland China:		
Long term leases	**64,914**	64,766
Medium term leases	**24,771**	69,831
	89,685	134,597
	104,710	220,194

Company

	Leasehold improvements HK$'000	**Furniture, fixtures and equipment** HK$'000	**Total** HK$'000
31 December 2011			
At 31 December 2010 and at 1 January 2011:			
Cost	**1,566**	**637**	**2,203**
Accumulated depreciation	**(1,059)**	**(217)**	**(1,276)**
Net carrying amount	**507**	**420**	**927**
At 1 January 2011, net of accumulated depreciation	**507**	**420**	**927**
Additions	**—**	**7**	**7**
Depreciation provided during the year	**(314)**	**(64)**	**(378)**
At 31 December 2011, net of accumulated depreciation	**193**	**363**	**556**
At 31 December 2011:			
Cost	**1,566**	**644**	**2,210**
Accumulated depreciation	**(1,373)**	**(281)**	**(1,654)**
Net carrying amount	**193**	**363**	**556**
31 December 2010			
At 1 January 2010:			
Cost	1,566	630	2,196
Accumulated depreciation	(746)	(154)	(900)
Net carrying amount	820	476	1,296
At 1 January 2010, net of accumulated depreciation	820	476	1,296
Additions	—	7	7
Depreciation provided during the year	(313)	(63)	(376)
At 31 December 2010, net of accumulated depreciation	507	420	927
At 31 December 2010:			
Cost	1,566	637	2,203
Accumulated depreciation	(1,059)	(217)	(1,276)
Net carrying amount	507	420	927

17. INVESTMENT PROPERTIES

	Group	
	2011	2010
	HK$'000	HK$'000
Carrying amount at 1 January	**338,323**	297,094
Disposals during the year	**(727)**	(3,038)
Net gain from a fair value adjustment	**18,206**	32,620
Exchange realignment	**17,147**	11,647
Carrying amount at 31 December	**372,949**	338,323

All the Group's investment properties were situated in Mainland China and were held under long term leases.

The revaluation of the above investment properties on 31 December 2011 was carried out by Savills Valuation and Professional Services Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 44(a).

At 31 December 2011, the Group's investment properties with an aggregate carrying amount of HK$135,149,000 (2010: HK$123,070,000) were pledged to secure banking facilities granted to the Group (note 37(a)).

18. PREPAID LAND LEASE PAYMENTS

	Group	
	2011	2010
	HK$'000	HK$'000
Carrying amount at 1 January	**1,941,896**	2,308,712
Additions	**448,742**	—
Acquisition of a subsidiary that is not a business (note 41(a))	**252,883**	—
Assets included as a discontinued operation (note 13(a))	**(19,395)**	—
Disposal of a subsidiary (note 42(c))	**—**	(54,816)
Transfer to properties under development (note 27.1)	**(2,055,012)**	(398,604)
Write-back of impairment during the year	**150,881**	51,708
Amortised during the year	**(21,360)**	(42,176)
Exchange realignment	**104,353**	77,072
Carrying amount at 31 December	**802,988**	1,941,896
Current portion	**(18,128)**	(42,551)
Non-current portion	**784,860**	1,899,345

The Group's leasehold land is situated in Mainland China and is held under the following lease terms:

	Group	
	2011	2010
	HK$'000	HK$'000
Long term leases	**127,791**	1,040,661
Medium term leases	**675,197**	901,235
	802,988	1,941,896

At 31 December 2011, the Group's prepaid land lease payments with an aggregate carrying amount of HK$746,508,000 (2010: HK$893,268,000) were pledged to secure banking facilities granted to the Group (note 37(a)).

19. GOODWILL

	Group 2011 HK$'000	Group 2010 HK$'000
At 1 January and 31 December:		
Cost	**28,666**	37,634
Accumulated impairment	**(28,666)**	(37,634)
Net carrying amount	**—**	—

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the travel bags products cash-generating unit (2010: travel bags products cash-generating unit and display products cash-generating unit) for impairment testing.

The goodwill of all cash-generating units has been fully impaired in the prior year.

20. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group 2011 HK$'000	Group 2010 HK$'000
Share of net assets	**96,959**	66,351
Loans to jointly-controlled entities	**1,032,290**	1,016,276
	1,129,249	1,082,627

The loans to jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the loans approximate to their fair values.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2011 HK$'000	2010 HK$'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**94,442**	138,631
Non-current assets	**1,403,692**	1,304,453
Current liabilities	**(17,395)**	(8,359)
Non-current liabilities	**(1,383,780)**	(1,368,374)
Net assets	**96,959**	66,351
Share of the jointly-controlled entities' results:		
Other income	**2,384**	116
Total expenses	**(30,116)**	(9,930)
Loss after tax	**(27,732)**	(9,814)

20. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

Particulars of the Group's principal jointly-controlled entities are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Benefit East Investments Limited	Ordinary shares of US$1 each	British Virgin Islands ("BVI")	25	25	25	Investment holding
Chongqing Sino Land Company Limited	Registered capital of HK$1,296 million	PRC	25	25	25	Property development and investment

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

All the above jointly-controlled entities are unlisted and are indirectly held by the Company.

21. INVESTMENTS IN SUBSIDIARIES

	Company 2011 HK$'000	Company 2010 HK$'000
Unlisted shares, at cost	**1,159,921**	159,921
Capital contribution in respect of employee share-based compensation	**2,291**	2,291
	1,162,212	162,212

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of HK$11,860,937,000 (2010: HK$11,849,883,000) and HK$109,000 (2010: Nil), respectively, are unsecured, interest-free and have no fixed terms of repayment except for an amount due from a subsidiary of HK$2,452,220,000 (2010: HK$1,860,656,000) that bears interest at HIBOR + 1.9% per annum (2010: HIBOR + 1.9% per annum). The carrying amounts of these amounts approximate to their fair values.

During the year, the Company capitalised an amount due from a subsidiary of HK$1,000,000,000.

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Ample Win Limited*	Hong Kong	Ordinary HK$1	100	Investment holding
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
Charm Best Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Cheer Gain Development Limited*	Hong Kong	Ordinary HK$1	100	Investment holding
Dominio Mark International Ltd.*/#	BVI	Ordinary US$1	100	Investment holding
Dragon Pioneer Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Empire New Assets Limited*	BVI/Hong Kong	Ordinary US$100	100	Property holding
Excel Sky (Hong Kong) Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Global Palace Investments Limited*	BVI/Hong Kong	Ordinary US$1,000	100	Property holding
Good Wave International Limited#	BVI	Ordinary US$1	100	Investment holding
Grand Fortune Enterprises Limited	Hong Kong	Ordinary HK$1	100	Investment holding

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Harbour Crest Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Ho Yeung Group Limited*/#	BVI	Ordinary US$1	100	Investment holding
Hoi Tin Universal Limited (note c)	Hong Kong	Ordinary HK$1,000,000	60	Sale of soft luggage, travel bags, backpacks and briefcases
Hoi Tin Universal Travel Goods (Suzhou) Limited*/## (海天環球旅游用品(蘇州)有限公司) (note c)	PRC/ Mainland China (wholly-owned foreign enterprise)	Registered US$5,000,000	60	Manufacture and sale of soft luggage, travel bags, backpacks and briefcases
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Joyview Group Limited*/#	BVI	Ordinary US$1	100	Investment holding
Keen Star Limited*/#	BVI	Ordinary US$2	100	Investment holding
King Place Investments Limited*	BVI/Hong Kong	Ordinary US$100	100	Property holding
Marvel Leader Investments Limited# (note a)	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Merry Full Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Mighty Gain Enterprises Limited*/# (note a)	BVI	Ordinary US$1	100	Investment holding
Qualipak Development Limited*/# (note a)	BVI	Ordinary US$10,000	100	Investment holding
Qualipak Finance Limited*	Hong Kong	Ordinary HK$2	100	Provision of financial services
Qualipak International Holdings Limited# (note a)	Bermuda	Ordinary HK$0.1	100	Investment holding
Qualipak Manufacturing Limited	Hong Kong	Ordinary HK$100 Non-voting deferred HK$22,303,857 (note b)	100	Manufacture and sale of watch boxes, gift boxes, eyewear cases, bags and pouches and display units
Starthigh International Limited#	BVI	Ordinary US$1	100	Investment holding
Theme Production House Limited*	Hong Kong	Ordinary HK$1,000,000	51	Trading of acrylic products and display units
Victor Shiny Limited*	Hong Kong	Ordinary HK$1	100	Investment holding
Victory Joy Investments Limited*/#	BVI	Ordinary US$1	100	Investment holding

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Wealthy New Limited*/ #	BVI	Ordinary US$1	100	Investment holding
Win Peak Group Limited#	BVI	Ordinary US$1	100	Investment holding
Winning Hand Management Limited*	BVI/Mainland China	Ordinary US$1	100	Property holding
Wisdom Way Limited*	Hong Kong	Ordinary HK$2	100	Property holding
Worthwell Investments Limited	BVI/Hong Kong	Ordinary US$50,000	100	Investment holding
Young Comfort Development Limited* (note c)	Hong Kong	Ordinary HK$10,000	60	Manufacture and sale of soft luggage, travel bags, backpacks and briefcases
Chengdu Guojia Cheer Gain Property Company Limited*/ **/ ### (成都國嘉志得置業有限公司)	PRC/Mainland China	Registered RMB1,375,000,000	51	Property development and investment
Chengdu Shengshi Jingwei Real Estate Investment Company Limited*/ **/ ### (成都盛世經緯房地產投資有限公司)	PRC/Mainland China	Registered RMB50,000,000	51	Property development and investment
Chengdu Zhongyi Property Development Company Limited*/ **/ ### (成都眾怡房地產開發有限公司)	PRC/Mainland China	Registered RMB200,000,000	51	Property development and investment
Chongqing Juxin Property Development (Group) Company Limited*/ **/ ## (重慶聚信房地產開發(集團)有限公司)	PRC/Mainland China	Registered RMB469,200,000	100	Property development and investment
Chongqing Lian Xian Investment Company Limited*/ **/ ### (重慶聯星投資有限公司)	PRC/Mainland China	Registered RMB320,000,000	51	Property development and investment
Chongqing Lucky Boom Realty Company*/ ## (重慶瑞昌房地產有限公司)	PRC/Mainland China	Registered US$50,000,000	100	Property development and investment
Chongqing Top Construction Realty Company*/ ## (重慶卓建房地產有限公司)	PRC/Mainland China	Registered HK$700,000,000	100	Property development and investment
Chongqing Top Pioneer Realty Company*/ ## (重慶頂添置業有限公司)	PRC/Mainland China	Registered US$50,000,000	100	Property development and investment
Chongqing Verakin Gonghao Real Estate Company Limited*/ **/ ### (重慶同景共好置地有限公司)	PRC/Mainland China	Registered RMB300,000,000	26	Property development and investment
Chongqing Verakin Real Estate Company Limited*/ **/ ### (重慶同景置業有限公司)	PRC/Mainland China	Registered RMB302,800,000	51	Property development and investment
Chongqing Verakin Wenhao Real Estate Company Limited*/ **/ ### (重慶同景文浩置業有限公司)	PRC/Mainland China	Registered RMB100,000,000	26	Property development and investment
Chongqing Verakin Wenlong Real Estate Company Limited*/ **/ ### (重慶同景文龍置地有限公司)	PRC/Mainland China	Registered RMB50,000,000	26	Property development and investment

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Chongqing Victor Shiny Real Estate Development Company Limited*/ ## (重慶浚亮房地產開發有限公司)	PRC/Mainland China	Registered US$30,000,000	100	Property development and investment
Chongqing Zhong Yu Property Development Company Limited*/ ## (重慶中渝物業發展有限公司)	PRC/Mainland China	Registered US$131,000,000	100	Property development and investment
Chongqing Shuaitong Property Development Company Limited*/ **/ ## (重慶帥通物業發展有限公司)	PRC/Mainland China	Registered RMB10,000,000	100	Property development and investment
Guiyang Zhong Yu Real Estate Development Company Limited*/ **/ ## (貴陽中渝置地房地產開發有限公司)	PRC/Mainland China	Registered US$95,917,000	85	Property development and investment
Sichuan Jingdu Real Estate Company Limited*/ **/ ### (四川經都置業有限公司)	PRC/Mainland China	Registered RMB82,000,000	60	Property development and investment
Sichuan Senxin Real Estate Company Limited*/ **/ ## (四川森信置業有限公司)	PRC/Mainland China	Registered US$29,800,000	100	Property development and investment
Sichuan Star Massive Realty Limited*/ **/ ## (四川中渝置地有限公司)	PRC/Mainland China	Registered US$15,000,000	100	Property development and investment
Sichuan Yongqiao Land Company Limited*/ **/ ## (四川雍橋置業有限公司)	PRC/Mainland China	Registered RMB100,000,000	100	Property development and investment
Yunnan Zhong Yu Land Development Company Limited*/ **/ ### (雲南中渝置地發展有限公司)	PRC/Mainland China	Registered RMB50,000,000	70	Property development and investment

\# These are investment holding companies which have no specific principal place of operations.
\## These companies are registered as wholly-owned foreign enterprises under PRC law.
\### These companies are registered as Sino-foreign joint ventures under PRC law.
* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.
** Direct translation from the Chinese name which is for identification purposes only.

Notes:

(a) Except for Marvel Leader Investments Limited, Mighty Gain Enterprises Limited, Qualipak Development Limited and Qualipak International Holdings Limited, the equity interests of all principal subsidiaries are indirectly held by the Company.

(b) The non-voting deferred shares have restricted rights on the distribution of profits, capital and voting.

(c) Hoi Tin Universal Limited directly holds the entire interests in Hoi Tin Universal Travel Goods (Suzhou) Limited and Young Comfort Development Limited.

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

22. INVESTMENTS IN ASSOCIATES

	Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets	**38,740**	1,105
Goodwill on acquisition	**31,438**	31,438
	70,178	32,543
Provision for impairment	**(31,438)**	(31,438)
	38,740	1,105
Classified as held for sale (note 13)	**(38,740)**	—
	—	1,105

The goodwill arising from the acquisition of associates is set out below.

	2011	2010
	HK$'000	HK$'000
At 1 January and 31 December:		
Cost	**31,438**	31,438
Accumulated impairment	**(31,438)**	(31,438)
Net carrying amount	**—**	—

Impairment testing of goodwill

Goodwill arising from the acquisition of interests in associates has been allocated to the corkscrews and kitchenware products cash-generating unit and the entire goodwill was fully impaired in the prior year.

Particulars of the principal associates are as follows:

Name	Place of incorporation/ registration	Particulars of issued shares held	Percentage of ownership interest attributable to the Group	Principal activities
Technical International Holdings Limited	BVI	Ordinary shares of US$1 each	30	Investment holding
T Plus Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design, trading and marketing of corkscrews and kitchenware
Technical Development (HK) Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design, trading and marketing of corkscrews and kitchenware
Technical (HK) Manufacturing Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design, trading and marketing of corkscrews and kitchenware
Sichuan Hangchen Real Estate Development Company Limited*/# (四川恒辰房產開發有限公司)	PRC/ Mainland China	Registered RMB50,000,000	30	Property development and investment

* This company is registered as a sino-foreign joint venture under PRC law.
\# Direct translation from the Chinese name which is for identification purposes only.

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

All the above associates are unlisted and are held by wholly-owned subsidiaries of the Company. They were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

22. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts or financial statements:

	2011 HK$'000	2010 HK$'000
Assets	**232,481**	32,991
Liabilities	**(103,283)**	(29,307)
Revenue	**100,533**	124,320
Loss	**(5,980)**	(2,125)

23. CONVERTIBLE NOTE RECEIVABLE

	Group	
	2011 HK$'000	2010 HK$'000
Unlisted convertible note:		
Loan portion, at amortised cost	**—**	37,178
	—	37,178
Classified as current asset	**—**	(37,178)
	—	—

At 31 December 2010, the Group held an unlisted convertible note with a principal amount of HK$37,500,000, which was issued by a company listed on the Stock Exchange. The convertible note conferred rights to the bearers to convert the whole or part of the outstanding principal amount into shares of the issuer at a conversion price of HK$15.83 per share in the defined period. The convertible note bore interest at a rate of 2% per annum.

The convertible note can be redeemed by the issuer at its face value at any time from the date of issue until the maturity date of the convertible note, and can only be redeemed by the Group at its face value upon maturity in June 2011 to the extent of the amount not previously converted.

The loan portion of the convertible note was classified as loans and receivable and its carrying value was determined based on an effective interest rate of 6.47% on initial recognition. The fair value of the conversion option derivative was determined using the Black-Scholes option pricing model.

The convertible note was redeemed at its face value upon maturity in June 2011.

24. HELD-TO-MATURITY INVESTMENTS

	Group	
	2011 HK$'000	2010 HK$'000
Unlisted debt investments, at amortised cost	**115,391**	114,969

The effective interest rates of the held-to-maturity investments are ranged from 12% to 15% per annum and these investments mature in 2015.

25. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2011 HK$'000	2010 HK$'000
Listed equity investment in Mainland China, at fair value	**171,367**	181,553
Unlisted equity investments, at cost	**525,553**	640,938
	696,920	822,491

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$19,196,000 (2010: HK$107,255,000).

25. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 31 December 2011, the unlisted equity investments with a carrying amount of HK$525,553,000 (2010: HK$640,938,000) were stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

The market value of the Group's listed available-for-sale investments at the date of approval of these financial statements was approximately HK$179,512,000.

26. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2011 **HK$'000**	2010 HK$'000
Listed equity investments in Hong Kong, at market value	**369,045**	131,006

The above investments at 31 December 2011 and 2010 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets as at fair value through profit or loss.

The market value of the Group's equity investments at fair value through profit or loss at the date of approval of these financial statements was approximately HK$327,328,000.

27.1 PROPERTIES UNDER DEVELOPMENT

	Group	
	2011 **HK$'000**	2010 HK$'000
At beginning of year	**14,773,115**	10,407,580
Acquisition of a subsidiary (note 41(b))	—	109,154
Additions (including development costs and capitalised interest)	**5,269,501**	2,691,332
Write-back of impairment during the year	**119,392**	310,452
Transfer from prepaid land lease payments (note 18)	**2,055,012**	398,604
Transfer from interests in land use rights for property development (note 27.2)	—	2,395,121
Transfer to completed properties held for sale (note 27.3)	**(3,524,206)**	(1,901,843)
Exchange realignment	**729,269**	362,715
At end of year	**19,422,083**	14,773,115

Properties under development expected to be completed:

	Group	
	2011 **HK$'000**	2010 HK$'000
Beyond normal operating cycle included under non-current assets	**7,350,068**	7,164,334
Within normal operating cycle included under current assets	**12,072,015**	7,608,781
	19,422,083	14,773,115

Properties under development expected to be completed within normal operating cycle and recovered:

	Group	
	2011 **HK$'000**	2010 HK$'000
Within one year	**4,954,249**	2,799,133
After one year	**7,117,766**	4,809,648
	12,072,015	7,608,781

27.1 PROPERTIES UNDER DEVELOPMENT *(Continued)*

The Group's properties under development are situated in Mainland China and are held under the following leases:

	2011 HK$'000	2010 HK$'000
Long term leases	**14,876,028**	12,408,600
Medium term leases	**4,546,055**	2,364,515
	19,422,083	14,773,115

At 31 December 2011, the Group's properties under development with an aggregate carrying amount of HK$8,983,705,000 (2010: HK$4,302,850,000) (note 37(a)) were pledged to secure banking facilities granted to the Group.

27.2 INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

	Group	
	2011 HK$'000	2010 HK$'000
At beginning of year	**—**	986,864
Additions	**3,150,527**	1,737,836
Assets included as held for sale (note 13(b))	**—**	(58,907)
Disposal of subsidiaries (note 42)	**—**	(294,093)
Write-back of impairment during the year	**—**	—
Transfer to properties under development (note 27.1)	**—**	(2,395,121)
Exchange realignment	**—**	23,421
At end of year	**3,150,527**	—

The Group's interests in land use rights for property development were in respect of the rights to use certain land situated in Mainland China over fixed periods and held under the following leases:

	2011 HK$'000	2010 HK$'000
Long term leases	**991,082**	—
Medium term leases	**2,159,445**	—
	3,150,527	—

As at 31 December 2011, the Group was in the progress of obtaining the relevant certificates of the above land use rights.

27.3 COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2011 HK$'000	2010 HK$'000
At beginning of year	**1,006,981**	233,011
Transfer from properties under development (note 27.1)	**3,524,206**	1,901,843
Write-back of impairment during the year	**23,962**	—
Properties sold during the year	**(3,394,413)**	(1,124,460)
Exchange realignment	**23,971**	(3,413)
At end of year	**1,184,707**	1,006,981

27.3 COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

The Group's completed properties held for sale are situated in Mainland China and are held under the following leases:

	2011 HK$'000	2010 HK$'000
Long term leases	949,443	615,105
Medium term leases	235,264	391,876
	1,184,707	1,006,981

28. INVENTORIES

	Group	
	2011 HK$'000	2010 HK$'000
Raw materials	5,354	24,565
Work in progress	6,877	32,305
Finished goods	9,369	25,300
	21,600	82,170

29. TRADE AND BILLS RECEIVABLES

	Group	
	2011 HK$'000	2010 HK$'000
Trade and bills receivables	38,826	114,691
Impairment	(564)	(1,590)
	38,262	113,101

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60 days, extending up to 105 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. No credit terms are granted to the customers of the Group's property development and investment business. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

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

	Group					
	2011			2010		
	Neither past due nor impaired HK$'000	Past due but not impaired HK$'000	Total HK$'000	Neither past due nor impaired HK$'000	Past due but not impaired HK$'000	Total HK$'000
Less than 1 month	25,069	9,802	34,871	88,279	16,471	104,750
1 to 2 months	—	—	—	—	2,464	2,464
2 to 3 months	—	—	—	—	3,209	3,209
Over 3 months	—	3,391	3,391	—	2,678	2,678
	25,069	13,193	38,262	88,279	24,822	113,101

No discounted bills with recourse were included in trade and bills receivables (2010: HK$32,994,000) at 31 December 2011. The maturity date of the discounted bills with recourse at 31 December 2010 was within three months from the inception date of the discounted bills.

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

29. TRADE AND BILLS RECEIVABLES *(Continued)*

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

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

	Group	
	2011 **HK$'000**	2010 HK$'000
At 1 January	**1,590**	1,042
Impairment/(write-back) of impairment (note 4)	**(294)**	524
Amount written-off as uncollectible	**(8)**	—
Amount included as held for sale	**(748)**	—
Exchange realignment	**24**	24
At 31 December	**564**	1,590

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$564,000 (2010: HK$1,590,000), with a carrying amount before provision of HK$564,000 (2010: HK$1,796,000). The individually impaired trade receivables relate to customers that were in financial difficulties, and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

30. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Prepayments	**483,978**	231,876	**324**	596
Deposits and other receivables	**334,296**	167,398	**8**	8
Amount due from non-controlling shareholders of subsidiaries	**125,016**	311,711	**—**	—
	943,290	710,985	**332**	604

As at 31 December 2011, business tax and other tax surcharges on deposits received from pre-sale of properties imposed by the relevant PRC tax authorities amounted to HK$326,727,000 (2010: HK$130,284,000). It is classified as and included in "Prepayments" above.

The amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

31. DEPOSITS WITH BROKERAGE COMPANIES

Deposits with brokerage companies are carried at an average fixed interest rate of 0.005% per annum (2010: 0.040% per annum). The fair values of the deposits with brokerage companies approximate to their carrying amounts.

32. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Notes	Group 2011 HK$'000	Group 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Cash and bank balances		**6,200,073**	4,928,901	**461**	148
Time deposits		**553,813**	951,081	**—**	—
		6,753,886	5,879,982	**461**	148
Less: Pledged time deposits	(a)	**(152,075)**	(153,774)	**—**	—
Restricted bank balances	(b)	**(2,543,736)**	(1,165,456)	**—**	—
Time deposits with original maturity over three months		**(71,543)**	—	**—**	—
Cash and cash equivalents		**3,986,532**	4,560,752	**461**	148

Notes:

(a) The time deposits were pledged to secure general banking facilities granted to the Group (note 37(a)).

(b) Restricted bank balances represent deposits placed with certain PRC banks and the usages of which are restricted to PRC property development activities.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$6,477,598,000 (2010: HK$4,949,913,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

33. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period is as follows:

	Group 2011 HK$'000	Group 2010 HK$'000
Within 1 month	**1,406,370**	584,882
1 to 2 months	**126,100**	40,549
2 to 3 months	**137,060**	27,495
Over 3 months	**267,479**	308,737
	1,937,009	961,663

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

34. OTHER PAYABLES AND ACCRUALS

	Group 2011 HK$'000	Group 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Deposits received	**8,407,197**	5,887,887	**—**	—
Other payables	**205,115**	141,632	**156**	354
Accruals	**47,974**	47,467	**13,422**	13,365
	8,660,286	6,076,986	**13,578**	13,719

Other payables are non-interest-bearing and are normally settled within one year.

35. CALL OPTION LIABILITY

	Group	
	2011 **HK$'000**	2010 HK$'000
Call option liability	—	75,766

On 31 August 2009, the Group entered into a shareholders' agreement (the "Shareholders' Agreement") with Verakin Group Company Limited ("Verakin Group"), a non-controlling shareholder of Chongqing Verakin Real Estate Company Limited ("CQ Verakin" and 51%-owned by the Group).

Pursuant to the Shareholders' Agreement, the Group agreed to acquire an additional 10% equity interest (the "Additional Interest") in CQ Verakin from Verakin Group at a cash consideration of RMB25 million (the "Consideration"). The Group also granted Verakin Group a buy-back option (the "Call Option") in respect of the Additional Interest. The Call Option was exercisable within three years from the date of the Shareholders' Agreement and subject to the fulfilment of certain operating conditions by CQ Verakin. The exercise price of the Call Option was equal to (i) the sum of the Consideration plus a premium of 1% per month on the Consideration calculated for the period from the completion date of the Shareholders' Agreement to the completion date on which the Call Option was exercised (the "Option Period"); and (ii) any additional capital contributions made by the Group to CQ Verakin in respect of the Additional Interest during the Option Period.

The fair value of the Call Option was estimated at the date of grant using a binominal option pricing model and the change in fair value at each reporting date was recognised in the consolidated income statement.

On 18 May 2011, Verakin Group exercised the Call Option to repurchase the Additional Interest in CQ Verakin at a consideration of RMB30 million.

36. LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The directors consider that the carrying amounts of the loans from non-controlling shareholders of subsidiaries approximate to their fair values. Except for an amount of HK$121,870,000 (2010: HK$30,085,000) which bears interest at a range of 7% to 12% per annum (2010: 7% per annum), the amounts are unsecured, interest-free and have no fixed terms of repayment.

37. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	2011 Contractual interest rate	2011 Maturity	2011 HK$'000	2010 Contractual interest rate	2010 Maturity	2010 HK$'000
Current						
Bank overdraft	—	—	—	Higher of prime rate or bank's funding rate	On demand	2,253
Discounted bills with recourse	Bank's funding rate + (1.375% to 1.5%)	2012	12,292	Bank's funding rate + (1.375% to 1.5%)	2011	32,994
Bank loans — secured	RMB base lending rate/ RMB base lending rate x (1 + 10% to 25%)	2012	1,518,626	RMB base lending rate/ RMB base lending rate x (1 + 8% to 15%)	2011	1,182,236
Bank loans — unsecured	HIBOR + 1.9%	2012	534,402	HIBOR + 1.9%	2011	172,396
			2,065,320			1,389,879
Non-current						
Bank loans — secured	RMB base lending rate/ RMB base lending rate x (1 + 10% to 25%)	2013-2018	3,116,443	RMB base lending rate/ RMB base lending rate x (1 + 10%)	2012-2018	1,210,629
Bank loans — unsecured	HIBOR + 1.9%	2013	1,917,818	HIBOR + 1.9%	2012-2013	1,688,260
			5,034,261			2,898,889
			7,099,581			4,288,768
Analysed into:						
Bank and other borrowings repayable:						
Within one year or on demand			2,065,320			1,389,879
In the second year			4,213,982			1,504,512
In the third to fifth years, inclusive			788,208			1,363,822
Beyond five years			32,071			30,555
			7,099,581			4,288,768

Company	2011 Contractual interest rate	2011 Maturity	2011 HK$'000	2010 Contractual interest rate	2010 Maturity	2010 HK$'000
Current						
Bank loans — unsecured	HIBOR + 1.9%	2012	534,402	HIBOR + 1.9%	2011	172,396
Non-current						
Bank loans — unsecured	HIBOR + 1.9%	2013	1,917,818	HIBOR + 1.9%	2012-2013	1,688,260
			2,452,220			1,860,656

37. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Certain of the Group's bank loans are secured by certain of the Group's assets with aggregate carrying amounts as listed below:

	Notes	**2011 HK$'000**	2010 HK$'000
Property, plant and equipment	13(a), 16	**5,434**	5,592
Investment properties	17	**135,149**	123,070
Prepaid land lease payments	18	**746,508**	893,268
Properties under development	27.1	**8,983,705**	4,302,850
Time deposits	32	**152,075**	153,774

(b) All borrowings bear interest at floating interest rate.

(c) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2011 HK$'000	2010 HK$'000
Hong Kong dollars (HK$)	**2,452,220**	1,862,909
United States dollars (US$)	**12,292**	32,994
Renminbi (RMB)	**4,635,069**	2,392,865
	7,099,581	4,288,768

(d) The carrying amounts of the Group's bank borrowings approximate to their fair values.

(e) Personal guarantees from certain non-controlling shareholders amounting to HK$20,400,000 (2010: HK$20,400,000).

(f) In addition, certain subsidiaries of the Company have guaranteed the Company's bank loans up to HK$2,475,000,000 (2010: HK$2,750,000,000). The Company's bank loans are also secured by a specific performance obligation imposed on Mr. Cheung and pursuant to which Mr. Cheung is required to control 35% or more of the beneficial shareholding interest in the issued capital of the Company, to carry 35% or more of the voting rights and to have management control of the Company. Non-compliance with the aforesaid obligation by Mr. Cheung would constitute an event of default under the relevant loan agreement.

38. DEFERRED TAX

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

Deferred tax liabilities

Group

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Temporary difference on land cost HK$'000	Revaluation of available-for-sale investments HK$'000	Total HK$'000
At 1 January 2010	1,860,272	1,850	—	56,550	1,918,672
Acquisition of a subsidiary (note 41(b))	3,373	—	—	—	3,373
Deferred tax charged to equity during the year	—	—	—	(26,814)	(26,814)
Deferred tax charged/(credited) to the income statement during the year					
— continuing operations (note 11)	29,890	(6)	—	—	29,884
— discontinued operation	—	12	—	—	12
Exchange realignment	64,091	(2)	—	1,964	66,053
At 31 December 2010 and 1 January 2011	**1,957,626**	**1,854**	**—**	**31,700**	**1,991,180**
Deferred tax charged to equity during the year	**—**	**—**	**—**	**(4,799)**	**(4,799)**
Deferred tax charged/(credited) to the income statement during the year					
— continuing operations (note 11)	**(122,417)**	**(17)**	**4,307**	**—**	**(118,127)**
— discontinued operation	**—**	**(83)**	**—**	**—**	**(83)**
Exchange realignment	**94,057**	**3**	**—**	**1,573**	**95,633**
At 31 December 2011	**1,929,266**	**1,757**	**4,307**	**28,474**	**1,963,804**

Deferred tax assets

Group

	Provision for land appreciation tax HK$'000	Losses available for offsetting taxable profits HK$'000	Total HK$'000
At 1 January 2010	9,793	784	10,577
Deferred tax credited/(charged) to the income statement during the year			
— continuing operations (note 11)	(827)	809	(18)
Exchange realignment	340	23	363
At 31 December 2010 and 1 January 2011	**9,306**	**1,616**	**10,922**
Deferred tax credited to the income statement during the year			
— continuing operations (note 11)	**95,062**	**20,487**	**115,549**
Exchange realignment	**461**	**86**	**547**
At 31 December 2011	**104,829**	**22,189**	**127,018**

38. DEFERRED TAX *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the net deferred tax balances of the Group for financial reporting purposes:

	2011 HK$'000	2010 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,835,769**	1,980,258
Net deferred tax liabilities included in the disposal group (note 13(a))	**1,017**	—
	1,836,786	1,980,258

The Company's deferred tax asset relates to tax losses arising in Hong Kong available indefinitely for offsetting against future taxable profits of the Company and are credited to the income statement during the year.

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

At 31 December 2011, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and jointly-controlled entities established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries and jointly-controlled entities will distribute such earnings in the foreseeable future. The aggregate amount of temporary difference associated with investments in subsidiaries and jointly-controlled entities in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$1,147,425,000 as at 31 December 2011 (2010: HK$368,907,000).

The Group has tax losses arising in Hong Kong of HK$8,516,000 (2010: HK$11,295,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$85,662,000 (2010: HK$66,947,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

39. SHARE CAPITAL

Shares	**2011 HK$'000**	2010 HK$'000
Authorised: 5,000,000,000 (2010: 5,000,000,000) ordinary shares of HK$0.10 (2010: HK$0.10) each	**500,000**	500,000
Issued and fully paid: 2,543,923,258 (2010: 2,559,957,258) ordinary shares of HK$0.10 (2010: HK$0.10) each	**254,392**	255,996

During the year, the Company repurchased a total of 16,034,000 (2010: 12,676,000) shares at an average price of HK$2.11 per share (2010: HK$2.80 per share) in the open market on the Stock Exchange, all of which were subsequently cancelled by the Company.

A summary of transactions during the year with reference to the above movement in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	**Issued capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
At 1 January 2010	2,572,633,258	257,263	9,522,583	9,779,846
Repurchase of shares	(12,676,000)	(1,267)	(34,380)	(35,647)
At 31 December 2010 and 1 January 2011	2,559,957,258	255,996	9,488,203	9,744,199
Repurchase of shares	(16,034,000)	(1,604)	(32,450)	(34,054)
At 31 December 2011	2,543,923,258	254,392	9,455,753	9,710,145

Share options

Details of the Company's share option scheme are set out in note 43 to the financial statements.

40. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 71.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 January 2010		9,522,583	158,331	132,917	179,104	9,992,935
Total comprehensive income for the year		—	—	(18,171)	—	(18,171)
Repurchase of shares	39	(34,380)	—	—	—	(34,380)
Final 2009 dividend approved		—	—	(76,799)	—	(76,799)
Equity-settled share option arrangements	43	—	—	—	19,826	19,826
At 31 December 2010 and 1 January 2011		**9,488,203**	**158,331**	**37,947**	**198,930**	**9,883,411**
Total comprehensive income for the year		**—**	**—**	**562,378**	**—**	**562,378**
Repurchase of shares	39	**(32,450)**	**—**	**—**	**—**	**(32,450)**
Final 2010 dividend approved	14	**—**	**—**	**(102,248)**	**—**	**(102,248)**
Forfeiture of share options		**—**	**—**	**18,322**	**(18,322)**	**—**
Equity-settled share option arrangements	43	**—**	**—**	**—**	**30**	**30**
At 31 December 2011		**9,455,753**	**158,331**	**516,399**	**180,638**	**10,311,121**

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Qualipak Development Limited at the date on which its shares were acquired by the Company, and the nominal value of the Company's shares issued and issuable for the acquisition.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

41. BUSINESS COMBINATION

Year ended 31 December 2011

(a) Acquisition of a subsidiary that is not a business

On 1 February 2011, the Group entered into an acquisition agreement with Verakin Group Company Limited (the "Verakin Group", a non-controlling shareholder of the Group's subsidiary), to acquire a 51% equity interest in Chongqing Lian Xing Investment Company Limited ("Lian Xing") and 51% share of the aggregate shareholder's loans owed by Lian Xing to the Verakin Group at a cash consideration of RMB106,915,000 (equivalent to HK$126,940,000). Lian Xing is principally engaged in property development in Chongqing, the PRC. Up to the date of acquisition, Lian Xing has not carried out any significant business transactions except for holding certain parcels of land in Chongqing.

The above acquisition has been accounted by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

The net assets acquired by the Group in the above transaction are as follows:

	Note	HK$'000
Net assets acquired:		
Prepaid land lease payments	18	**252,883**
Cash and bank balances		**5**
Accruals		**(3,986)**
Shareholders' loans		**(154,119)**
Non-controlling interests		**(46,444)**
		48,339
Satisfied by:		
Cash		**126,940**
Shareholders' loans		**(78,601)**
		48,339

An analysis of the cash flows in respect of the acquisition of Lian Xing is as follows:

	HK$'000
Cash consideration	**(126,940)**
Cash and bank balances acquired	**5**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(126,935)**

41. BUSINESS COMBINATION *(Continued)*

Year ended 31 December 2010

(b) Acquisition of a subsidiary

On 10 February 2010, the Group entered into a share transfer agreement with the Verakin Group to acquire a 51% equity interest in Chongqing Verakin Wenlong Real Estate Company Limited ("Verakin Wenlong") and a shareholder's loan owed by Verakin Wenlong to the Verakin Group for a cash consideration of RMB43,407,000 (equivalent to HK$49,355,000). The acquisition enables the Group to enhance its property portfolio and market coverage in Western China where the property markets have strong and sustained growth. Verakin Wenlong is principally engaged in property development in Mainland China. The acquisition was completed on 23 February 2010.

The Group has elected to measure the non-controlling interest in Verakin Wenlong at the non-controlling interests' proportionate share of Verakin Wenlong's identifiable net assets.

The fair values of the identifiable assets and liabilities of Verakin Wenlong as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	16	447
Properties under development	27.1	109,154
Prepayments, deposits and other receivables		677
Cash and bank balances		26,359
Other payables		(34,557)
Shareholder's loan		(38,625)
Deferred tax liabilities	38	(3,373)
Non-controlling interests		(29,440)
Total identifiable net assets at fair value		30,642
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(1,648)
		28,994
Satisfied by:		
Cash		49,355
Shareholder's loan		(20,361)
		28,994

An analysis of the cash flows in respect of the acquisition of Verakin Wenlong is as follows:

	HK$'000
Cash consideration	(49,355)
Cash and bank balances acquired	26,359
Net outflow of cash and cash equivalents included in cash flows from investing activities	(22,996)

The result of the subsidiary acquired during the year had no significant impact on the Group's consolidated revenue or profit for the year.

42. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2011

(a) On 30 November 2010, the Group entered into a sale and purchase agreement with a non-controlling shareholder of Sichuan Hengchen to dispose of the entire interest in Sichuan Hengchen, a then 60%-owned subsidiary of the Group. The partial disposal of 30% equity interest in Sichuan Hengchen has been completed on 30 March 2011. For details, please refer to note 13(b) to the financial statements.

	Note	**2011** **HK$'000**
Net assets disposed of:		
Property, plant and equipment		**309**
Interests in land use rights for property development		**59,706**
Prepayment, deposits and other receivables		**1,440**
Cash and bank balances		**19,666**
Trade payable		**(2,137)**
Other payables and accruals		**(3,759)**
Shareholder's loan		**(16,540)**
Non-controlling interests		**(22,334)**
		36,351
Gain on disposal of a subsidiary	5	**36,192**
Fair value of retained interests in an associate classified as held for sale		**(37,156)**
		35,387
Satisfied by:		
Cash		**35,387**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Sichuan Hengchen is as follows:

	2011 **HK$'000**
Cash consideration	**35,387**
Cash and bank balances disposed of	**(19,666)**
Net inflow of cash and cash equivalents in respect of the disposal of Sichuan Hengchen	**15,721**

42. DISPOSAL OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2010

(b) On 12 February 2010, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire interest in Wisdom Gain Group Limited ("Wisdom Gain"), a then 60%-owned subsidiary of the Group, a shareholder's loan owed by Wisdom Gain to the Group of HK$242,426,000 and a promissory note receivable from a non-controlling shareholder of Wisdom Gain amounting to HK$70,110,000, for an aggregate consideration of HK$340 million. The transaction was completed on 12 February 2010.

	Notes	2010 HK$'000
Net assets disposed of:		
Interests in land use rights for property development	27.2	285,972
Cash and bank balances		297
Prepayments and other receivables		125
Other payables and accruals		(30,266)
Shareholder's loan		(242,426)
Non-controlling interests		(2,114)
		11,588
Promissory note receivable		70,110
Exchange reserve release upon disposal of Wisdom Gain		(5,242)
Gain on disposal of Wisdom Gain	5	21,118
		97,574
Satisfied by:		
Cash		340,000
Shareholder's loan		(242,426)
		97,574

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Wisdom Gain is as follows:

	2010 HK$'000
Cash consideration	340,000
Cash and bank balances disposed of	(297)
Net inflow of cash and cash equivalents in respect of the disposal of Wisdom Gain	339,703

42. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) On 5 July 2010, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire share capital of Kee Fat International Limited ("Kee Fat"), a then wholly-owned subsidiary of the Group and a shareholder's loan owed by Kee Fat to the Group of HK$61,013,000 for a total consideration of HK$66,000,000. The disposal was completed on 17 August 2010.

	Notes	2010 HK$'000
Net assets disposed of:		
Interests in land use rights for property development	27.2	8,121
Prepaid land lease payments	18	54,816
Cash and bank balances		959
Shareholder's loan		(61,013)
Other payables and accruals		(59,683)
		(56,800)
Exchange reserve release upon disposal of Kee Fat		(1,021)
Gain on disposal of Kee Fat	5	62,808
		4,987
Satisfied by:		
Cash		66,000
Shareholder's loan		(61,013)
		4,987

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Kee Fat is as follows:

	2010 HK$'000
Cash consideration	66,000
Cash and bank balances disposed of	(959)
Net inflow of cash and cash equivalents in respect of the disposal of Kee Fat	65,041

43. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted at the special general meeting of the Company held on 29 April 2005. During the year ended 31 December 2010, 51,634,000 share options were granted, of which 46,734,000 share options were granted for the replacement of same number of share options granted in prior years, under the Scheme.

Under the Scheme, share options may be granted to directors and employees of the Group and those who have contributed or will contribute to the Group, at any time within 10 years after its adoption, at the discretion of the Board. The following is a summary of the Scheme.

For the purpose of this section, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; (ii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of the Company or any substantial shareholder referred to in (i) above; (iii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (ii) above; (iv) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iv) above; and reference to "Employee" means any full-time or part-time employee (including any executive and non-executive director or proposed executive and non-executive director) of any member of the Eligible Group.

Purpose

The purposes of the Scheme are to recognise the contribution of and to motivate Employees and other person(s) who may make a contribution to the Group and to provide incentives and to help the Group retain its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long-time business objectives of the Group.

Participants

The participants include any director, officer and Employee of any member of the Eligible Group; and any executive, officer or employee of any business, consultant, professional and other advisers to any member of the Eligible Group or any person proposed to be appointed to any of the aforesaid positions who, in the sole opinion of the Board, has contributed or is expected to contribute to the Group.

43. SHARE OPTION SCHEME *(Continued)*

Maximum number of shares available for subscription

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

Maximum entitlement of each participant

Unless approved by the shareholders of the Company at a general meeting, the total number of shares issued and to be issued upon the exercise of options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company.

Maximum period for exercising an option

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board to each grantee. Such period of time shall not exceed 10 years from the date of grant of the option.

Basis of determining the exercise price

The exercise price per share shall be determined by the Board and shall be at least the higher of:

(i) the closing price of shares as stated in daily quotation sheet of the Stock Exchange on the date on which the option is offered, which must be a trading day;

(ii) the average closing price of shares as stated in daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date as mentioned in (i) above; and

(iii) the nominal value of the shares.

A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

Life of the Scheme

The Scheme shall remain in force for a period of 10 years from 29 April 2005 to 28 April 2015.

The movements of share options under the Scheme during the year are as follows:

	2011		2010	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**3.30**	**69,134**	4.62	64,234
Granted during the year	**—**	**—**	3.31	51,634
Replaced during the year	**—**	**—**	5.12	(46,734)
Forfeited during the year	**3.31**	**(2,460)**	—	—
At 31 December	**3.30**	**66,674**	3.30	69,134

There were no share options exercised during the year (2010: Nil).

43. SHARE OPTION SCHEME *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2011

Number of options '000	**Exercise price* HK$ per share**	**Exercise period**
17,500	**3.27**	**07-05-2009 to 06-05-2019**
44,374	**3.31**	**03-09-2010 to 02-09-2020**
4,800	**3.31**	**01-01-2011 to 02-09-2020**
66,674		

2010

Number of options '000	Exercise price* HK$ per share	Exercise period
17,500	3.27	07-05-2009 to 06-05-2019
46,734	3.31	03-09-2010 to 02-09-2020
4,900	3.31	01-01-2011 to 02-09-2020
69,134		

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

The fair value of the share options granted during the year ended 31 December 2010 was HK$18,859,000, and the Group recognised a share option expense of HK$30,000 (2010: HK$19,826,000) during the year.

The fair value of equity-settled share options granted during the year ended 31 December 2010 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2010
Dividend yield (%)	0.91
Expected volatility (%)	71.88
Risk-free interest rate (%)	1.945

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 66,674,000 (2010: 69,134,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 66,674,000 (2010: 69,134,000) additional ordinary shares of the Company and additional share capital of HK$6,667,000 (2010: HK$6,913,000) and share premium of HK$213,324,000 (2010: HK$221,220,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 66,674,000 share options outstanding under the Scheme, which represented approximately 2.6% of the Company's shares in issue as at that date.

44. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 17 to the financial statements) and some other properties under operating lease arrangements, with leases negotiated for terms ranging from 1 year to 20 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**14,480**	8,528
In the second to fifth years, inclusive	**48,872**	35,959
After five years	**69,811**	75,381
	133,163	119,868

During the year, no contingent rentals receivable was recognised by the Group.

(b) As lessee

The Group leases certain of its manufacturing plants, office properties and quarters under operating lease arrangements. The leases for the manufacturing plants, office properties and quarters are negotiated for terms of one month to three years.

As at 31 December 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**5,332**	6,447
In the second to fifth years, inclusive	**1,321**	3,854
	6,653	10,301

45. COMMITMENTS

In addition to the operating lease commitments detailed in note 44(b) above, the Group had the following commitments in respect of property development expenditure at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	HK$'000
Contracted, but not provided for	**8,150,967**	2,772,716

The Group had the following share of commitments of jointly-controlled entities in respect of property development expenditure at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	HK$'000
Contracted, but not provided for	**17,999**	51,238

At the end of the reporting period, the Company did not have any significant commitments.

46. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	**—**	—	**443,051**	61,000
Jointly-controlled entity	**350,000**	350,000	**350,000**	350,000
Associates	**9,000**	9,000	**9,000**	9,000
	359,000	359,000	**802,051**	420,000

As at 31 December 2011, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$308,332,000 (2010: HK$35,248,000), and the banking facilities guaranteed by the Group to a jointly-controlled entity and associates were utilised to the extent of approximately HK$350,000,000 (2010: HK$350,000,000) and HK$3,789,000 (2010: HK$2,942,000), respectively.

47. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	Group	
	2011 **HK$'000**	2010 HK$'000
Guarantees in respect of mortgage facilities provided for certain customers	**4,090,067**	2,288,646

The Group have arranged bank financing for certain purchasers of their property units and provided guarantees to secure the obligations of these purchasers for repayments. The guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within one year upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loans by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks and the banks are entitled to take over the legal titles and possession of the related properties. The guarantee period starts from the dates of grant of the mortgages. The directors of the Company consider that the fair value of the guarantees is not significant and in the case of default on payments, the net realisable value of the related properties will exceed the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore no provision has been made in the financial statements for the guarantees.

48. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had no significant transactions with related parties during the year.

(b) Other transactions with related parties

Details of the Group's loans to its jointly-controlled entities as at the end of the reporting period are set out in note 20 to the financial statements.

(c) During the year, certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK$14,845,000 (2010: HK$15,162,000) were provided to a family member of a director for the operation of a school free of charge.

48. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group

	2011 HK$'000	2010 HK$'000
Short term employee benefits	**33,824**	32,818
Equity-settled share option expense	**—**	14,754
Total compensation paid to key management personnel	**33,824**	47,572

Further details of directors' emoluments are included in note 9 to the financial statements.

The above related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

49. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 December 2011, the Group held the following financial instruments measured at fair value:

Assets measured at fair value as at 31 December 2011:

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Available-for-sale investment	**171,367**	**—**	**—**	**171,367**
Equity investments at fair value through profit or loss	**369,045**	**—**	**—**	**369,045**
	540,412	**—**	**—**	**540,412**

Assets measured at fair value as at 31 December 2010:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale investment	181,553	—	—	181,553
Equity investments at fair value through profit or loss	131,006	—	—	131,006
	312,559	—	—	312,559

Liability measured at fair value as at 31 December 2010:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Call option liability	—	—	75,766	75,766

The Group did not have any financial liabilities measured at fair value as at 31 December 2011.

The Company did not have any financial assets and financial liabilities measured at fair value as at 31 December 2011 (2010: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 (2010: Nil).

49. FAIR VALUE HIERARCHY *(Continued)*

The movements in fair value measurements in Level 3 during the year are as follows:

	2011 HK$'000	2010 HK$'000
Call option liability:		
At 1 January	**75,766**	68,297
Fair value loss recognised in the income statement included in other expenses	**—**	5,281
Settled during the year	**(75,766)**	—
Exchange realignment	**—**	2,188
At 31 December	**—**	75,766

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include equity investments, held-to-maturity investments, available-for-sale investments, derivative financial instruments, convertible note receivable, trade and other receivables, trade and other payables, cash and bank balances, bank borrowings and short term deposits. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's cash and bank balances and bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
2011		
HK$	**100**	**(22,729)**
US$	**100**	**1,372**
EUR	**100**	**12**
RMB	**150**	**43,224**
HK$	**(100)**	**22,729**
US$	**(100)**	**(1,372)**
EUR	**(100)**	**(12)**
RMB	**(150)**	**(43,224)**
2010		
HK$	100	(12,906)
US$	100	3,234
EUR	100	13
RMB	150	38,356
HK$	(100)	12,906
US$	(100)	(3,234)
EUR	(100)	(13)
RMB	(150)	(38,356)

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has currency exposure as the majority of its sales from the packaging products and travel bags products businesses were denominated in US$, which is pegged to HK$. Most of the assets and liabilities of this business are denominated in HK$ except for certain cash and cash equivalents denominated in RMB.

The Group's property development and investment business are located in Mainland China and all transactions are conducted in RMB. Most of the assets and liabilities of this business are denominated in RMB except for certain cash and cash equivalents denominated in HK$ and US$.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of the RMB against HK$ and US$ may have impact on the operating results of the Group.

The Group currently does not have a foreign currency hedging policy. However, management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in rates	Increase/ (decrease) in profit before tax HK$'000
2011		
If RMB weakens against US$	**7%**	**1**
If RMB strengthens against US$	**(7%)**	**(1)**
If HK$ weakens against RMB	**7%**	**1,778**
If HK$ strengthens against RMB	**(7%)**	**(1,778)**
2010		
If RMB weakens against US$	7%	6,039
If RMB strengthens against US$	(7%)	(6,039)
If HK$ weakens against RMB	7%	573
If HK$ strengthens against RMB	(7%)	(573)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade and other receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of trade and bills receivables and other receivables as disclosed in notes 29 and 30, respectively. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of each reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure the obligation of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 47.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (note 25) and equity investments at fair value through profit or loss (note 26) as at 31 December 2011. The Group's listed investments are listed on the Hong Kong and Shanghai stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year are as follows:

	31 December 2011	**High/low 2011**	31 December 2010	High/low 2010
Hong Kong — Hang Seng Index	**18,434**	**24,469/ 16,170**	23,035	24,989/ 18,972
Shanghai — A Share Index	**2,199**	**3,067/ 2,134**	2,940	3,443/ 2,498

The following table demonstrates the sensitivity to every 10% decrease (2010: 10% decrease) in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of equity investments HK$'000	**Increase/ (decrease) in profit before tax** HK$'000	**Decrease in other components of equity** HK$'000
2011			
Equity investments at fair value through profit or loss listed in Hong Kong	**369,045**	**(36,905)**	**—**
An available-for-sale investment listed in Shanghai	**171,367**	**—**	**(17,137)**
Total	**540,412**	**(36,905)**	**(17,137)**
2010			
Equity investments at fair value through profit or loss listed in Hong Kong	131,006	(13,101)	—
An available-for-sale investment listed in Shanghai	181,553	—	(18,155)
Total	312,559	(13,101)	(18,155)

The Group's management manages the above exposure by maintaining a well-diversified investment portfolio.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and have available funding through an adequate amount of committed credit facilities to meet its construction commitments and other business operations.

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

Group

2011

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Beyond 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	**918,959**	**209,009**	**1,215,337**	**5,207,592**	**32,205**	**7,583,102**
Loans from non-controlling shareholders	**666,155**	**—**	**—**	**—**	**—**	**666,155**
Trade payables	**—**	**1,669,530**	**267,479**	**—**	**—**	**1,937,009**
Other payables	**—**	**—**	**205,115**	**—**	**—**	**205,115**
Consideration payable on acquisition of subsidiaries	**—**	**—**	**1,100**	**—**	**—**	**1,100**
	1,585,114	**1,878,539**	**1,689,031**	**5,207,592**	**32,205**	**10,392,481**
Financial guarantees issued: Maximum amount guaranteed	**4,449,067**	**—**	**—**	**—**	**—**	**4,449,067**

2010

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Beyond 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	2,253	83,829	1,506,628	3,034,935	32,003	4,659,648
Loans from non-controlling shareholders	688,303	—	—	—	—	688,303
Trade payables	—	961,663	—	—	—	961,663
Other payables	—	—	141,632	—	—	141,632
Call option liability	—	—	—	75,766	—	75,766
Consideration payable on acquisition of subsidiaries	—	—	1,100	—	—	1,100
	690,556	1,045,492	1,649,360	3,110,701	32,003	6,528,112
Financial guarantees issued: Maximum amount guaranteed	2,647,646	—	—	—	—	2,647,646

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Company

2011	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings	—	13,906	576,546	1,946,675	2,537,127
Other payables	—	—	156	—	156
	—	13,906	576,702	1,946,675	2,537,283
Financial guarantees issued:					
Maximum amount guaranteed	802,051	—	—	—	802,051

2010	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings	—	14,350	216,688	1,777,328	2,008,366
Other payables	—	—	354	—	354
	—	14,350	217,042	1,777,328	2,008,720
Financial guarantees issued:					
Maximum amount guaranteed	420,000	—	—	—	420,000

Capital management

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011 and 2010.

The Group monitors capital using a net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank and other borrowings less cash and bank balances and time deposits, and excludes discontinued operation. The net gearing ratios as at the ends of the reporting periods were as follow:

	Group	
	2011 HK$'000	2010 HK$'000
Interest-bearing bank and other borrowings (note 37)	**7,099,581**	4,288,768
Less: Cash and bank balances and time deposits (note 32)	**(6,753,886)**	(5,879,982)
Net borrowings/(cash)	**345,695**	(1,591,214)
Equity attributable to owners of the parent	**12,981,789**	12,265,726
Net gearing ratio	**2.7%**	N/A

51. EVENTS AFTER THE REPORTING PERIOD

(a) On 1 February 2012, the Group entered into the agreement to dispose of its entire interest in Ensure Success Holdings Limited at a consideration of HK$20 million. Ensure Success Holdings Limited held a 60% interest in Hoi Tin Universal Limited which is engaged in the manufacture and sale of luggage products. The estimated loss on disposal is approximately HK$13.9 million and the transaction was completed on 26 March 2012.

(b) On 2 March 2012, a listing application was submitted to the Stock Exchange for a spin-off and separate listing of the Group's Packaging Business on the Main Board of the Stock Exchange. The listing application and the final structure of the spin-off are subject to the Stock Exchange's approval and the final decision of the Board.

52. COMPARATIVE AMOUNTS

The comparative consolidated income statement has been re-presented as if the operation classified as a discontinued operation during the current year had been discontinued at the beginning of the comparative period (note 13(a)).

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 28 March 2012.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000 (Restated)
CONTINUING OPERATIONS					
REVENUE	**4,856,633**	1,525,923	785,967	960,690	499,618
PROFIT/(LOSS) BEFORE TAX	**1,025,312**	366,538	(29,124)	(1,294,149)	344,538
Income tax credit/(expense)	**(649,688)**	(142,597)	(33,007)	230,836	515,017
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**375,624**	223,941	(62,131)	(1,063,313)	859,555
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**41,171**	31,620	19,205	(15,324)	44,056
PROFIT/(LOSS) FOR THE YEAR	**416,795**	255,561	(42,926)	(1,078,637)	903,611
Attributable to:					
Owners of the parent	**300,995**	260,082	(58,358)	(837,145)	905,495
Non-controlling interests	**115,800**	(4,521)	15,432	(241,492)	(1,884)
	416,795	255,561	(42,926)	(1,078,637)	903,611

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 December				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**155,907**	266,935	269,971	286,668	284,911
Investment properties	**372,949**	338,323	297,094	250,294	197,250
Prepaid land lease payments	**784,860**	1,899,345	2,258,873	2,222,536	25,061
Investments in jointly-controlled entities	**1,129,249**	1,082,627	726,268	1,210,921	894,452
Investments in associates	**—**	1,105	1,743	2,747	36,333
Held-to-maturity investments	**115,391**	114,969	—	—	—
Available-for-sale investments	**696,920**	822,491	900,599	150,757	426,174
Properties under development	**7,350,068**	7,164,334	5,920,718	6,901,012	7,804,480
Interests in land use rights for property development	**3,150,527**	—	986,864	389,098	2,060,442
Other non-current assets	**—**	—	35,650	34,212	683,690
Non-current assets	**13,755,871**	11,690,129	11,397,780	11,448,245	12,412,793
Current assets	**21,887,385**	15,720,394	9,146,110	4,203,601	3,854,649
Current liabilities	**(14,167,566)**	(9,315,552)	(3,913,701)	(2,037,542)	(2,603,943)
Net current assets	**7,719,819**	6,404,842	5,232,409	2,166,059	1,250,706
Non-current liabilities	**(6,870,030)**	(4,879,147)	(4,074,532)	(3,726,660)	(3,009,197)
Non-controlling interests	**(1,623,871)**	(950,098)	(748,022)	(612,034)	(808,019)
Equity attributable to owners of the parent	**12,981,789**	12,265,726	11,807,635	9,275,610	9,846,283