WING TAI PROPERTIES LIMITED

永泰地產有限公司

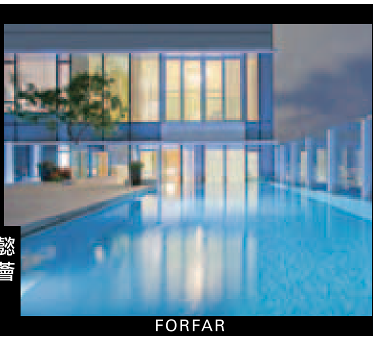
STOCK CODE 股份代號 369

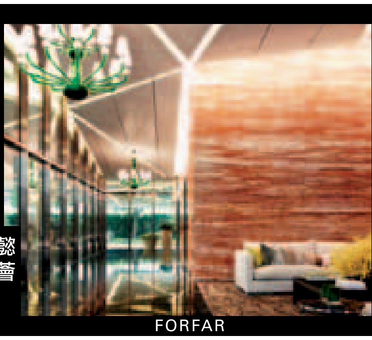
ANNUAL REPORT

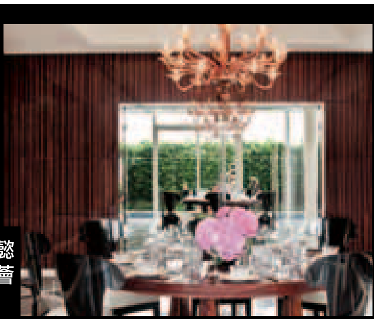
年報 2011

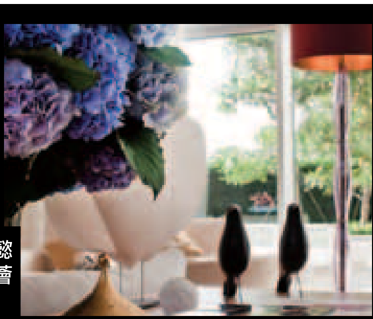
WINGTAI ASIA

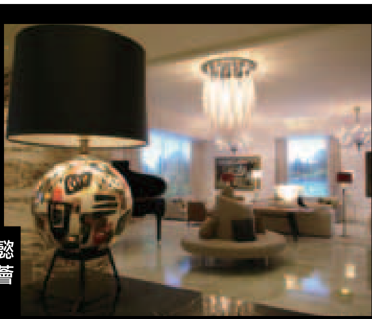

懿薈 FORFAR

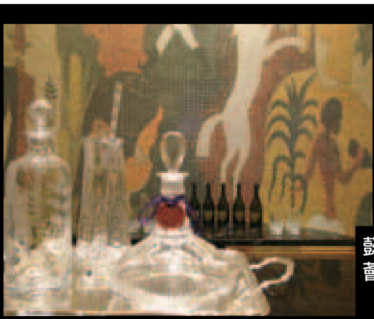

懿薈 FORFAR

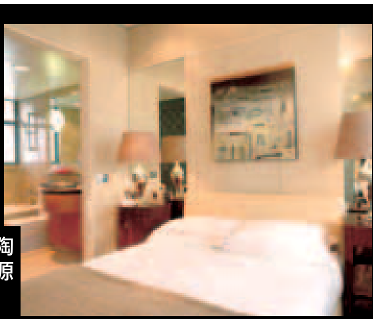

懿薈 FORFAR

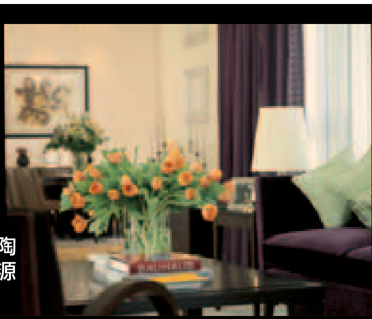

懿薈 FORFAR

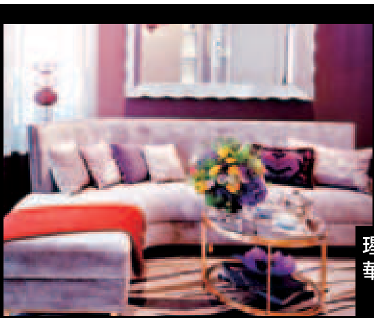

懿薈 FORFAR

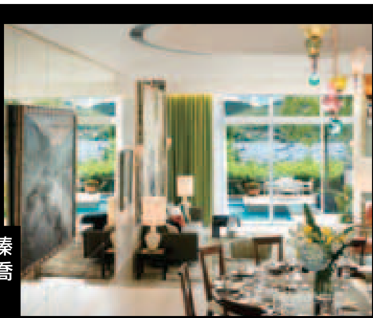

懿薈 FORFAR

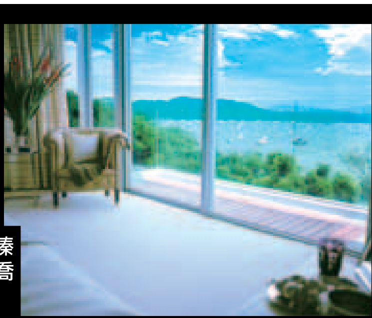

懿薈 FORFAR


陶源 THE BLOOMSVILLE

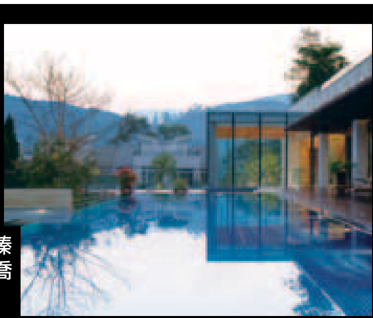

陶源 THE BLOOMSVILLE

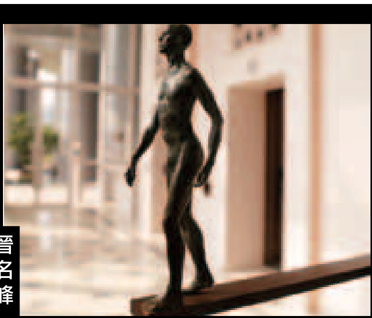

理華 THE WARREN

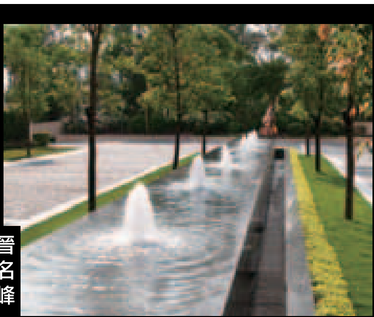

溱喬 THE GIVERNY

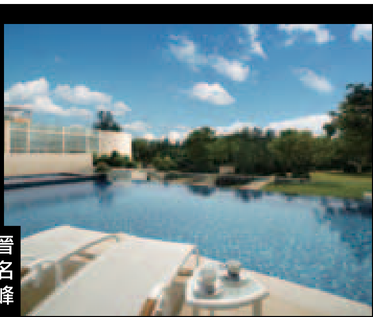

溱喬 THE GIVERNY

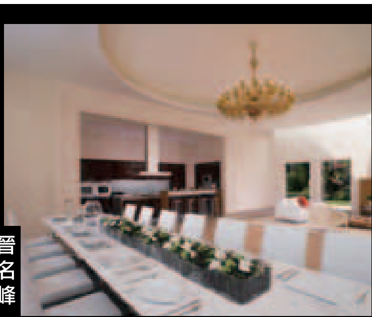

溱喬 THE GIVERNY


溱喬 THE GIVERNY


晉名峰 THE GRANDVILLE


晉名峰 THE GRANDVILLE


晉名峰 THE GRANDVILLE


晉名峰 THE GRANDVILLE

Our brands,
Wing Tai Asia and Lanson Place,
are synonymous with quality
craftsmanship, a result
of the close alignment of values
and seamless cooperation
of our committed professional
teams.

We strive to deliver sophisticated
yet warm homes that
turn our customers' dreams
into reality. At Wing Tai Asia,

WE DON'T JUST BUILD, WE CRAFT.

Landmark East

CONTENTS

4

FINANCIAL HIGHLIGHTS

	The Group		
	2011	2010	
For the year ended 31 December	HK$'M	HK$'M	*% Change*
Revenue	2,734.5	2,176.8	↑26%
Profit from operations	2,897.9	2,485.9	↑17%
Profit for the year	2,735.9	2,436.8	↑12%
Profit attributable to equity holders of the Company	2,212.9	1,913.1	↑16%
Earnings per share for profit attributable to equity holders of the Company			
Basic	HK$1.67	HK$1.45	↑15%
Diluted	HK$1.66	HK$1.44	↑15%
At 31 December	HK$'M	HK$'M	
Total assets	21,836.8	18,866.1	↑16%
Equity attributable to equity holders of the Company	12,947.7	10,928.1	↑18%
Total equity	15,382.7	13,271.4	↑16%

GROUP'S MAJOR INVESTMENTS

Property

Assets	Group's Effective Interest
Landmark East	79.3%
W Square	79.3%
Shui Hing Centre	79.3%
Regent Centre	75.8%
Winner Godown Building	79.3%
Lanson Place Hotel, Hong Kong	91.7%
Lanson Place Jinlin Tiandi Residences, Shanghai	23.4%
Lanson Place Central Park Residences, Beijing (33 units)	100%
Forfar – Kowloon	95.9%
Seymour – Mid-levels	30%
Providence Bay – Tai Po Town Lot No. 186, Pak Shek Kok, NT	15%
Providence Bay – Tai Po Town Lot No. 187, Pak Shek Kok, NT	15%
Providence Bay – Tai Po Town Lot No. 188, Pak Shek Kok, NT	15%
The Pierre – Mid-levels West	100%
The Warren – Tai Hang	100%
Ko Shan Road – Hung Hom	50%
Belle Vue Residences, Singapore	23.8%
A property in Lujiazui, Shanghai	50%

Management Services	
Lanson Place Hospitality Management	100%
Wing Tai Properties Development	100%

Apparel

Unimix Group	100%
Shui Hing Textiles Group	100%
Gieves & Hawkes	100%

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2011 was overshadowed by the lingering sovereign debt crisis in Europe, leading to increased market volatility worldwide. On the local scene, the Hong Kong property market began with a strong start to the year but gave way to rising uncertainty as a result of government's cooling measures to rein in property prices. Despite the tougher operating environment, Wing Tai Properties delivered another year of good results due to our integrated platform, balanced development portfolio and niche hospitality concept by "Lanson Place", as well as our success in strengthening our human capital. Our ability to create synergy across our businesses also contributed to our continued growth.

The Group's net profit recorded a year-on-year increase of 16% to reach HK$2,212.9 million, including a revaluation gain of HK$2,107.8 million of our investment properties. The Board of Directors has proposed a final dividend of HK7.7 cents per share. Together with an interim dividend of HK3.8 cents per share, total dividend for the year under review is HK11.5 cents per share, a 15% increase over 2010.

The year 2011 marked an excellent year of growth with the Group's property development driven largely by a healthy project pipeline. We achieved particularly impressive results in the pre-sale market, capturing the most opportune times to swiftly launch our projects. With our Forfar and Seymour project launches, we sold 95% and 85% of all the units, respectively. The Warren, another of our property development projects, has also been well received, with about 45% of its units already pre-sold as at the end of 2011. Moreover, the debut of our "Lanson Place Lifestyle Services" initiative at the Warren is a prime example of our cross-business synergy, adding a unique level of value to our development platform.

The commercial leasing market remained buoyant in 2011 as it was anchored by healthy fundamentals. Limited supply lent support to overall rental rates and the Group continued to benefit from corporations looking to decentralise. We recorded good leasing rates and maintained positive rental reversions for our investment properties. Our flagship property, Landmark East, recorded near-full occupancy. Our drive to attain a quality tenant mix has earned us benchmark positioning in Kowloon East and has further enhanced our overall asset value. During the year under review, the Group's investment properties achieved an average occupancy rate of 92%.

Our "Lanson Place" branded hospitality services continued to enjoy notable success with its expansion plan in 2011. The Group won an additional two management contracts in Beijing and Shanghai, boosting Lanson Place's portfolio to a total of 10 properties across Asia's gateway cities. The partnerships with two reputable local developers in Beijing and Shanghai underscore our strong brand name in hospitality services backed by a professional management team and strong operating performance. Furthermore, the acquisition of the remaining 40% interest in Lanson Place Hotel by Winsor Properties in June 2011 will further enhance recurring earnings for the Group.

Our joint venture development with the Nan Fung Group in Shanghai also further strengthened our foothold in the high-end property market in Mainland China. Refurbishment of the development is on schedule and is expected to be completed in 2013.

While the Group has successfully achieved solid and sustainable growth across our property and hospitality businesses, it is the dedication of our employees and the contribution they make to our business that are imperative to our continued success in managing various projects in multiple locations. We will continue to put great emphasis on strengthening our senior and middle management teams so as to further enhance both managerial capability and productivity.

I would like to take this opportunity to thank all stakeholders, including our shareholders, business partners and devoted employees, for their support. Without a doubt, all our stakeholders have been and will continue to be fundamental to the Group's continued success.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 28 March 2012

Seymour

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2011, the Group reported a consolidated profit attributable to equity holders of HK$2,212.9 million, compared with HK$1,913.1 million in 2010. The 16% increase in profit was mainly due to higher aggregate sales of residential properties being recognised, a higher fair value gain and growing rental income from investment properties, which was partly offset by a gain on disposals of two investment properties in 2010. The total revenue for the Group was HK$2,734.5 million, an increase of 26% compared with HK$2,176.8 million in 2010.

PROPERTY

The Group's property division, which includes property development, property investment and management, and hospitality investment and management, recorded a segment profit of HK$3,005.8 million in 2011, compared with HK$ 2,557.5 million in 2010. The fair value gain of the investment properties was HK$2,105.0 million for the year under review, compared with HK$1,878.6 million in 2010.

PROPERTY DEVELOPMENT

Seymour, in which the Group has a 30% interest, was launched for pre-sale in November 2009. The occupation permit was obtained in the second half of 2011 and attributable revenue of HK$887.9 million for the 69 pre-sold units was recognised in 2011. Over 90% of the pre-sold units were delivered to purchasers in the first quarter of 2012.

Forfar was successfully re-launched in March 2011 for its remaining 15 units. Of these, 13 were sold, generating revenue of HK$538.9 million in 2011. Thus, only two special units remain unsold.

The Warren, the Group's wholly-owned premier development in Tai Hang, Causeway Bay, was launched for pre-sale in November 2011, and over 45% of its units have been pre-sold to date. The foundation works are expected to be completed in the second quarter of 2012, to be followed by the commencement of superstructure works. The project is scheduled for completion in 2014.

The Group has a 15% interest in Providence Bay, the Pak Shek Kok development at Tai Po Town Lot Nos. 186, 187 and 188. Lot No. 186 was launched for pre-sale in November 2011, and over 38% of the units have been pre-sold to date. Meanwhile, applications for presale consent have been submitted for Lot Nos. 187 and 188. The entire development is expected to be completed in phases between 2012 and 2013.

The residential development at No. 1-2 Coronation Terrace in Mid-Levels West, a traditionally sought-after Hong Kong address, has been officially named The Pierre. The luxury boutique tower offers approximately 70 apartment units and has a gross floor area of approximately 40,000 square feet. The foundation works are progressing according to schedule, and the project is scheduled for completion in 2014.

In April 2011, the Group formed a 50-50 joint venture with the Nan Fung Group and acquired a premier residential development site at Ko Shan Road, Hung Hom. The site has a developable area of approximately 160,000 square feet. Wing Tai Properties Development Limited, a wholly-owned subsidiary of the Group, has been appointed as the project manager of the development, which is scheduled for completion in 2015.

The Group's subsidiary, Winsor Properties Holdings Limited ("Winsor Properties"), has a 30% interest in Belle Vue Residences, a luxury residential development in Singapore. 82% of its units have been sold, of which 12% were sold in 2011.

"We are committed to offering inspirational products and services that exceed our customers' expectations. Our uncompromising attention to details ensures our customers are exceptionally looked after.

We believe they deserve only the best."

Forfar

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY INVESTMENT AND MANAGEMENT

Winsor Properties is the Group's investment holding arm of commercial, industrial and retail properties in Hong Kong. As at 31 December 2011, the Group's portfolio of investment properties, comprising 1.5 million square feet of Grade-A office buildings and 1.3 million square feet of industrial buildings in the Kowloon urban area, had an aggregate fair market valuation of HK$12,160.0 million.

In 2011, the Group continued to benefit from corporations looking to decentralise. Our flagship office property, Landmark East, the Grade-A twin-tower commercial buildings, recorded near-full occupancy, with spot rent continuing to increase as a result of our good market positioning in Kowloon East and the limited supply of quality commercial properties.

As at 31 December 2011, the Group's portfolio of industrial properties had an aggregate fair market valuation of HK$2,390.0 million, and their average occupancy rate in 2011 was over 93%.

The 50-50 joint venture with the Nan Fung Group formed in December 2010 acquired a property in Lujiazui, Shanghai Pudong's financial and commercial district fronting the Bund. The property is under construction and is scheduled for completion in 2013.

HOSPITALITY INVESTMENT AND MANAGEMENT

The Group's hospitality business under Lanson Place management grew solidly year-on-year, in terms of both occupancy and rental rate, in 2011. As at 31 December 2011, both Lanson Place Jinlin Tiandi Residences in Shanghai and Lanson Place Central Park Residences in Beijing had over 94% occupancy. The Lanson Place Hotel, the luxury boutique hotel in Hong Kong, also continues to be well recognised by travellers, winning various awards and benefiting from the city's growing tourism and regional business activities. The Group acquired the remaining 40% interest in the hotel in June 2011 through Winsor Properties.

Lanson Place entered into 10-year management contracts for luxury serviced residences in Shanghai and Beijing in October 2011 and February 2012, respectively. Both are owned and developed by leading property developers in China, and targeted for opening by 2013. The 79-unit Shanghai residence is under the Luxiangyuan project and at the centre of Shanghai's most prominent commercial districts – the Huaihai Road central business district, Xintiandi, and the Yuyuan Garden and Chenghuang Temple complex. The 59-unit Beijing residence is under the Beijing Xanadu project and next to the iconic CCTV Headquarters in the commercial heart of the Beijing CBD East Expansion area. Including these two contracts, Lanson Place has a total of 10 management contracts in Hong Kong, China and Southeast Asia.

APPAREL

The Group's apparel division, which comprises garment manufacturing and branded products distribution, generated aggregate revenue of HK$661.1 million during the year under review, compared with HK$746.4 million in 2010. These segments' losses in 2011 was HK$29.5 million, compared with a profit of HK$8.6 million in 2010.

The garment manufacturing business recorded a segment profit of HK$14.1 million in 2011, compared with HK$7.9 million in 2010. However, the branded products distribution business continued to suffer an operating loss due to the slow recovery in the high-end retail market in the UK, where it operates.

INVESTING ACTIVITIES

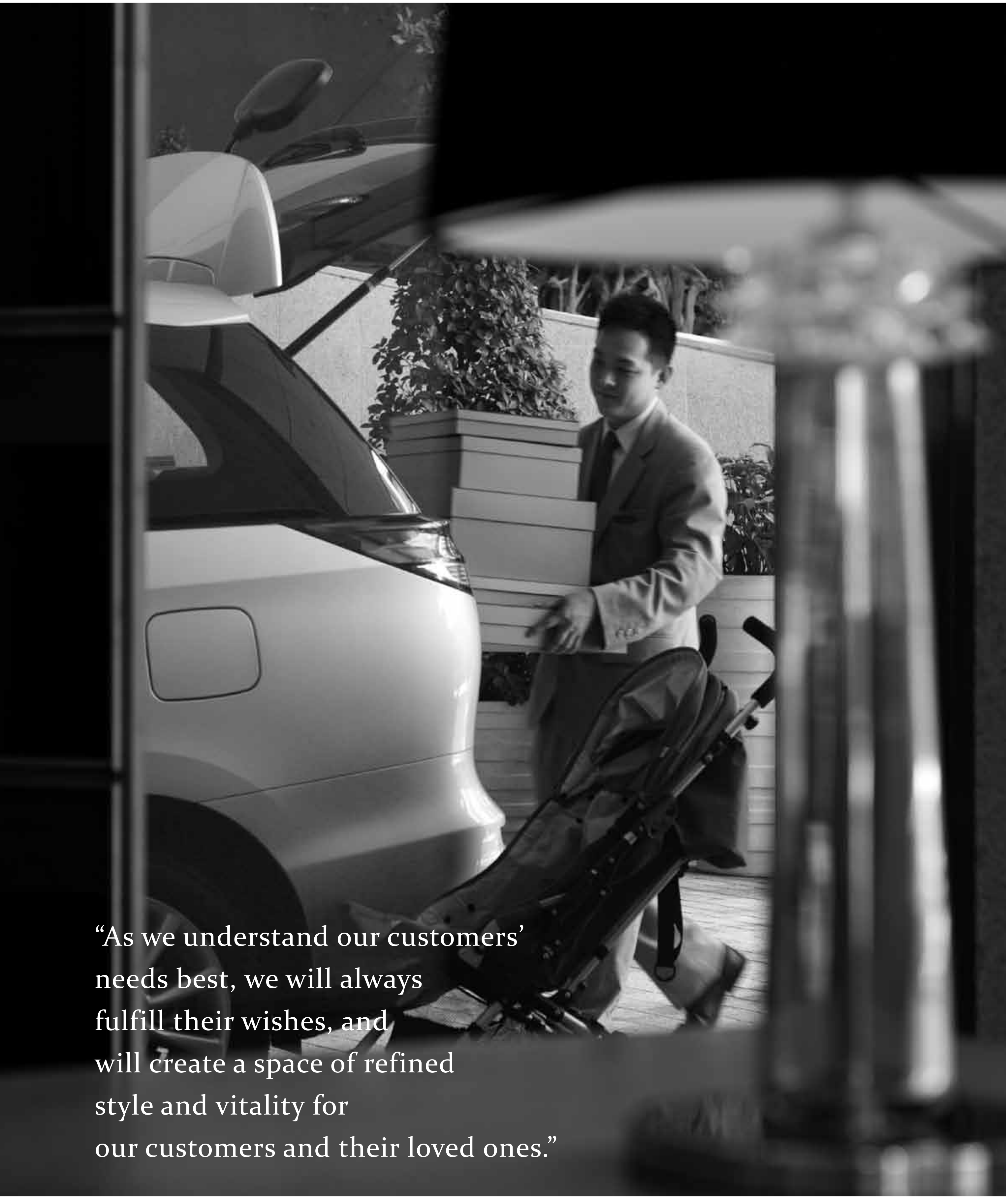
The Group's investment activities in 2011 led to a segment profit of HK$34.4 million, compared with HK$23.9 million in 2010. This profit is mainly from dividend income from the Group's investments held through Winsor Properties.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totaled HK$15,382.7 million as at 31 December 2011 (31 December 2010: HK$13,271.4 million). The increase was mainly resulted from the profit for the year of HK$2,735.9 million, offset by the decrease in investment revaluation reserve of HK$117.0 million, distribution of 2010 final dividend and 2011 interim dividend totaled HK$136.6 million, dividend paid to non-controlling shareholders of HK$87.1 million and the decrease in equity in relation to the acquisition of the non-controlling interets of Lanson Place Hotel of HK$256.6 million in the first half of 2011.

The Grandville


"As we understand our customers'
needs best, we will always
fulfill their wishes, and
will create a space of refined
style and vitality for
our customers and their loved ones."

Forfar

As at 31 December 2011, the Group's net borrowings (total bank loans and other long-term loans less bank balances and cash) was HK$4,212.1 million (31 December 2010: HK$3,313.7 million), representing 27.4% of the Group's net assets (31 December 2010: 25.0%). The increase in net borrowings and gearing ratio was mainly due to an increase in bank loans on property development projects in 2011. Interest for the Group's bank loans was mainly on a floating rate basis. Around 67% of the Group's bank loans was repayable in periods beyond one year. In addition to the term loan facilities, the Group has unutilised banking facilities in excess of HK$2,291.7 million as at 31 December 2011 (31 December 2010: HK$2,280.5 million).

Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has minimal exposure to exchange rate fluctuation. The Group conducts its business mainly in Hong Kong Dollars, Renminbi, United States Dollars and UK pounds. For transactions in other foreign currencies, the Group will closely monitor the exposure, and if consider appropriate, hedge to the extent desirable.

Contingent Liabilities

At 31 December 2011, the Group did not have any contingent liabilities.

Pledge of Assets

At 31 December 2011, the Group's advances to associates/jointly controlled entities of HK$2,192.6 million (31 December 2010: HK$1,587.4 million) were subordinated to the loan facilities of associates/jointly controlled entities. The Group's advances to the associates/jointly controlled entities include amounts of HK$2,192.6 million (31 December 2010: HK$1,587.4 million) which are assigned, and the shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

At 31 December 2011, certain of the Group's investment properties, other properties, plant and equipment, available-for-sale financial assets, held-to-maturity investments, properties for sale, pledges bank deposits and deposits and loan receivables with carrying values of HK$13,662.5 million, HK$77.7 million, HK$187.0 million, HK$48.7 million, HK$4,127.1 million, HK$0.8 million and HK$267.2 million respectively were pledged to secure credit facilities for the Group.

PROSPECTS

Despite the challenging outlook for the global economy, we believe Hong Kong's economy will remain resilient to external pressures given its strong fundamentals. Healthy domestic demand, low interest and mortgage rates and the expected soft landing of China's economy will continue to fuel the stable development of Hong Kong's property market. The residential market will also benefit from the government's pledge to increase land supply. The Group remains optimistic about the healthy growth of the local property market in 2012.

In property development, the Group will continue to seize the appropriate market windows to launch the few remaining special units at Forfar and Seymour, which are expected to command premium prices. We will also continue to offer for sale the remaining units at the Warren and Providence Bay as well as to launch the pre-sale of the Pierre in Mid-Levels West. The steady sales offers are expected to drive income growth, generate positive cashflows and further bolster Wing Tai Properties' presence in the luxury residential sector. At the same time, we will be on the lookout for investment opportunities to further enhance our project pipeline.

The commercial leasing market is expected to maintain its healthy momentum in 2012. Our investment properties will likely see positive rental reversions upon realising lease renewals. In particular, Landmark East, our premium office towers in Kowloon East, will benefit from the government's plan to develop Kowloon East as a new central business district. With our well-planned tenant-mix strategy, we are confident that the Group's investment properties will be able to sustain high occupancy rates and generate increasing recurrent revenue and cashflows.

Lanson Place will continue to pursue its expansion plan for its new properties in China and key gateway cities in Asia following its success last year. We expect the growing portfolio of Lanson Place to continue to deliver revenue and earnings growth in 2012. In Hong Kong, earnings contributed by the Lanson Place Hotel will increase following the acquisition of a 40% interest by Winsor Properties. It is also set to benefit from the booming tourism and increasing inter-regional business activities in Hong Kong.

It is our long term objective to reap the benefits of our integrated business platform to ensure a stable and sustainable growth of all our business segments. We are confident of further enhancing our market position as a premium developer in the property market in Hong Kong and beyond.

EMPLOYEES

As at 31 December 2011, the Group had about 1,700 staff and workers. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits for all of its employees in Hong Kong. In addition, there is a defined contribution top-up scheme for qualifying employees of certain Hong Kong subsidiaries of the Group. The Group also operates a funded defined benefit pension scheme for certain overseas employees engaged prior to May 2001.

Employees, including directors, are eligible under the Company's share option scheme and share incentive scheme in which the share options and incentive shares are generally exercisable in stages within a period of ten years.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. CHENG Wai Chee, Christopher *GBS OBE JP*, aged 63, was appointed Chairman of the Company in 1991. Mr. Cheng is the Chairman of the Remuneration Committee of the Company until 31 March 2012. He is also the Chairman of Winsor Properties Holdings Limited ("Winsor") and a member of the Audit Committee and Nomination Committee of Winsor. Mr. Cheng is a director of certain companies of the Group. He is a director of several listed companies in Hong Kong, including NWS Holdings Limited, New World China Land Limited and Kingboard Chemical Holdings Limited. Mr. Cheng currently is a director of DBS Group Holdings Limited which is listed in Singapore. He holds a Doctorate in Social Sciences honoris causa from The University of Hong Kong. Mr. Cheng graduated from the University of Notre Dame, Indiana with a BBA degree, and from Columbia University, New York with an MBA degree.

Mr. Cheng plays an active role in public service. He is a member of The Exchange Fund Advisory Committee of the Government of HKSAR. Mr. Cheng is also a Board Member of Overseers of Columbia Business School, a council member of The University of Hong Kong and a steward of The Hong Kong Jockey Club.

Mr. Cheng is a brother of Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis. He is a director of Wing Tai Corporation Limited, Renowned Development Limited, Wing Tai (Cheng) Holdings Limited and Brave Dragon Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO").

Mr. CHENG Wai Sun, Edward *SBS JP*, aged 56, was appointed executive director and Chief Executive in 1994 and Deputy Chairman of the Company in 2007. Mr. Cheng is a member of the Remuneration Committee of the Company and a director of a number of companies of the Group. He is also a non-executive director of Winsor and an independent non-executive director of Television Broadcasts Limited and Orient Overseas (International) Limited. Mr. Cheng has a master's degree from Oxford University. He was qualified as a solicitor in England and Wales as well as in Hong Kong.

Mr. Cheng has many years of public service experience in urban renewal, housing, finance, corruption prevention, technology and education. He is currently the Chairman of the University Grants Committee and a board member of the Airport Authority Hong Kong. Mr. Cheng is a Justice of the Peace, and has been awarded the Silver Bauhinia Star by the Hong Kong SAR Government.

Mr. Cheng is a brother of Mr. Cheng Wai Chee, Christopher and Mr. Cheng Man Piu, Francis.

Mr. CHENG Man Piu, Francis, aged 59, was appointed executive director of the Company in 1991 and is also a director of a couple of companies of the Group. Mr. Cheng graduated from the University of Wisconsin with a Bachelor of Science degree in Industrial Engineering and an MBA degree. He is the Vice-Chairman of The Federation of Hong Kong Garment Manufacturers, a general committee member of The Chinese Manufacturers' Association of Hong Kong and Textile Council of Hong Kong. Mr. Cheng is a member of the Assessment Panel for the DesignSmart Initiative and a member of The Accountancy Training Board of the Vocational Training Council.

Mr. Cheng is a brother of Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward. He is the Assistant Managing Director of Wing Tai Corporation Limited and a director of Renowned Development Limited and Wing Tai (Cheng) Holdings Limited. The said companies are substantial shareholder of the Company within the meaning of Part XV of the SFO.

“We create an enabling workplace environment based on trust, respect and openness. Our dedicated professional collaborate closely together as one team, building partnership within and across our businesses.”

Landmark East

Mr. CHOW Wai Wai, John, aged 62, was appointed executive director of the Company in 2007. He is the Managing Director and a member of the Remuneration Committee of Winsor and a director of certain companies of the Group. Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. He is also a non-executive director of Dah Sing Financial Holdings Limited and ARA Trust Management (Suntec) Limited (Manager of the Singapore-listed Suntec Real Estate Investment Trust). Mr. Chow has over 30 years of experience in the property, textile and clothing businesses, and has served as Chairman of the Hong Kong Garment Manufacturers Association and a member of the Textile Advisory Board of the Hong Kong Government.

Mr. Chow is the son of Mr. Chow Chung Kai and Mrs. Chow Yu Yue Chen, both of them are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. AU Hing Lun, Dennis, aged 52, was appointed executive director of the Company in 2004. He is the Managing Director of the Group's Property Division and is responsible for the Group's corporate finance function. Mr. Au is also an executive director of Winsor and a director of a number of companies of the Group. He holds a Master of Business Administration degree and a Bachelor of Science degree. Mr. Au is a fellow member of the Association of Chartered Certified Accountants.

NON-EXECUTIVE DIRECTORS

Mr. KWOK Ping Luen, Raymond *JP*, aged 58, was appointed non-executive director of the Company in 1991. He is Chairman and Managing Director of Sun Hung Kai Properties Limited ("SHKP") (a substantial shareholder of the Company within the meaning of Part XV of the SFO). Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is Chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, a non-executive director of Transport International Holdings Limited and an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong.

Mr. YUNG Wing Chung, aged 65, was appointed as non-executive director, an alternate director to Mr. Kwok Ping Luen, Raymond and a member of the Audit Committee of the Company in 2010. He is a Corporate Advisor of SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO). He also serves as director of SmarTone Telecommunications Holdings Limited, RoadShow Holdings Limited, YATA Limited, Hong Kong Business Aviation Centre Limited, River Trade Terminal Co. Ltd., Hung Kai Finance Company, Limited and Airport Freight Forwarding Centre Company Limited, and as an alternate director to Mr. Kwok Ping Luen, Raymond of Transport International Holdings Limited.

Prior to his joining SHKP in 1995, Mr. Yung had many years of work experience with a U.S. Bank in various managerial positions in Hong Kong and the United States.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. HONG Pak Cheung, William, aged 57, was appointed non-executive director of the Company in 2002. Mr. Hong is an alternate Audit Committee member to Mr. Yung Wing Chung since February 2010. He received a Bachelor of Science degree in Mathematics from the University of Saskatchewan in Canada and completed the Advanced Management Program at Harvard University Graduate School of Business. Mr. Hong currently holds the position of Manager at SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO).

Mr. LOH Soo Eng, aged 71, was appointed non-executive director of the Company in 2007. Mr. Loh was an executive director for the property division of Wing Tai Holdings Limited since 1991 and retired in 2004. He is currently serving as an independent director of Wing Tai Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the SFO and listed in Singapore). He has experience in power, oil, shipbuilding and shiprepairing industries as well as banking. Mr. Loh was with the DBS Group for 17 years, as Executive Director of Raffles City Pte. Ltd. and General Manager of DBS Land. Mr. Loh served on government committees in Singapore, including SAFTI Military College and Temasek Polytechnic of which he was also a board member. He was the Chairman of SLF Properties Pte. Ltd. and SLF Management Services Pte. Ltd. and was the President of Real Estate Developers' Association of Singapore (REDAS) from 2001 to 2003. He graduated with a Bachelor of Engineering (Mechanical) degree from the University of Adelaide, Australia.

Mr. NG Tak Wai, Frederick, aged 54, acted as executive director from 1995 and was re-designated as non-executive director of the Company in April 2011. He graduated from Georgetown University with a BSBA degree, and also graduated from Columbia University with an MBA degree. Mr. Ng has held senior management positions in various garment manufacturing and distribution companies affiliated with the Wing Tai Group in Hong Kong. His background is in manufacturing operations and management information systems.

Mr. Ng is a director of certain subsidiaries of Wing Tai Corporation Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Simon MURRAY *CBE*, aged 72, was appointed independent non-executive director of the Company in 1994. Mr. Murray has been appointed as the Chairman of the Remuneration Committee of the Company with effect from 1 April 2012. He is the Chairman of General Enterprise Management Services International Limited, a private equity fund management company. Before this, Mr. Murray has been the Executive Chairman of Asia Pacific for the Deutsche Bank Group. He is an independent non-executive director of Cheung Kong (Holdings) Limited and Orient Overseas (International) Limited. Besides, Mr. Murray is the non-executive Chairman of Glencore International plc, a non-executive director of Greenheart Group Limited, IRC Limited and Compagnie Financière Richemont SA (whose shares are listed on SWX Swiss Exchange); a senior independent non-executive director of Essar Energy plc (whose shares are listed on the London Stock Exchange); and an independent director of Sino-Forest Corporation (whose shares are listed on the Toronto Stock Exchange).

Mr. FANG Hung, Kenneth *GBS CBE JP*, aged 73, was appointed independent non-executive director of the Company in 1997. Mr. Fang is a member of the Audit Committee and the Remuneration Committee of the Company. He is the Chairman of Fang Brothers Knitting Limited and Yeebo (International Holdings) Limited and also the Deputy Managing Director of Nantong Jianghai Capacitor Co., Ltd (listed on the Shenzhen Stock Exchange). Mr. Fang is currently a non-executive director of Jiangsu Expressway Company Limited (listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange). He graduated from Massachusetts Institute of Technology, U.S.A. in 1961 with a Master's degree in Chemical Engineering. Mr. Fang was also conferred an Honorary Degree of Doctor of Business Administration by The Hong Kong Polytechnic University in 2005. He is an Honorary Chairman of the Hong Kong Textile Council and an Honorary President of the Hong Kong Woollen and Synthetic Knitting Manufacturers' Association.

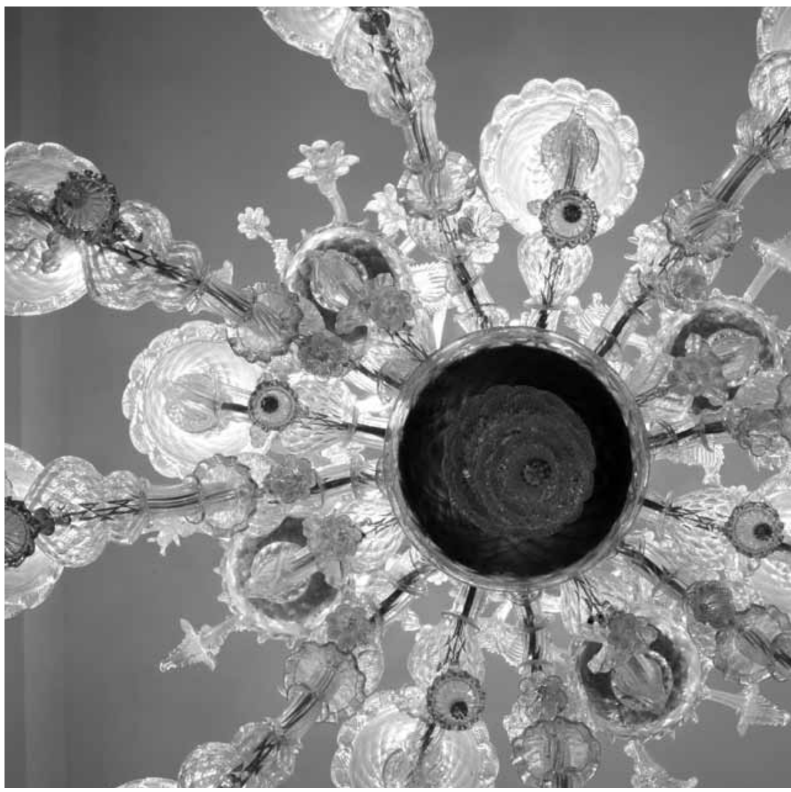
Mr. YEUNG Kit Shing, Jackson, aged 62, was appointed independent non-executive director of the Company in 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Yeung has over 25 years of experience in finance and accounting. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung holds a Master of Professional Accounting degree from The Hong Kong Polytechnic University.

SENIOR MANAGEMENT

Mr. Andreas L HOFER *FHKPU*, aged 72, is the Vice Chairman of Lanson Place, the hospitality management arm of the Group. He joined Lanson Place as Executive Director in 1996 and was part of the founding team. Mr. Hofer has extensive experience in the international hotel industry and was with the Mandarin Oriental Hotel Group for 22 years. He was the General Manager of the group's Flagship Hotel Mandarin Oriental, Hong Kong for many years, his last position with this group was Corporate Vice President South East Asia based in Singapore. Mr. Hofer was also Chairman of the Hong Kong Hotels Association. He joined Wharf Holdings in Hong Kong as President of their Marco Polo International Hotel Division prior to his appointment to a subsidiary of Singapore Land to oversee their hotel investments. Concurrent with his tenure as Vice Chairman of Lanson Place, Mr. Hofer is also the Executive Director of Hyde Park Land & Hospitality Management Ltd, a company registered in British Columbia, Canada.

Mr. Hofer was bestowed with a Fellowship from The Hong Kong Polytechnic University in 2007.

Lanson Place Hotel Hong Kong



DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. CHUNG Siu Wah, Henry, aged 57, is the Group Legal Counsel. He joined the Group in 1993. Mr. Chung holds a Master's Degree in Electronic Commerce and Internet Computing from The University of Hong Kong, a Bachelor's Degree in Laws from University of London, a Bachelor's Degree and a Master's Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor's Degree in Laws from Tsinghua University. He is a Barrister, a Certified Accountant and a Chartered Secretary.

Mr. LEUNG Chun Keung, Andrew, aged 55 joined the Group in 2005. He is the Executive Director of China Investment and is responsible for overseeing the Group's investments in China. Prior to joining the Group, he was an executive director of Sunday Communications Limited. Mr. Leung graduated from The University of Hong Kong with an Honours Bachelor's degree in Laws and a Post Graduate Certificate in Laws and was qualified as a solicitor in New South Wales, Australia, the United Kingdom and Hong Kong.

Mrs. LI Kan Fung Ling, Karen, aged 50, is the Executive Director of Lanson Place, the hospitality management arm of the Group and also the Director of Corporate Development of the Group. Joining the Group in 1994, she has been responsible for the hospitality projects and the branding for the Group. She has over 25 years of international experience in strategic planning and operations with majority relating to luxurious residential and hotel projects. She has previously worked for Wharf Hotels Investment Limited (H.K.) and Hilton Hotels Corporation (Beverly Hills, U.S.A.). She holds a BBA degree with distinction in Hotels and Tourism Management from University of Hawaii and a MBA degree in Finance and International Business from George Washington University, Washington, D.C.

Ms. FUNG Ching Man, Janet, aged 49, joined the Group in 2007. She is the Chief Financial Officer and Company Secretary of the Company. Ms. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Ms. Fung is an alternate director to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward on the board of directors of Winsor.

Mr. Marc Rudolf HEDIGER, aged 54, joined the Lanson Place Hospitality Management Limited, the hospitality management arm of the Group, as Chief Executive Officer in 2011.

Mr. Hediger has over 30 years of experience in the hospitality industry covering operations, branding, as well as business & project development. He was wtih Hyatt International Hotels for 17 years before joining HPL Holdings in Singapore, Movenpick Hotels and Shangri-La Hotels Worldwide at senior level. Prior to joining the Group, Mr. Hediger was Senior Vice President of Product and Development at New World Hospitality. He graduated from Ecole Hoteliere de Lausanne, Switzerland and holds a degree in Hotel Management.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing, branded products distribution and investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's jointly controlled entities and associates are principally engaged in property investment and property development.

Details of the Company's principal subsidiaries, the Group's principal jointly controlled entities and associates at 31 December 2011 are set out in notes 43 to 45 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement on page 50.

An interim dividend of HK3.8 cents (2010: HK3.5 cents) per share, amounting to a total of about HK$50.4 million, was paid to shareholders on 3 October 2011.

The Directors recommend the payment of a final dividend of HK7.7 cents per share for the year ended 31 December 2011 (2010: HK6.5 cents per share) to shareholders whose names appear on the register of members of the Company on 23 May 2012, which together with the interim dividend payment amounts to a total of approximately HK$152.8 million. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on or around 7 June 2012.

SHARE CAPITAL

Movements in the Company's authorised and issued share capital are set out in note 32 to the financial statements.

RESERVES

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 55 and those of the Company are set out in note 34 to the financial statements.

INVESTMENT PROPERTIES

The Group revalued its investment properties as at 31 December 2011 on an open market value basis. Movements in the investment properties balance during the year are set out in note 15 to the financial statements.

A summary of the properties held by the Group for investment purposes at 31 December 2011 is set out on pages 124 to 125.

DIRECTORS' REPORT

OTHER PROPERTIES, PLANT AND EQUIPMENT

Details of the Group's other properties, plant and equipment as at 31 December 2011 are set out in note 16 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations totaling HK$0.3 million.

DIRECTORS AND DIRECTORS' SERVICES CONTRACTS

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

Executive Directors:

Cheng Wai Chee, Christopher *GBS OBE JP* *(Chairman)*
Cheng Wai Sun, Edward *SBS JP* *(Deputy Chairman and Chief Executive)*
Cheng Man Piu, Francis
Chow Wai Wai, John
Au Hing Lun, Dennis

Non-Executive Directors:

Kwok Ping Luen, Raymond *JP*
Yung Wing Chung *(also an alternate to Kwok Ping Luen, Raymond)*
Hong Pak Cheung, William
Loh Soo Eng
Ng Tak Wai, Frederick

Independent Non-Executive Directors:

Simon Murray *CBE*
Fang Hung, Kenneth *GBS CBE JP*
Yeung Kit Shing, Jackson

In accordance with Bye-law 100(A) of the Company's Bye-laws, Cheng Man Piu, Francis, Loh Soo Eng, Ng Tak Wai, Frederick and Simon Murray will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

According to the Bye-laws of the Company, all Directors, except the Chairman of the Company, or managing director are subject to retirement by rotation. In order to comply with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), Cheng Wai Chee, Christopher, Chairman of the Company, has undertaken that he shall voluntarily retire by rotation every three years. Cheng Wai Chee, Christopher will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

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

PUBLIC FLOAT

As at the latest practical date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2011, the interests of the Directors and the Chief Executive of the Company in shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as 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") set out in Appendix 10 of the Listing Rules were as follows:

1. Interests in the Company

	Number of shares held						
Director	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Number of underlying shares held under equity derivatives** *(Note d)*	**Aggregate interests**	**Approx. percentage of the issued share capital** *(Note a)*
Cheng Wai Chee, Christopher	6,139,313	–	–	462,488,185 *(Note b)*	2,422,253	471,049,751	35.51%
Cheng Wai Sun, Edward	6,037,981	–	–	462,488,185 *(Note b)*	2,422,253	470,948,419	35.51%
Cheng Man Piu, Francis	–	–	–	462,488,185 *(Note b)*	–	462,488,185	34.87%
Chow Wai Wai, John	200,002	–	–	–	–	200,002	0.02%
Au Hing Lun, Dennis	1,755,073	–	–	–	1,108,924	2,863,997	0.22%
Kwok Ping Luen, Raymond	–	–	–	9,224,566 *(Note c)*	–	9,224,566	0.70%
Ng Tak Wai, Frederick	395,943	1,016,000	–	–	96,114	1,508,057	0.11%
Simon Murray	–	–	–	–	1,094,737	1,094,737	0.08%

Notes:

(a) The total number of issued shares in the capital of the Company (the "Shares") as at 31 December 2011 was 1,326,363,100.

(b) Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in 462,488,185 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. and Crossbrook Group Limited as set out under the section headed Substantial Shareholders' Interests below. The same represented the same interests and was therefore duplicated amongst these three directors for the purpose of Part XV of the SFO.

(c) Kwok Ping Luen, Raymond was a beneficiary of a trust the assets of which included interests in 9,224,566 Shares.

(d) These interests represented the interests in underlying shares in respect of the share options or incentive shares granted by the Company to these directors as beneficial owners. Details of which are set out in the section below headed Share Option Scheme or Share Incentive Scheme.

2. Interests in associated corporation, Winsor Properties Holdings Limited ("Winsor")

	Number of shares held					Approx. percentage of the issued share capital of Winsor
Director	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Aggregate interests**	*(Note a)*
Cheng Wai Chee, Christopher	–	27,000	–	205,835,845 *(Note b)*	205,862,845	79.27%
Cheng Wai Sun, Edward	–	–	–	205,835,845 *(Note b)*	205,835,845	79.26%
Cheng Man Piu, Francis	–	–	–	205,835,845 *(Note b)*	205,835,845	79.26%
Chow Wai Wai, John	2,713,000	–	–	–	2,713,000	1.04%
Kwok Ping Luen, Raymond	500	–	–	–	500	0.0002%

Notes:

(a) The total number of issued shares in the capital of Winsor as at 31 December 2011 was 259,685,288 ("Winsor Shares").

(b) Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in (i) 191,935,845 Winsor Shares beneficially owned by Twin Dragon Investments Limited (42,991,387 Winsor Shares) and the Company (148,944,458 Winsor Shares) and (ii) 13,900,000 Winsor Shares which are subject to a put option granted by the Company to Standard Chartered Bank, Singapore Branch. These interests represented the same interests and were therefore duplicated amongst these three directors.

Save as disclosed herein, as at 31 December 2011, none of the Directors or the Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Under the Share Option Scheme of the Company adopted on 10 June 2003 ("Share Option Scheme"), the Board of the Company may, in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

Details of the share options granted and summary of the movements of the outstanding share options for the year ended 31 December 2011 under the Share Option Scheme are as follows:

			Number of share options					
Director	**Date of grant**	**Exercise price per ordinary share**	**As at 1.1.2011**	**Grant during the year**	**Exercised during the year**	**Cancelled/ Lapsed during the year**	**As at 31.12.2011**	**Exercisable period**
Simon Murray	19.4.2005	HK$1.941	1,094,737	–	–	–	1,094,737	19.4.2006 to 18.4.2012

Details of the Share Option Scheme of the Company are set out in note 33 to the financial statements.

SHARE INCENTIVE SCHEME

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group to subscribe in cash at par value for shares of the Company.

Details of the incentive shares granted and summary of the movements of the outstanding incentive shares for the year ended 31 December 2011 under the Share Incentive Scheme are as follows:

		Number of incentive shares						
Directors/ Employees	Date of award	As at 1.1.2011	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2011	Vesting date of the outstanding awards	Exercisable period
Cheng Wai Chee, Christopher	8.7.2008	206,358	–	206,358	–	–	N/A	N/A
	15.6.2009	426,126	–	426,126	–	–	N/A	N/A
	15.6.2009	852,253	–	–	–	852,253	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	266,000	–	266,000	–	–	N/A	N/A
	25.6.2010	266,000	–	–	–	266,000	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	532,000	–	–	–	532,000	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	–	193,000	–	–	193,000	20.1.2012	20.1.2012 to 31.3.2021
	31.3.2011	–	193,000	–	–	193,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	–	386,000	–	–	386,000	20.1.2014	20.1.2014 to 31.3.2021

		Number of incentive shares						
Directors/ Employees	Date of award	As at 1.1.2011	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2011	Vesting date of the outstanding awards	Exercisable period
Cheng Wai Sun, Edward	8.7.2008	206,358	–	206,358	–	–	N/A	N/A
	15.6.2009	426,126	–	426,126	–	–	N/A	N/A
	15.6.2009	852,253	–	–	–	852,253	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	266,000	–	266,000	–	–	N/A	N/A
	25.6.2010	266,000	–	–	–	266,000	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	532,000	–	–	–	532,000	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	–	193,000	–	–	193,000	20.1.2012	20.1.2012 to 31.3.2021
	31.3.2011	–	193,000	–	–	193,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	–	386,000	–	–	386,000	20.1.2014	20.1.2014 to 31.3.2021
Au Hing Lun, Dennis	8.7.2008	99,074	–	99,074	–	–	N/A	N/A
	15.6.2009	200,337	–	200,337	–	–	N/A	N/A
	15.6.2009	400,674	–	–	–	400,674	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	127,750	–	127,750	–	–	N/A	N/A
	25.6.2010	127,750	–	–	–	127,750	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	255,500	–	–	–	255,500	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	–	81,250	–	–	81,250	20.1.2012	20.1.2012 to 31.3.2021
	31.3.2011	–	81,250	–	–	81,250	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	–	162,500	–	–	162,500	20.1.2014	20.1.2014 to 31.3.2021

Directors/ Employees	Date of award	Number of incentive shares: As at 1.1.2011	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2011	Vesting date of the outstanding awards	Exercisable period
Ng Tak Wai, Frederick	8.7.2008	22,442	–	22,442	–	–	N/A	N/A
	15.6.2009	19,432	–	19,432	–	–	N/A	N/A
	15.6.2009	38,864	–	–	–	38,864	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	9,750	–	9,750	–	–	N/A	N/A
	25.6.2010	9,750	–	–	–	9,750	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	19,500	–	–	–	19,500	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	–	7,000	–	–	7,000	20.1.2012	20.1.2012 to 31.3.2021
	31.3.2011	–	7,000	–	–	7,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	–	14,000	–	–	14,000	20.1.2014	20.1.2014 to 31.3.2021

Directors/ Employees	Date of award	Number of incentive shares: As at 1.1.2011	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2011	Vesting date of the outstanding awards	Exercisable period
Employees In aggregate	8.7.2008	278,610	–	278,610	–	–	N/A	N/A
	15.6.2009	572,274	–	572,274	–	–	N/A	N/A
	15.6.2009	1,144,548	–	–	114,400	1,030,148	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	300,000	–	300,000	–	–	N/A	N/A
	25.6.2010	300,000	–	–	21,500	278,500	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	600,000	–	–	43,000	557,000	19.1.2013	19.1.2013 to 25.6.2020
	31.3.2011	–	203,000	–	–	203,000	20.1.2012	20.1.2012 to 31.3.2021
	31.3.2011	–	203,000	–	–	203,000	20.1.2013	20.1.2013 to 31.3.2021
	31.3.2011	–	406,000	–	–	406,000	20.1.2014	20.1.2014 to 31.3.2021
		9,623,729	2,709,000	3,426,637	178,900	8,727,192		

Note: Subscription price per share is the par value of one ordinary share of the Company. Funds for subscription of ordinary shares will be provided by the Company when the right to subscribe for ordinary shares of the Company is exercised.

Details of Share Incentive Scheme of the Company are set out in note 33 to the financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2011, the following persons (other than the Directors and the Chief Executive of the Company) had interests in the shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital
1. Brave Dragon Limited	Beneficial owner	141,794,482	10.69%
2. Crossbrook Group Limited	Beneficial owner	270,411,036	20.39%
3. Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 *(Notes 2(a) & 3)*	34.87%
4. Deutsche Bank International Trust Co. (Jersey) Limited	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.87%
5. Deutsche Bank International Trust Co. (Cayman) Limited	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.87%
6. Wing Tai Corporation Limited	Interest of controlled corporation	180,594,823 *(Note 5)*	13.62%
7. Renowned Development Limited	Interest of controlled corporation	180,594,823 *(Notes 2(c) & 5)*	13.62%
8. Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	197,918,780 *(Notes 2(d) & 6)*	14.92%
9. Sun Hung Kai Properties Limited	Interest of controlled corporation	182,608,533 *(Note 7)*	13.77%
10. HSBC Trustee (C.I.) Limited	Trustee	182,608,533 *(Notes 2(e) & 8)*	13.77%
11. Gala Land Investment Co Ltd	Beneficial owner	101,579,467	7.66%
12. Farnham Group Ltd	Interest of controlled corporation	101,579,467 *(Notes 2(f) & 9)*	7.66%
13. Chow Chung Kai	Beneficial owner, interest of spouse, controlled corporation and other	180,024,824 *(Notes 2(f) & 10)*	13.57%
14. Chow Yu Yue Chen	Beneficial owner, interest of spouse and controlled corporation	150,812,777 *(Notes 2(f) & 11)*	11.37%

Notes:

1 The total number of issued Shares as at 31 December 2011 was 1,326,363,100.

2 The interests disclosed duplicated in the following manners and to the following extent:

(a) the interests of parties 1 and 2 were included in the interests of party 3.

(b) the interests of party 3 duplicated with the interests of parties 4 and 5 entirely.

(c) the interests of party 6 duplicated with the interests of party 7 entirely.

(d) the interests of parties 6 and 7 were included in the interests of party 8.

(e) the interests of party 9 duplicated with the interests of party 10 entirely.

(f) the interests of party 11 duplicated with the interests of party 12 entirely and were included in the interests of parties 13 and 14.

3 Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued shares capital of Wing Tai Retail Pte. Ltd. Wing Tai Retail Pte. Ltd. owned 50,282,667 Shares.

4 Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust (of which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and 61.3% of the issued shares of Terebene Holdings Inc. Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Private Limited, held 28.46% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Ltd. which in turn held 9.31% of the issued shares of Wing Tai Holdings Limited.

5 Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited ("Bestime") and Pofung Investments Limited ("Pofung") and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 91,663,995 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.

By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter's interest in the Shares.

6 By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 17,323,957 Shares.

7 Sun Hung Kai Properties Limited ("SHKP") beneficially owned 100% of the issued share capital of Wesmore Limited ("Wesmore"), Fourseas Investments Limited ("Fourseas"), Junwall Holdings Ltd ("Junwall"), Sunrise Holdings Inc. ("Sunrise") and Country World Ltd. ("Country World"). Wesmore held 111,928,210 Shares.

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited ("Soundworld"), Units Key Limited ("Units Key") and Triple Surge Limited ("Triple Surge"). Soundworld, Units Key and Triple Surge were the beneficial owners of 20,869,323, 4,669,333 and 37,680,000 Shares respectively.

Junwall beneficially owned 100% of the issued share capital of Techglory Limited ("Techglory"). Techglory was the beneficial owner of 192,000 Shares.

Sunrise beneficially owned 100% of the issued share capital of Charmview International Ltd ("Charmview"). Charmview was the beneficial owner of 7,141,600 Shares.

Country World beneficially owned 100% of the issued share capital of Erax Strong Development Ltd ("Erax Strong"). Erax Strong was the beneficial owner of 128,067 Shares.

By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interest of Wesmore, Soundworld, Units Key, Triple Surge, Techglory, Charmview and Erax Strong in the Shares.

8 HSBC Trustee (C.I.) Limited, as the trustee of certain discretionary trusts, was deemed to be interested in more than 40% of the issued share capital of SHKP. By virtue of its deemed interest in SHKP, it was deemed to be interested in 182,608,533 Shares.

9 Farnham Group Ltd ("Farnham") beneficially owned 100% of the issued share capital of Gala Land Investment Co Ltd ("Gala Land"), therefore, Farnham was deemed to be interested in 101,579,467 Shares held by Gala Land by virtue of its corporate interest therein.

10 Chow Chung Kai and his wife, Chow Yu Yue Chen, held 48,532,744 and 700,566 Shares respectively.

The estate of the late Chou Wen Hsien, of which Chow Chung Kai was the executor, was interested in 29,212,047 Shares.

Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Chow Chung Kai was deemed to be interested in 101,579,467 Shares held by Gala Land by virtue of his corporate interest therein.

The estate of the late Chou Wen Hsien, of which Chow Chung Kai was the executor, was interested in 50% of the issued share capital of Farnham.

11 Chow Yu Yue Chen and her husband, Chow Chung Kai, held 700,566 and 48,532,744 Shares respectively.

Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Chow Yu Yue Chen was deemed to be interested in 101,579,467 Shares held by Gala Land by virtue of Chow Chung Kai's corporate interest therein.

Save as disclosed above, as at 31 December 2011, the Company had not been notified of any interests or short positions held by any substantial shareholder in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF ANY OTHER PERSONS

As at 31 December 2011, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

On 4 December 2008, a contract entered into between Gieves Limited ("Gieves"), an indirect subsidiary of the Company, and Wensum Tailoring Limited ("Wensum") under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ended on 31 December 2011. Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of Wensum.

On 23 April 2008, a contract entered into between the Company, Wing Tai Malaysia Berhad ("WTMB") and Kualiti Gold Sdn Bhd (the "JV Company") relating to the formation of the JV Company for the purposes of acquiring a building in Kuala Lumpur (the "Development"), fitting out and operating the Development as serviced apartments. Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of WTMB and the JV Company.

On 8 January 2009, four operating agreements ("2009 Operating Agreements") and four licence agreements ("2009 Licence Agreements") entered into between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia"), Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore"), Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda"), all wholly-owned subsidiaries of the Company, and Winshine Investment Pte Ltd ("Winshine"), Seniharta Sdn Bhd ("Seniharta") and the JV Company (collectively the "WT Associates") for a term of 10 years.

Under the 2009 Operating Agreements, LP Singapore has agreed to provide serviced apartment management services to Winshine, LP Malaysia has agreed to provide hotel apartment management services and serviced apartment management consulting services to Seniharta whereas LP Malaysia has agreed to provide serviced apartment management consulting services to the JV Company.

Under the 2009 Licence Agreements, LP Bermuda has agreed to grant to the WT Associates the rights to use certain trademarks and tradenames in relation to certain serviced apartment blocks located in Singapore or Malaysia.

Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of the WT Associates.

Save as disclosed above, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of Directors of the Company in competing business required to be disclosed pursuant to Rule 8.10 of the Listing Rules are as follows:

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are substantial shareholders of Wing Tai (Cheng) Holdings Limited and Pacific Investment Exponents Inc. (the "Group One Companies"). Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of the Group One Companies.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Garment Industrial Holdings Limited (the "Group Two Company"). Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of the Group Two Company.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Asia Holdings Limited and Terebene Holdings Inc. (the "Group Three Companies").

Certain companies controlled by the Group One Companies and the Group Two Company carry on garment business in China, Cambodia and Mauritius which may be regarded as competitive to the Group's apparel business.

Certain companies affiliated with the Group Three Companies carry on garment business in Malaysia which might be regarded as competitive to the Group's apparel business.

The Company's independent non-executive directors and the members of the Company's Audit Committee will ensure that the Group is capable of carrying on its business independently of, and at arm's length from the aforesaid garment businesses.

Kwok Ping Luen, Raymond is a director of SHKP. Businesses of SHKP consist of development of and investment in properties for sale and rent, and hotel operation. Also, Mr. Kwok is a beneficiary of certain discretionary trusts which maintain certain interests in businesses consisting of property development and investment, and hospitality investment and management. Only in this respect he is regarded to be interested in the relevant competing business with the Group.

Kwok Ping Luen, Raymond is a director and Yung Wing Chung is an alternate director to Kwok Ping Luen, Raymond of Transport International Holdings Limited ("TIH"). Businesses of TIH consist of property holdings and development. Only in these respects they are regarded to be interested in the relevant competing business with the Group.

Other than the certain interests in businesses maintained by the discretionary trusts, the aforesaid competing businesses, in which Kwok Ping Luen, Raymond and Yung Wing Chung, are regarded to be interested, are managed by separate publicly listed companies with independent management and administration. In this respect, coupled with the diligence of its independent non-executive directors and the Audit Committee, the Group is capable of carrying on its business independently of, and at arm's length from the said competing businesses.

CONNECTED TRANSACTIONS

Set out below is information in relation to connected transactions which were disclosed in the Company's announcements and are required under Chapter 14A of the Listing Rules to be included in this annual report:

1. Continuing Connected Transactions

(i) On 22 June 2005, Lanson Place Hospitality Management Limited ("Lanson Place"), a wholly-owned subsidiary of the Company, entered into an operating agreement with Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd. ("WFOE") pursuant to which Lanson Place was to manage and operate the serviced apartments known as Jin Lin Tiandi in Shanghai (the "Serviced Apartments") on behalf of WFOE for a term of three years expired on 21 June 2008 (the "Operating Agreement").

On 22 June 2005, Lanson Place Hotels & Residences (Bermuda) Limited, a wholly-owned subsidiary of the Company, also entered into a licence agreement with the WFOE for granting a royalty-free, non-exclusive licence to the WFOE to use in the PRC certain trademarks in connection with the operation of the Serviced Apartments (the "Licence Agreement").

On 30 April 2008, Lanson Place entered into a supplemental operating agreement with WFOE to amend the Operating Agreement to extend the term of the Operating Agreement to 21 June 2018 (the "Supplemental Operating Agreement"). As the Licence Agreement provided that its term shall be the same as that of the Operating Agreement, the term of the Licence Agreement is also extended to 21 June 2018 as a result of the execution of the Supplemental Operating Agreement.

As WFOE is a subsidiary of The Morgan Stanley Real Estate Fund IV International Funds which ceased to be a substantial shareholder of a subsidiary of the Company on 30 June 2011, WFOE was a connected person of the Company and the transactions contemplated under the Operating Agreement (as amended by the Supplemental Operating Agreement) and the Licence Agreement were continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules until 30 June 2011.

The total management fee of HK$2.5 million received by Lanson Place under the Operating Agreement (as amended by the Supplemental Operating Agreement) and the Licence Agreement for the year ended 31 December 2011 is within the annual cap of HK$5.6 million for 2011 as set out in the Company's announcement dated 30 April 2008.

(ii) On 4 December 2008, an agreement was entered into between the Company's indirect wholly-owned subsidiary, Gieves Limited ("Gieves") and Wensum Tailoring Limited ("Wensum") (the "2008 Agreement") to set out the terms and conditions under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ended on 31 December 2011.

As Wensum is a wholly-owned subsidiary of Wing Tai Corporation Limited ("WTC") which is a substantial shareholder of the Company, each of Wensum and WTC is a connected person of the Company and the transactions between Gieves and Wensum constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of such transactions are stated in the announcement dated 4 December 2008 and the circular dated 15 December 2008 of the Company.

Purchases made by Gieves from Wensum for the year ended 31 December 2011 amounted to GBP2,576,000, which is within the annual cap for the year ended 31 December 2011 of GBP5,000,000 as set out in the Company's announcement dated 4 December 2008.

On 21 November 2011, an agreement was entered into between Gieves and Wensum (the "2011 Agreement") to set out the terms and conditions under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ending on 31 December 2014.

The estimated maximum annual values of transactions under the 2011 Agreement for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 will be GBP4,100,000, GBP4,600,000 and GBP5,100,000 respectively.

(iii) The following agreements (the "2009 Operating Agreements") were entered into on 8 January 2009:–

(a) an agreement between Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore") with Winshine Investment Pte Ltd ("Winshine") whereby LP Singapore has agreed to provide serviced apartment management services to Winshine;

(b) an agreement between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia") with Seniharta Sdn Bhd ("Seniharta") whereby LP Malaysia has agreed to provide hotel apartment management services;

(c) an agreement between LP Malaysia with Seniharta whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Seniharta; and

(d) an agreement between LP Malaysia with Kualiti Gold Sdn Bhd ("Kualiti Gold") whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Kualiti Gold.

The following agreements (the "2009 Licence Agreements") were entered into on 8 January 2009:–

(a) an agreement between Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda") with Winshine whereby LP Bermuda has agreed to grant to Winshine the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Singapore;

(b) two agreements between LP Bermuda with Seniharta whereby LP Bermuda has agreed to grant to Seniharta the rights to use certain trademarks and tradenames in relation to a hotel apartment block and a serviced apartment block located in Malaysia; and

(c) an agreement between LP Bermuda with Kualiti Gold whereby LP Bermuda has agreed to grant to Kualiti Gold the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Malaysia;

Each of the 2009 Operating Agreements and the 2009 Licence Agreements is for a term of 10 years.

Each of LP Singapore, LP Malaysia and LP Bermuda (collectively the "LP Group Companies") is a wholly-owned subsidiary of the Company.

Each of Winshine, Seniharta and Kualiti Gold (collectively the "WT Associates") is an associate (as defined in the Listing Rules) of Wing Tai Holdings Limited ("WTHL").

As WTHL is a substantial and controlling shareholder of the Company, each of the WT Associates is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions with the WT Associates contemplated under the 2009 Operating Agreements and the 2009 Licence Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The total fees of HK$4.4 million received by the LP Group Companies under the 2009 Operating Agreements and the 2009 Licence Agreements for the year ended 31 December 2011 is within the annual cap of HK$9 million for 2011 as set out in the Company's announcement dated 8 January 2009.

(iv) On 20 April 2011, Begin Land Limited ("Begin Land"), one of the Company's indirect non wholly-owned subsidiaries, accepted the offer made by WTC in relation to the leasing of the whole of the 15th Floor, AXA Tower, Landmark East (formerly known as One Landmark East), 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a fixed term of three years commencing from 16 May 2011 and ending on 15 May 2014 (both days inclusive) (the "Offer").

As WTC is a substantial shareholder of the Company and hence a connected person of the Company, the transactions contemplated under the Offer constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The consideration received by Begin Land from WTC under the Offer for the year ended 31 December 2011 totaled HK$2,296,000 which is within the 2011 annual cap of HK$2,900,000 as set out in the Company's announcement dated 20 April 2011.

2. Annual Review of Continuing Connected Transactions

The independent non-executive directors of the Company have reviewed and confirmed that the aforesaid continuing connected transactions for the year ended 31 December 2011 have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms;

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(d) have not exceeded the relevant maximum amount capped in accordance to the annual caps as set out in the relevant announcements.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 34 to 37 of this annual report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2011, the aggregate amount of revenue attributable to the Group's five largest customers was less than 30% of the total value of the Group's revenue. The aggregate amount of purchase attributable to the Group's five largest suppliers was less than 30% of the total value of the Group's purchases.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

As at 31 December 2011, the aggregate amounts due from and all guarantees given by the Group on behalf of the affiliated companies of Chen's Holdings Limited (the "Relevant Companies") exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details of the amounts for the Relevant Companies as at 31 December 2011 are as follows:

Name of the Relevant Company	Group's % of attributable equity interest therein	Amount of guarantee for loan facilities given on its behalf by the Company as at 31 December 2011 *(Note 1)*	Amount due from it to the Group as at 31 December 2011 *(Note 2)*	Total	Final maturity date of the loan facilities
		HK$'M	HK$'M	HK$'M	
Century Rise Limited	15%	255.8	240.9	496.7	the earlier of (a) 31 December 2012 or (b) the date falling 6 months after the issuance of the Certificate of Compliance by the Director of Lands ("Certificate")
Pacific Bond Limited	15%	558.8	497.9	1,056.7	31 December 2012
Brave Sky Investments Limited	50%	756.2	391.2	1,147.4	the earlier of (a) 2 April 2016 or (b) the date falling 9 months after the issuance of the Certificate (or, if earlier, the issuance of the Consent to Assign)
Property Sky Limited	50%	–	231.2	231.2	–
Total				2,932.0	

Notes:

1. All the loan facilities are secured by (among others) guarantees by the Company, Chen's Holdings Limited and its subsidiaries and associated companies and other joint venture partners on a several and proportional basis. All loan facilities carry interest at normal commercial rate agreed after arm's length negotiations with the lenders concerned.

2. The amounts due from the Relevant Companies are all (i) unsecured, (ii) carrying interest at rates agreed from time to time by the joint venture partners concerned and (iii) without fixed repayment dates.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2011, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK$5,132.4 million in aggregate which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

A pro-forma combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 31 December 2011 are presented below:

	Pro-forma combined balance sheet	Group's attributable interest
	HK$'M	HK$'M
Non-current assets	2,449.3	755.5
Current assets	19,781.2	4,165.5
Current liabilities	(7,926.5)	(1,421.8)
Non-current liabilities	(1,489.1)	(565.1)
Amounts and loans due from shareholders	26.0	12.7
Amounts and loans due to shareholders	(11,157.0)	(2,469.7)
Net assets	1,683.9	477.1

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 127 of this annual report.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board
Cheng Wai Chee, Christopher
Chairman

Hong Kong, 28 March 2012

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPENDIX 14 TO THE RULES GOVERNING THE LISTING OF SECURITIES (THE "LISTING RULES") ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

The Company has complied with the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, except that non-executive directors were not appointed for specific terms but they are subject to retirement by rotation in accordance with the Company's Bye-laws, the internal policy adopted by the Company, throughout the financial year ended 31 December 2011.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2011, and received confirmations from all the directors that they had fully complied with the required standard set out in the Model Code throughout the year.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

BOARD OF DIRECTORS

As at the date of this report, the Company's Board of Directors (the "Board") comprises five executive directors, five non-executive directors and three independent non-executive directors. Biographies of all the directors and the relationships (if any) among them are set out on pages 15 to 19 of this annual report.

The Company has received annual confirmations from all independent non-executive directors that, save as disclosed in the annual report, they did not have any business or financial interest with the Company and its subsidiaries (the "Group") and were independent as at 31 December 2011 in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the existing independent non-executive directors of the Company are independent.

Chairman and Chief Executive

Cheng Wai Chee, Christopher is the Chairman of the Board and Cheng Wai Sun, Edward is the Deputy Chairman and Chief Executive of the Group. While the Chairman of the Board is responsible for providing leadership for the Board, ensuring that all directors are properly briefed on issues arising at board meetings and receive complete, reliable and timely information, the Chief Executive is responsible for the day-to-day management of the Group's business.

Retirement by Rotation and Specific Term of Office

The non-executive directors (including independent non-executive directors) were not appointed for specific terms but all of them are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Bye-laws of the Company and the internal policy adopted by the Company.

The Company's Bye-laws provide that any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for election at the meeting, and that one third or the number nearest to one third of directors shall retire from office by rotation (save for Chairman or managing director) at each annual general meeting.

It is a policy of the Company that any director (including Chairman or managing director) who is not required by the Bye-laws of the Company to retire by rotation at the annual general meeting in the third year since his last election, will be reminded to retire from the office voluntarily.

In light of the Company's Bye-laws and policy as aforesaid, all directors will retire at least once every three years.

Functions and responsibilities of the Board

On 12 July 2005, the Company formalised in writing the functions and responsibilities reserved to the Board and the functions and responsibilities delegated to management as follows:

(i) the Board shall approve the yearly budgets of the Company and its subsidiaries;

(ii) the Board shall monitor the operating and financial performance of the Group;

(iii) the Board shall oversee the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance;

(iv) the Board shall assume responsibility for corporate governance; and

(v) the day-to-day operations of the Group is delegated to the management led by the Chief Executive.

Four board meetings had been held during the year. The attendance record of each member at the board meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

REMUNERATION COMMITTEE

The Remuneration Committee was formed on 12 July 2005. The Remuneration Committee's terms of reference specify that the committee must comprise of at least three members and the majority of whom are independent non-executive directors. The terms of reference are available on the Company's website.

During the year and up to the date of this report, the members of the Remuneration Committee are:

Cheng Wai Chee, Christopher *(Committee Chairman)*
Cheng Wai Sun, Edward
Simon Murray
Fang Hung, Kenneth
Yeung Kit Shing, Jackson

The duties and functions of the Remuneration Committee mainly are:

(i) recommendation of remuneration policy and structure for directors and senior management;

(ii) determination of remuneration packages of executive directors and senior management;

(iii) review and approval of performance-based remuneration for executive directors and senior management; and

(iv) recommendation of remuneration packages for non-executive directors.

Remuneration Committee met once in 2011. The attendance record of each member at the Remuneration Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Remuneration Committee during 2011:

(a) determination of remuneration package of executive directors and senior management for the year ended 31 December 2011; and

(b) review and approval of the proposal of directors' fees for the year ended 31 December 2011, with a recommendation to the shareholders for approval.

Remuneration Policy for Executive Directors and Senior Management

The principal elements of the executive directors' and senior management's remuneration packages include basic salaries and discretionary bonus which includes both cash and incentive shares. The remuneration packages of the executive directors and senior management will be proposed jointly by the Chairman and the Chief Executive of the Group annually for the review and approval by the Remuneration Committee based on the following factors:

(a) the executive director's and senior management's responsibilities;

(b) the executive director's and senior management's individual performance;

(c) performance of the business unit(s) headed by the executive director or senior management; and

(d) performance of the Group as a whole.

Remuneration Policy for Non-Executive Directors

The non-executive directors' remuneration, comprising directors' fee, is subject to annual assessment and recommended by the Remuneration Committee for shareholders' approval at the annual general meetings.

DIRECTORS' REMUNERATION

The directors' remuneration is set out in note 9 to the financial statements on pages 87 to 89 of this annual report.

NOMINATION OF DIRECTORS

The Board reviews its structure and composition on a regular basis to ensure that it has the expertise and independence to carry out its functions and responsibilities. Pursuant to the Bye-laws of the Company, any director newly appointed by the Board during the year shall hold office until the next annual general meeting and shall then be eligible for re-election at that annual general meeting.

AUDIT COMMITTEE

The Audit Committee was formed on 9 March 1999. The terms of reference of the Audit Committee are published on the Company's website which specify that the committee must comprise of at least three members and the majority of whom are independent non-executive directors. During the year and up to the date of this report, the members of the Audit Committee are:

Yeung Kit Shing, Jackson	*(Committee Chairman)*
Fang Hung, Kenneth	
Yung Wing Chung	
Hong Pak Cheung, William	*(alternate to Yung Wing Chung)*

The primary duties of the Audit Committee include, inter alia, the following:

(i) recommend to the Board on the appointment, reappointment and removal of the external auditors, and approval of their fees, and assessment of their independence;

(ii) discussion of issues arising from the audits and any matters raised by the external auditors;

(iii) review of the interim and annual financial statements before submission to the Board; and

(iv) review of the Company's financial controls, internal control and risk management systems of the Group.

The Audit Committee met three times in 2011. The attendance record of each member at the Audit Committee meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Audit Committee during 2011:

(a) review of the external auditor's audit plan for the year ended 31 December 2011;

(b) review of the 2012 internal audit plan;

(c) review of the 2011 work progress report and the works performed by internal audit in 2011;

(d) review of the annual report and results announcement for the year ended 31 December 2010, with a recommendation to the Board for approval;

(e) review of the external auditor's report on the audit of the financial statements for the year ended 31 December 2010;

(f) review of the interim report and interim results announcement for the six months ended 30 June 2011, with a recommendation to the Board for approval;

(g) review of the external auditor's report on the review of interim financial statements for the six months ended 30 June 2011;

(h) review of the 2012 annual budgets for audit and non-audit services; and

(i) meeting with external auditor without executive board members present.

INTERNAL CONTROLS

The Board has the overall responsibility for the operations of the Group's internal control system and review of its effectiveness under the governance of the Audit Committee. In this respect, procedures have been established to safeguard the Group's assets against any possible unauthorised use or disposition with the task to ensure the proper maintenance of accounting records for the provision of reliable financial information for internal use or for publication as well as their respective compliance with laws, rules and regulations. The system is established to manage and minimise, rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against misstatements or losses.

The Board assesses the effectiveness of the overall internal control system regularly in considering reviews performed by the Audit Committee, executive management as well as both internal and external auditors with the understanding that such system is an ongoing process to identify, evaluate and manage significant risks faced by the Group. The Group's internal control system has been in place and was functioning effectively for the year under review.

The Group's internal audit department reports to the Audit Committee on a regular basis. The Audit Committee endorses the annual internal audit plan that is practically linked to the Group's areas of focuses. The audit plan is prepared under a risk based approach and covers the Group's significant areas of operations, which are reviewed on an annual basis.

The work carried out by the Group's internal audit department focusing on the internal control are carried out appropriately and functioning as intended. The scope of the work performed covers all material controls including financial, operational and compliance controls as well as risk management policies and procedures. Major operational, financial and risk management controls of the Group are continuously reviewed and aim to cover all major business units and operations of the Group on a rotational basis. Audit findings and recommendations are presented at the Audit Committee meetings. The implementation of agreed recommendation(s) is to be followed up on a quarterly basis.

For the financial year ended 31 December 2011, the Board through the Audit Committee had conducted a review of the effectiveness of the Group's internal control system as reported by the Group's internal audit department.

ATTENDANCE AT MEETINGS

The attendance record of individual members at the Board and Committees meetings in 2011 are detailed in the following table:

	Meetings attended/Eligible to attend		
	Board	Remuneration Committee	Audit Committee
Executive directors			
Cheng Wai Chee, Christopher	4/4	1/1	N/A
Cheng Wai Sun, Edward	4/4	1/1	N/A
Cheng Man Piu, Francis	2/4	N/A	N/A
Chow Wai Wai, John	4/4	N/A	N/A
Au Hing Lun, Dennis	4/4	N/A	N/A
Non-executive directors			
Kwok Ping Luen, Raymond *(with Yung Wing Chung as alternate)*	4/4	N/A	N/A
Yung Wing Chung	4/4	N/A	3/3
Hong Pak Cheung, William	3/4	N/A	N/A
Loh Soo Eng	4/4	N/A	N/A
Ng Tak Wai, Frederick	4/4	N/A	N/A
Independent non-executive directors			
Simon Murray	1/4	1/1	N/A
Fang Hung, Kenneth	4/4	1/1	3/3
Yeung Kit Shing, Jackson	4/4	1/1	3/3

AUDITORS' REMUNERATION

The remuneration in respect of audit and non-audit services provided by auditors of the Group for the financial year ended 31 December 2011 are HK$6,703,000 (2010: HK$6,283,000) and HK$583,000 (2010: HK$902,000) respectively. The nature of non-audit services in 2011 is tax services.

FINANCIAL REPORTING

The directors of the Company acknowledged that they are responsible for the preparation of the financial statements which give a true and fair view and that appropriate accounting policies have been selected and applied consistently. The statement of the auditor of the Company relating to their reporting and responsibilities on the financial statements of the Company is set in the Independent Auditor's Report on page 49 of this annual report.

CORPORATE COMMUNICATION

The annual general meeting provides a forum for shareholders to exchange views with the Board. The Chairman of the Board, Chairman of Audit Committee and Chairman of the Remuneration Committee will be available to answer shareholders' questions at the meeting.

An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the commencement of the annual general meeting, to ensure that shareholders are familiar with such procedures.

All the publications of the Company, including annual report, interim report, circular, notice of general meetings, results of the poll of general meetings are available on the Stock Exchange's website at www.hkexnews.hk.

The Company's website at www.wingtaiproperties.com offers timely access to investors regarding the Company's financial, corporate and other information.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF WING TAI PROPERTIES LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wing Tai Properties Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 50 to 123, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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.

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2012

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Note	2011 HK$'M	2010 HK$'M
Revenue	5	2,734.5	2,176.8
Cost of sales		(1,474.4)	(1,395.6)
Gross profit		1,260.1	781.2
Other gains, net	7	52.4	19.3
Selling and distribution costs		(193.8)	(150.4)
Administrative expenses		(328.6)	(311.8)
Change in fair value of investment properties		2,107.8	1,894.8
Gain on disposal of investment properties		–	138.3
Gain on disposal of other properties, plant and equipment		–	68.7
Gain on disposal of jointly controlled entities		–	45.8
Profit from operations	8	2,897.9	2,485.9
Finance costs	10	(92.1)	(89.0)
Finance income	10	7.3	2.0
Share of results of associates	18(a)	57.6	85.9
Profit before taxation		2,870.7	2,484.8
Taxation	11	(134.8)	(48.0)
Profit for the year		2,735.9	2,436.8
Attributable to:			
Equity holders of the Company		2,212.9	1,913.1
Non-controlling interests		523.0	523.7
		2,735.9	2,436.8
Earnings per share for profit attributable to equity holders of the Company			
(expressed in HK dollar per share)	12		
– Basic		HK$1.67	HK$1.45
– Diluted		HK$1.66	HK$1.44
Dividends (expressed in HK$'M)	13	152.8	132.5

The notes on pages 59 to 123 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 HK$'M	2010 HK$'M
Profit for the year	2,735.9	2,436.8
Other comprehensive income/(loss)		
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	–	8.6
Release of other property revaluation reserve upon disposal of other properties, plant and equipment	–	(24.5)
Exchange differences on translation of foreign operations	4.2	67.4
Exchange differences released upon repayment of loans from an associate	(44.1)	–
Exchange differences realised upon disposal of jointly controlled entities	–	(12.0)
Net fair value (loss)/gain arising from revaluation of available-for-sale financial assets	(128.1)	82.8
Impairment on available-for-sale financial assets transferred to consolidated income statement	11.1	17.2
Net gain/(loss) on cash flow hedge		
– Fair value losses	(41.2)	(63.8)
– Realised upon settlement	44.1	44.4
Other comprehensive income for the year, net of tax	(154.0)	120.1
Total comprehensive income for the year	2,581.9	2,556.9
Attributable to:		
Equity holders of the Company	2,092.0	2,012.1
Non-controlling interests	489.9	544.8
Total comprehensive income for the year	2,581.9	2,556.9

The notes on pages 59 to 123 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2011

	Note	2011 HK$'M	2010 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Land use rights	14	3.2	3.3
Investment properties	15	13,894.0	11,786.0
Other properties, plant and equipment	16	180.9	148.8
Interests in associates	18(a)	469.5	423.7
Loans to associates	18(a)	47.8	343.1
Available-for-sale financial assets	19	357.7	475.6
Deposits and loan receivables	20	306.1	246.0
Held-to-maturity investments	21	65.8	37.9
Deferred tax assets	31	9.4	16.2
Derivative financial instruments	25	0.2	16.0
		15,334.6	13,496.6
Current assets			
Inventories	22	68.8	84.8
Properties for sale	23	4,227.9	3,980.4
Deposits and loan receivables	20	175.0	–
Trade and other receivables, deposits and prepayments	24	871.8	205.1
Held-to-maturity investments	21	29.2	–
Derivative financial instruments	25	–	0.1
Sales proceeds held in stakeholders' accounts		146.4	199.3
Amounts due from associates	18(b)	2.2	1.4
Tax recoverable		0.8	0.8
Pledged and restricted bank deposits	26	3.5	–
Bank balances and cash	27	976.6	897.6
		6,502.2	5,369.5
Current liabilities			
Trade and other payables and accruals	28	907.9	897.9
Derivative financial instruments	25	45.8	42.9
Amounts due to associates	18(b)	0.3	0.4
Tax payable		90.7	55.3
Bank loans due within one year	29	1,704.6	1,165.5
		2,749.3	2,162.0
Net current assets		3,752.9	3,207.5
Total assets less current liabilities		19,087.5	16,704.1

	Note	2011 HK$'M	2010 HK$'M
Non-current liabilities			
Bank loans due after one year	29	3,448.6	3,010.3
Other long-term loans	30	35.5	35.5
Other long-term liability	17(a)	–	193.1
Derivative financial instruments	25	67.2	71.6
Deferred tax liabilities	31	153.5	122.2
		3,704.8	3,432.7
NET ASSETS		15,382.7	13,271.4
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	32	663.2	661.5
Reserves	34(a)	12,284.5	10,266.6
		12,947.7	10,928.1
Non-controlling interests		2,435.0	2,343.3
TOTAL EQUITY		15,382.7	13,271.4

The financial statements on pages 50 to 123 were approved and authorised for issue by the Board of Directors on 28 March 2012 and are signed on its behalf by:

Cheng Wai Sun, Edward
DIRECTOR

Au Hing Lun, Dennis
DIRECTOR

The notes on pages 59 to 123 are an integral part of these financial statements.

BALANCE SHEET

At 31 December 2011

	Note	2011 HK$'M	2010 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	17	3,249.0	3,249.0
Deposits and loan receivables	20	–	197.4
		3,249.0	3,446.4
Current assets			
Amounts due from subsidiaries	17	1,200.1	1,119.4
Deposits and loan receivables	20	175.0	–
Other receivables and prepayments		0.6	0.5
Bank balances and cash	27	0.2	0.1
		1,375.9	1,120.0
Current liabilities			
Other payables	17(a)	177.2	6.2
Amounts due to subsidiaries	17	0.2	0.2
		177.4	6.4
Net current assets		1,198.5	1,113.6
Total assets less current liabilities		4,447.5	4,560.0
Non-current liabilities			
Other long-term liability	17(a)	–	193.1
NET ASSETS		4,447.5	4,366.9
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	32	663.2	661.5
Reserves	34(b)	3,784.3	3,705.4
TOTAL EQUITY		4,447.5	4,366.9

Cheng Wai Sun, Edward
DIRECTOR

Au Hing Lun, Dennis
DIRECTOR

The notes on pages 59 to 123 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non–controlling interests HK$'M	Total equity HK$'M
At 1 January 2010	659.6	3,239.2	(76.4)	114.5	13.4	44.1	27.0	342.3	4,641.5	9,005.2	1,827.9	10,833.1
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	1,913.1	1,913.1	523.7	2,436.8
Other comprehensive income												
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	–	–	–	–	–	8.6	–	–	–	8.6	–	8.6
Release of other property revaluation reserves upon disposal of other properties, plant and equipment	–	–	–	–	–	(22.3)	–	–	–	(22.3)	(2.2)	(24.5)
Exchange differences on the translation of foreign operations	–	–	–	–	–	–	55.0	–	–	55.0	12.4	67.4
Exchange differences realised upon disposal of jointly controlled entities	–	–	–	–	–	–	(9.8)	–	–	(9.8)	(2.2)	(12.0)
Net fair value gain arising from revaluation of available-for-sale financial assets	–	–	–	65.6	–	–	–	–	–	65.6	17.2	82.8
Impairment on available-for-sale financial assets transferred to consolidated income statement	–	–	–	17.2	–	–	–	–	–	17.2	–	17.2
Net loss on cash flow hedge	–	–	(15.3)	–	–	–	–	–	–	(15.3)	(4.1)	(19.4)
Total comprehensive income	–	–	(15.3)	82.8	–	(13.7)	45.2	–	1,913.1	2,012.1	544.8	2,556.9
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	–	8.1	–	–	–	–	8.1	–	8.1
Incentive shares exercised	1.9	9.8	–	–	(9.8)	–	–	–	–	1.9	–	1.9
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(29.4)	(29.4)
2009 final dividend paid	–	–	–	–	–	–	–	(52.9)	–	(52.9)	–	(52.9)
2010 interim dividend paid	–	–	–	–	–	–	–	(46.3)	–	(46.3)	–	(46.3)
Total transactions with owners	1.9	9.8	–	–	(1.7)	–	–	(99.2)	–	(89.2)	(29.4)	(118.6)
At 31 December 2010	661.5	3,249.0	(91.7)	197.3	11.7	30.4	72.2	243.1	6,554.6	10,928.1	2,343.3	13,271.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2011	661.5	3,249.0	(91.7)	197.3	11.7	30.4	72.2	243.1	6,554.6	10,928.1	2,343.3	13,271.4
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	2,212.9	2,212.9	523.0	2,735.9
Other comprehensive income												
Exchange differences on the translation of foreign operations	–	–	–	–	–	–	5.5	–	–	5.5	(1.3)	4.2
Exchange differences released upon repayment of loans from an associate	–	–	–	–	–	–	(35.0)	–	–	(35.0)	(9.1)	(44.1)
Net fair value loss arising from revaluation of available-for-sale financial assets	–	–	–	(101.5)	–	–	–	–	–	(101.5)	(26.6)	(128.1)
Impairment an available-for-sale financial assets transferred to consolidated income statement	–	–	–	8.8	–	–	–	–	–	8.8	2.3	11.1
Net gain on cash flow hedge	–	–	1.3	–	–	–	–	–	–	1.3	1.6	2.9
Total comprehensive income	–	–	1.3	(92.7)	–	–	(29.5)	–	2,212.9	2,092.0	489.9	2,581.9
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	–	8.0	–	–	–	–	8.0	–	8.0
Incentive shares exercised	1.7	6.8	–	–	(6.8)	–	–	–	–	1.7	–	1.7
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	(325.9)	(325.9)
Gain on bargain purchase of a non-wholly owned subsidiary	–	–	–	–	–	–	–	55.0	–	55.0	14.3	69.3
Partial disposal of interest of a subsidiary	–	–	–	–	–	–	–	(0.5)	–	(0.5)	0.5	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(87.1)	(87.1)
2010 final dividend paid	–	–	–	–	–	–	–	(86.2)	–	(86.2)	–	(86.2)
2011 interim dividend paid	–	–	–	–	–	–	–	(50.4)	–	(50.4)	–	(50.4)
Total transactions with owners	1.7	6.8	–	–	1.2	–	–	(82.1)	–	(72.4)	(398.2)	(470.6)
At 31 December 2011	663.2	3,255.8	(90.4)	104.6	12.9	30.4	42.7	161.0	8,767.5	12,947.7	2,435.0	15,382.7

The notes on pages 59 to 123 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011 HK$'M	2010 HK$'M
Cash flows from operating activities			
Profit from operations		2,897.9	2,485.9
Adjustments for:			
Change in fair value of investment properties	15	(2,107.8)	(1,894.8)
Impairment on available-for-sale financial assets		11.6	21.1
Gain on disposal of investment properties		(2.9)	(138.3)
Net loss/(gain) on disposal of other properties, plant and equipment		1.3	(60.9)
Gain on disposal of jointly controlled entities		–	(45.8)
Depreciation and amortisation			
– trademark		0.1	–
– land use rights		0.1	0.1
– other properties, plant and equipment		25.2	24.9
Dividend income from available-for-sale financial assets		(36.2)	(23.7)
Interest income received on loans to associates		(3.2)	(12.5)
Fair value loss/(gain) on derivative financial instruments		17.2	(17.0)
Share-based compensation expenses		9.7	10.0
Provision for trade receivables		0.1	0.4
Amortised of interest income on held-to-maturity investments		(9.0)	(7.4)
Net exchange gains		(44.1)	–
Operating cash flows before movements in working capital		760.0	342.0
Decrease in inventories		16.0	20.0
Increase in properties for sale		(229.1)	(769.5)
Increase in trade and other receivables, deposits and prepayments		(692.1)	(30.4)
Decrease in sales proceeds held in stakeholders' accounts		52.9	56.5
Increase in receivable balances from associates		(0.8)	(6.8)
Decrease in trade and other payables and accruals		(156.2)	(54.2)
Decrease in amounts due to associates		(0.1)	(21.4)
Increase in restricted bank deposits		(2.7)	–
Net cash used in operations		(252.1)	(463.8)
Interest income received		7.3	2.0
Interest paid on bank and other borrowings		(105.7)	(91.1)
Hong Kong profits tax paid		(62.0)	(11.1)
Tax paid in other jurisdictions		(1.5)	(0.4)
Net cash used in operating activities		(414.0)	(564.4)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011 HK$'M	2010 HK$'M
Cash flows from investing activities			
Purchase of investment properties		(24.2)	(14.2)
Purchase of other properties, plant and equipment		(61.5)	(29.7)
Deposits paid for acquisition of investment properties		(252.9)	(17.5)
Loans to joint venture partners		–	(75.3)
Repayment from joint venture partners		–	23.4
Net repayments of loans to associates including interests		251.2	–
Net proceeds from disposal of investment properties		26.7	853.0
Net proceeds from disposal of other properties, plant and equipment		1.7	97.1
Acquisition of available-for-sale financial assets		–	(7.5)
Net cash outflow from realisation of derivative financial instruments		–	(0.4)
Net cash inflow from disposal of jointly controlled entities	41	–	587.5
Acquisition of a subsidiary and non-controlling interests	42	(229.1)	–
Dividend income from associates		54.3	21.1
Dividend income from available-for-sale financial assets		19.2	23.7
Net repayment from available-for-sale financial assets		5.7	44.8
Acquisition of held-to-maturity investments		(48.8)	–
Coupon received from held-to-maturity investments		0.5	0.5
Net cash (used in)/generated from investing activities		(257.2)	1,506.5
Cash flows from financing activities			
Bank and other loans raised		3,271.9	1,280.0
Repayments of bank and other loans		(2,296.4)	(1,935.3)
Dividends paid by the Company		(136.6)	(99.2)
Dividends paid to non-controlling shareholders		(87.1)	(29.4)
(Placement)/release of pledged deposits		(0.8)	38.1
Net cash generated from/(used in) financing activities		751.0	(745.8)
Effect of foreign exchange rate changes		(0.8)	1.1
Increase in cash and cash equivalents		79.0	197.4
Cash and cash equivalents at the beginning of the year		897.6	700.2
Cash and cash equivalents at the end of the year	27	976.6	897.6

The notes on pages 59 to 123 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. GENERAL INFORMATION

Wing Tai Properties Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing, branded products distribution and investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's jointly controlled entities and associates are principally engaged in property investment and property development.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK$'M), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

(i) Revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning 1 January 2011 and relevant to the Group

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Revised)	Consolidated and separate financial statements
HKFRS 3 (Amendment)	Business combinations
HKFRS 7 (Amendment)	Financial instruments: disclosures
HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instrument

The adoption of revised standards, amendments and improvements to standards and interpretations of HKFRS stated above did not have any significant impact to the Group's consolidated financial statements in the current and prior periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) New standards, revised standards and amendments that are not yet effective in 2011 and have not been early adopted by the Group

The following new or revised standards and amendments have been issued but are not effective for the year ended 31 December 2011:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Investments in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Amendments to HKAS 32 financial instruments: presentation – offsetting financial assets and financial liabilities	1 January 2014
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKFRS 7 (Amendment)	Disclosures – transfers of financial assets	1 July 2011
HKFRS 7 (Amendment)	Financial instruments: disclosure offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013

The Group has not early adopted any of the above standards and amendments to the existing standards. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

(b) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the proportionate share of its jointly controlled entities made up to 31 December.

(i) Consolidation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries (Continued)

(i) Consolidation (Continued)

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

Business combinations

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries (Continued)

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is assessed in accordance with Note 2(k).

(c) Jointly controlled entities

Jointly controlled entities are joint venture in which the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The Group's interests in jointly controlled entities are accounted for using proportionate consolidation. The Group consolidates its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's consolidated financial statements.

Transactions, balances and unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

Loans to associates represent long term equity loans which in substance form part of the Group's net investments in associated companies.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of an associate" in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The identification of operating segments is set out in Note 6.

(f) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in hedging reserve as qualifying cash flow hedges or qualifying net investment hedges.

All foreign exchange gains and losses are presented in the income statement within "other gains, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates on the dates of the transactions); and
– all resulting exchange differences are recognised in other comprehensive income.

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

Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(g) Other properties, plant and equipment

Land and buildings comprise mainly factories, retail outlets and offices. Leasehold land classified as finance lease and all other properties, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The Group applies the transitional provision under Paragraph 80A of HKAS 16 "Property, plant and equipment", under which buildings stated at 1994 valuation are not required to make regular revaluations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other properties, plant and equipment (Continued)

Increases in the carrying amount arising on revaluation of buildings are credited to other property revaluation reserve in other comprehensive income. Decreases that offset previous increases of the same asset are charged against other property revaluation reserve directly in other comprehensive income; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from "other property revaluation reserve" to "retained profits".

Freehold land with unlimited useful life is not depreciated. Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation of other properties, plant and equipment, other than construction in progress is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives at the following annual rates:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Buildings	2% – 4%
Furniture, fixtures and equipment	10% – 33 1/3%
Motor vehicles	20% – 30%
Plant and machinery	7 1/2% – 35%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount. Gains or losses arising on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(h) Land use rights

Land use rights for own use are amortised over the period of the lease on a straight-line basis. Prepaid land lease for properties held for sale is included in "properties for sale".

(i) Investment properties

Investment property, principally comprising leasehold land and office buildings, is held for long-term rental yields and is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs. After initial recognition at cost investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets, income capitalisation valuation techniques or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss.

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

Changes in fair values are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties (Continued)

If any investment property becomes owner-occupied, it is reclassified as other property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purpose. Property that is being constructed or developed for future use as investment property is classified as investment property and is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

(j) Properties for sale

Properties for sale comprising properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(k) Impairment of investments in subsidiaries, associates and non-financial assets

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

In the Company's balance sheet, impairment testing of the investments in subsidiaries or associates or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(l) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, if expected to be settled within 12 months; otherwise, they are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial assets (Continued)

Classification (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise loans to associates, deposits and loan receivables, trade and other receivables, amounts due from associates, sales proceeds held in stakeholders' accounts, pledged and restricted bank deposits and bank balances and cash in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets

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

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets subsequently and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the securities. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments previously recognised in investment revaluation reserve are included in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial assets (Continued)

Recognition and measurement (Continued)

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the income statement as part of other gains, net. Dividends on available-for-sale equity instruments are recognised in the income statement as part of income when the Group's right to receive payments is established.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(n) Impairment of financial assets

(i) Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

(ii) Assets classified as available-for-sale financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 25. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in hedging reserve are reclassified to profit and loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or other properties, plant and equipment), the gains and losses previously deferred in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of other properties, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the income statement.

Certain derivative instruments do not qualify for hedge accounting. They are classified as current or non-current assets or liabilities according to the settlement dates of the financial instruments. Changes in the fair value of these derivative instruments are recognised in the income statement.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Trade and other receivables

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

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

(r) Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. Restricted bank deposit and pledged deposit are excluded from the cash and cash equivalents of the consolidated cash flow statement.

(s) Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in share capital as a deduction, net of tax, from the proceeds.

(t) Trade payables

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

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

(u) Borrowings

Borrowings (including liability arising from sale of subsidiary share disclose in Note 17) are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The fee is capitalised and amortised over the period of the facility to which it relates.

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

(v) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Current and deferred taxation

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

(i) Current income tax

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

(ii) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is no intention to settle the balances on a net basis.

(x) Employee benefit

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Employee benefit (Continued)

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(iii) Bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Retirement benefits cost

Payments to the Group's defined contribution retirement schemes, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due. The Group has no legal or constructive obligations to pay further contributions for post-retirement benefits beyond its fixed contributions.

For the Group's defined benefit retirement schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets.

(v) Share-based payment

The Group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options or incentive shares) of the Group. The fair value of the employee services received in exchange for the grant of the options or incentive shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or incentive shares granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options or incentive shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options or incentive shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to employee share-based compensation reserve.

When the options or incentive shares are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options or incentive shares are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

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

(z) Revenue recognition

Revenue represents sale of garment and branded products, sale of properties, rental and property management income and income from investing activities. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sale of goods are recognised when the goods are delivered and title has been passed.

(ii) Income from properties developed for sale is recognised when the significant risks and rewards of the properties are transferred to the buyers and the collectability of related receivables is reasonably assured. Payments received from purchasers prior to this stage are recorded as deposits received, which are included in current liabilities.

(iii) Property management income is recognised when the services are rendered.

(iv) Rental income from investment property is recognised on a straight-line basis over the period of the leases.

(v) Interest income is recognised on a time-proportion basis using the effective interest method.

(vi) Income from investments is recognised when the Group's right to receive payment has been established.

(aa) Operating leases

(i) As the lessee to operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) As the lessor to operating leases

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(bb) Contingent liabilities and contingent assets

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

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

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

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

(cc) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

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

(dd) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's equity holders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and Singapore dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange risk by using external forward currency contracts where appropriate.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

At 31 December 2011, if HK dollars had weakened/strengthened by 5% against Renminbi with all other variables held constant, equity would have been HK$23.1M (2010: HK$11.4M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi-denominated operations.

At 31 December 2011, if HK dollars had weakened/strengthened by 5% against Singapore dollars with all other variables held constant, equity would have been HK$32.6M (2010: HK$36.1M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Singapore dollar-denominated available-for-sale financial assets, interests in associates and loans to associates denominated in Singapore dollars.

(ii) Interest rate risk

As the Group has no significant interest-bearing assets (other than bank deposits), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to changes in interest rates due to its bank borrowings which are disclosed in Note 29 below. The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. Interest rate swap contract is the hedging instrument most commonly used by the Group to manage the interest rate exposure.

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$7.1M (2010: HK$6.6M) lower/higher and capitalised interest on "properties for sale" would have been HK$10.0M (2010: HK$4.7M) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

In addition, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$1.0M (2010: HK$0.3M) higher or HK$1.0M (2010: HK$0.3M) lower, mainly a result of gain/loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting; and equity would have been HK$20.3M (2010: HK$17.5M) higher or HK$18.0M (2010: HK$16.5M) lower, mainly as a result of an increase or decrease in the fair value of the effective portion of the cash flow hedges of borrowings as described above.

(iii) Price risk

The Group is exposed to equity securities price risk because certain financial assets of the Group are classified in the consolidated balance sheet as available-for-sale financial assets. The Group is not exposed to commodity price risk.

At 31 December 2011, if market value of the Group's listed available-for-sale financial assets had increased/decreased by 10%, with all other variables held constant, equity would have been HK$22.5M (2010: HK$32.0M) higher/lower before any further impairment.

(iv) Credit risk

The Group's credit risks are primarily attributable to the Group's cash at banks, available-for-sale financial assets, held-to-maturity investments, deposits and loan receivables, trade receivables from sale of garment and branded products, trade receivables from sale of properties and rent receivables from tenants.

The Group has limited its credit exposure by ensuring the Group's cash deposits are placed with reputable banks and financial institutions.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

The Group primarily chooses to invest in reputable companies with sound financial conditions as available-for-sale financial assets and held-to-maturity investments. In addition, the Group has closely reviewed published financial information on these investments.

In order to minimise the credit risk on deposits paid for acquisition of investment properties, the Group has delegated a team to monitor the projects according to the scheduled progress and timetable.

Sale of garment and branded products are made to customers with an appropriate credit history and letters of credit are used as appropriate. In respect of credit exposures to customers for sale of properties, the Group normally receives deposits or progress payments from individual customers prior to the completion of sale transactions. If a customer defaults on the payment of the sale of properties, the Group is able to forfeit the customer's deposit and re-sell the property to another customer. Therefore, the Group's credit risk is significantly reduced. For rent receivables from tenants, credit checks are part of the normal leasing process. The Group normally receives deposits for leases to tenants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At each balance sheet date, the Group reviews the recoverable amount of each individual trade receivables to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

The Group has no significant concentrations of credit risk.

(v) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows and may not reconcile to the amounts in the consolidated balance sheet.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

	Less than 1 year HK$'M	Between 1 and 2 years HK$'M	Between 2 and 5 years HK$'M	Over 5 years HK$'M
At 31 December 2011				
Bank loans	1,788.4	1,083.7	2,357.1	190.8
Derivative financial instruments	45.8	41.0	26.2	–
Trade and other payables and accruals	905.0	0.8	2.1	–
Amounts due to associates	0.3	–	–	–
Other long-term loans	–	–	–	35.5
Total	2,739.5	1,125.5	2,385.4	226.3
At 31 December 2010				
Bank loans	1,214.1	964.3	2,038.6	143.3
Derivative financial instruments	42.9	35.1	36.5	–
Trade and other payables and accruals	888.8	7.7	1.4	–
Amounts due to associates	0.4	–	–	–
Other long-term loans	–	–	–	35.5
Long-term liability	–	193.1	–	–
Total	2,146.2	1,200.2	2,076.5	178.8

(b) Capital management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings (including current and non-current bank loans and other long-term loans as shown in the consolidated balance sheet) less bank balances and cash. Total capital is calculated as "equity", as shown in the consolidated balance sheet.

The gearing ratios at 31 December 2011 and 2010 were as follows:

	2011 HK$'M	2010 HK$'M
Total borrowings	5,188.7	4,211.3
Less: Bank balances and cash	(976.6)	(897.6)
Net borrowings	4,212.1	3,313.7
Total equity	15,382.7	13,271.4
Gearing ratio	27.4%	25.0%

The increase in gearing ratio is mainly due to increase in construction loans for property development projects in 2011.

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

	Level 1 HK$'M	Level 2 HK$'M	Level 3 HK$'M	Total HK$'M
At 31 December 2011				
Assets				
Available-for-sale financial assets				
– listed securities	226.4	–	–	226.4
– unlisted securities	–	94.2	37.1	131.3
Derivative financial instruments				
– others	–	0.2	–	0.2
	226.4	94.4	37.1	357.9
Liabilities				
Derivative financial instruments				
– interest rate swap	–	113.0	–	113.0
At 31 December 2010				
Assets				
Available-for-sale financial assets				
– listed securities	321.3	–	–	321.3
– unlisted securities	–	111.5	42.8	154.3
Derivative financial instruments				
– forward foreign exchange contracts	–	0.1	–	0.1
– others	–	16.0	–	16.0
	321.3	127.6	42.8	491.7
Liabilities				
Derivative financial instruments				
– interest rate swap	–	114.5	–	114.5

There is no transfer between the different levels of fair value measurement hierarchy of financial instruments for the years ended 31 December 2011 and 2010.

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments.
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- other techniques, such as discounted cash flow analysis and price/earning multiple model, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the years ended 31 December.

	Available-for-sale financial assets	
	2011 HK$'M	**2010 HK$'M**
Opening balance	42.8	31.3
Repayments from investee companies	(5.7)	(5.7)
Provision written back	–	17.2
Closing balance	37.1	42.8

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated fair value of investment properties

The Group's investment properties are revalued at the balance sheet date on the open market value basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions made by the valuers are reasonable, the Group considers information from comparable current prices in an active market for similar properties, capitalisation rates, terminal yield, rental income from current leases and assumptions about rental from future leases and the reversionary income potential and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

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

If information on current or recent prices of available-for-sale financial assets is not available, the fair values of available-for-sale financial assets are determined using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

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

(i) Estimated impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. The determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Estimated net realisable values of properties for sale

The Group assesses the carrying amounts of properties for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales/rental value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(iii) Impairment of trade receivables

The Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts. The Group assesses the recoverable amount of each individual trade receivables whether there is objective evidence that the trade receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of fallen through on the transactions.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

(iv) Estimated impairment of non-current assets

The Group tests annually whether tangible and intangible assets not subject to amortisation have suffered any impairment. For the purposes of impairment tests, the recoverable amounts of cash-generating units are determined based on the higher of the asset's fair value less cost to sell and its value-in-use require the use of estimates.

(v) Taxation

The Group is subject to income taxes, capital gains tax and land appreciation tax in several jurisdictions as applicable. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the financial period in which such determination is made.

Under HKAS 12 (Amendment), there is a rebuttable presumption that the carrying amount of investment properties using fair value model will be recovered through sale. Accordingly, no provision for deferred tax is made on revaluation of investment properties if there is no capital gain tax. If investment properties would be recovered through use, provision for deferred tax is made on revaluation of investment properties using income tax rate.

Recognition of deferred tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

5. REVENUE

Revenue represents the net amounts received and receivable from third parties in connection with the following activities:

	2011 HK$'M	2010 HK$'M
Sale of properties	1,426.8	895.1
Sale of garment and branded products	661.1	746.4
Rental and property management income	610.4	511.6
Dividend income from available-for-sale financial assets	36.2	23.7
	2,734.5	2,176.8

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance.

Segment information reported to the Group's management for the purposes of resources allocation and assessment of performance are analysed on the basis of the Group's operating divisions (i.e. property development, property investment and management, hospitality investment and management, garment manufacturing, branded products distribution, investing activities and corporate).

6. SEGMENT INFORMATION (Continued)

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Elimination HK$'M	Consolidated HK$'M
For the year ended 31 December 2011									
REVENUE									
External sales	1,426.8	474.9	135.5	440.1	221.0	36.2	–	–	2,734.5
Inter-segment sales	–	18.6	–	–	–	–	–	(18.6)	–
Total	1,426.8	493.5	135.5	440.1	221.0	36.2	–	(18.6)	2,734.5
RESULTS									
Segment profit/(loss) before change in fair value of investment properties	540.2	295.6	65.0	11.3	(43.6)	34.4	(95.6)	–	807.3
Change in fair value of investment properties	–	1,957.4	147.6	2.8	–	–	–	–	2,107.8
Reportable segment profit/(loss)	540.2	2,253.0	212.6	14.1	(43.6)	34.4	(95.6)	–	2,915.1
Reconciliation:									
Fair value loss on derivative financial instruments	–	(1.4)	–	–	–	(15.8)	–	–	(17.2)
Profit from operations	540.2	2,251.6	212.6	14.1	(43.6)	18.6	(95.6)	–	2,897.9
Finance costs	(0.5)	(73.8)	(13.6)	–	–	(0.3)	(3.9)	–	(92.1)
Finance income	0.6	5.8	0.7	–	0.2	–	–	–	7.3
Share of results of associates	49.3	(3.0)	11.3	–	–	–	–	–	57.6
Profit before taxation	589.6	2,180.6	211.0	14.1	(43.4)	18.3	(99.5)	–	2,870.7
Taxation									(134.8)
Profit for the year									2,735.9
Other items									
Depreciation and amortisation	3.6	3.7	0.1	4.8	10.3	–	2.9	–	25.4
Loss/(gain) on disposal of other properties, plant and equipment, net	1.4	–	–	–	0.2	–	(0.3)	–	1.3
(Gain)/loss on disposal of investment properties, net	–	(1.3)	0.6	(2.2)	–	–	–	–	(2.9)
Provisions for trade receivables, net	–	–	–	0.1	–	–	–	–	0.1

6. SEGMENT INFORMATION (Continued)

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Elimination HK$'M	Consolidated HK$'M
For the year ended 31 December 2010									
REVENUE									
External sales	895.1	397.1	114.5	544.4	202.0	23.7	–	–	2,176.8
Inter-segment sales	–	19.8	–	–	–	–	–	(19.8)	–
Total	895.1	416.9	114.5	544.4	202.0	23.7	–	(19.8)	2,176.8
RESULTS									
Segment profit/(loss) before change in fair value of investment properties, impairment loss on available-for-sale financial assets, gain on disposals of investment properties, other properties, plant and equipment and jointly controlled entities	146.8	243.6	49.0	6.3	(44.6)	31.4	(90.1)	–	342.4
Change in fair value of investment properties	–	1,800.2	78.4	1.6	14.6	–	–	–	1,894.8
Impairment loss of available-for-sale financial assets	–	(13.3)	–	–	–	(7.5)	(0.3)	–	(21.1)
Gain on disposal of investment properties	–	138.3	–	–	–	–	–	–	138.3
Gain on disposal of other properties, plant and equipment	–	68.7	–	–	30.7	–	–	(30.7)	68.7
Gain on disposal of jointly controlled entities	45.8	–	–	–	–	–	–	–	45.8
Reportable segment profit/(loss)	192.6	2,237.5	127.4	7.9	0.7	23.9	(90.4)	(30.7)	2,468.9
Reconciliation:									
Fair value gain on derivative financial instruments	–	1.0	–	–	–	16.0	–	–	17.0
Profit from operations	192.6	2,238.5	127.4	7.9	0.7	39.9	(90.4)	(30.7)	2,485.9
Finance costs	(1.3)	(73.8)	(10.0)	(0.4)	(1.3)	–	(4.0)	1.8	(89.0)
Finance income	0.3	0.5	1.2	1.5	–	–	0.3	(1.8)	2.0
Share of results of associates	88.9	(1.0)	8.6	–	–	(10.6)	–	–	85.9
Profit before taxation	280.5	2,164.2	127.2	9.0	(0.6)	29.3	(94.1)	(30.7)	2,484.8
Taxation									(48.0)
Profit for the year									2,436.8
Other items									
Depreciation and amortisation	4.6	3.8	–	6.4	7.7	–	2.5	–	25.0
Loss/(gain) on disposal of other properties, plant and equipment, net	8.0	(68.6)	–	–	(30.7)	–	(0.3)	30.7	(60.9)
(Write back of)/provisions for trade receivables, net	–	–	–	(0.4)	0.8	–	–	–	0.4

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2011 and 2010 and capital expenditure for the years then ended are as follows:

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Consolidated HK$'M
At 31 December 2011								
ASSETS								
Segment assets	5,225.6	13,227.7	1,849.3	233.2	133.2	419.5	220.8	21,309.3
Interests in associates and loans to associates	401.1	49.0	67.2	–	–	–	–	517.3
Other assets								10.2
Consolidated total assets								21,836.8
LIABILITIES								
Segment liabilities	(343.5)	(256.5)	(23.3)	(72.0)	(50.9)	(0.4)	(192.4)	(939.0)
Other liabilities								(5,515.1)
Consolidated total liabilities								(6,454.1)
Capital expenditure	34.8	227.3	59.0	6.3	12.2	–	3.7	343.3
At 31 December 2010								
ASSETS								
Segment assets	4,297.5	11,025.0	1,622.3	291.6	133.1	474.9	237.9	18,082.3
Interests in associates and loans to associates	640.2	72.3	54.3	–	–	–	–	766.8
Other assets								17.0
Consolidated total assets								18,866.1
LIABILITIES								
Segment liabilities	(401.8)	(347.4)	(20.3)	(79.2)	(54.4)	(4.4)	(214.8)	(1,122.3)
Other liabilities								(4,472.4)
Consolidated total liabilities								(5,594.7)
Capital expenditure	1.6	42.2	12.1	3.4	15.8	7.5	2.9	85.5

6. SEGMENT INFORMATION (Continued)

Segment assets consist primarily of land use rights, investment properties, other properties, plant and equipment, available-for-sale financial assets, deposits and loan receivables, held-to-maturity investments, inventories, properties for sale, trade and other receivables, deposits and prepayments, sales proceeds held in stakeholders' accounts, amounts due from associates, pledged and restricted bank deposits and bank balances and cash. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include tax payable, borrowings, deferred tax liabilities and derivative financial instruments.

Capital expenditure comprises additions to land use rights, investment properties and other properties, plant and equipment, including additions resulting from acquisitions through business combinations, and deposits paid for acquisition of investment properties.

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC") and the United Kingdom.

The following is an analysis of the Group's revenue by geographical areas in which the customer is located, irrespective of the origin of the goods/services:

	Revenue Year ended 31 December	
	2011 HK$'M	2010 HK$'M
Hong Kong	2,037.7	1,446.5
North America	367.9	386.3
United Kingdom	224.1	187.2
Others	104.8	156.8
	2,734.5	2,176.8

The following is an analysis of the Group's total assets, non-current assets other than financial instruments (including available-for-sale financial assets, held-to-maturity investments and derivative financial instruments) and deferred tax assets, and capital expenditure by geographical areas in which the assets are located.

	Total assets At 31 December		Non-current assets other than financial instruments and deferred tax assets At 31 December		Capital expenditure Year ended 31 December	
	2011 HK$'M	2010 HK$'M	2011 HK$'M	2010 HK$'M	2011 HK$'M	2010 HK$'M
Hong Kong	19,960.7	16,939.0	13,561.1	11,647.3	65.2	57.4
The PRC	810.7	545.8	749.2	503.1	216.2	3.2
United Kingdom	211.3	206.0	99.6	97.6	17.9	15.8
North America	27.9	24.8	–	–	–	–
Singapore	722.1	1,087.5	399.2	654.5	–	–
Others	104.1	63.0	92.4	48.4	44.0	9.1
	21,836.8	18,866.1	14,901.5	12,950.9	343.3	85.5

7. OTHER GAINS, NET

	2011 HK$'M	2010 HK$'M
Amortisation of interest income on held-to-maturity investments	9.0	7.4
Exchange gains, net	41.6	5.3
Impairment on available-for-sale financial assets	(11.6)	(21.1)
Interest income on loans to associates	3.2	12.5
Net gain on disposal of investment properties	2.9	–
Net loss on disposal of other properties, plant and equipment	(1.3)	(7.8)
Net fair value (loss)/gain on derivative financial instruments	(17.2)	17.0
Write back of over-provisions	12.5	–
Others	13.3	6.0
	52.4	19.3

8. PROFIT FROM OPERATIONS

	2011 HK$'M	2010 HK$'M
Profit from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	300.8	272.0
Retirement benefits costs, net of negligible forfeited contributions	11.9	7.1
Total staff costs (Note)	312.7	279.1
Share-based compensation expenses (Note)	9.7	10.0
Auditor's remuneration	6.8	6.2
Cost of inventories included in cost of sales	412.9	492.9
Cost of sales of properties included in cost of sales	846.2	719.9
Amortisation of trademark (Note 20)	0.1	–
Amortisation of land use rights (Note 14)	0.1	0.1
Depreciation of other properties, plant and equipment (Note 16)	25.2	24.9
Direct operating expenses arising from investment properties	102.7	100.8
Net gain on disposal of investment properties	(2.9)	(138.3)
Impairment losses on available-for-sale financial assets	11.6	21.1
Net loss/(gain) on disposal of other properties, plant and equipment	1.3	(60.9)
Net fair value loss/(gain) on derivative financial instruments	17.2	(17.0)
Provision for receivables, net	0.1	0.4

Note:

Share-based compensation expenses recognised in the consolidated income statement in respect of share options and incentive shares granted to certain directors and employees are not included in the total staff costs above.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

	2011 HK$'M	2010 HK$'M
Directors' fees	3.0	2.8
Other directors' emoluments (Note)		
– Salaries and allowances	16.3	16.2
– Discretionary bonus	5.2	5.2
– Retirement benefits costs-defined contribution plan	0.9	0.9
Value of share options and incentive shares	5.7	5.5
	31.1	30.6

Note:

Details of the remuneration of directors for the year ended 31 December 2011 are as follows:

Name	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs-defined contributon plan HK$'000	Sub-total HK$'000	Value of share options and incentive shares HK$'000	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher	1,825	2,525	–	126	4,476	2,207	6,683
CHENG Wai Sun, Edward	65	7,000	2,750	323	10,138	2,207	12,345
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	65	2,829	1,273	285	4,452	–	4,452
NG Tak Wai, Frederick (re-designated as non-executive director on 1 April 2011)	6	486	–	3	495	22	517
AU Hing Lun, Dennis	65	3,480	1,150	161	4,856	1,000	5,856
Non-executive directors							
NG Tak Wai, Frederick (re-designated as non-executive director on 1 April 2011)	45	–	–	–	45	65	110
KWOK Ping Luen, Raymond	60	–	–	–	60	–	60
YUNG Wing Chung	60	–	–	–	60	–	60
HONG Pak Cheung, William	60	–	–	–	60	–	60
LOH Soo Eng	60	–	–	–	60	–	60
Independent non-executive directors							
Simon MURRAY	215	–	–	–	215	199	414
FANG Hung, Kenneth	215	–	–	–	215	–	215
YEUNG Kit Shing, Jackson	215	–	–	–	215	–	215
Total	2,981	16,320	5,173	898	25,372	5,700	31,072

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

Note (Continued):

Details of the remuneration of directors for the year ended 31 December 2010 are as follows:

Name	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs-defined contribution plan HK$'000	Sub-total HK$'000	Value of share options and incentive shares HK$'000	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher	1,825	2,360	–	118	4,303	2,106	6,409
CHENG Wai Sun, Edward	65	6,500	2,500	300	9,365	2,106	11,471
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	65	2,687	1,343	271	4,366	–	4,366
NG Tak Wai, Frederick	25	1,525	332	12	1,894	103	1,997
AU Hing Lun, Dennis	65	3,120	1,050	146	4,381	998	5,379
Non-executive directors							
KWOK Ping Luen, Raymond	50	–	–	–	50	–	50
YUNG Wing Chung	42	–	–	–	42	–	42
WONG Yick Kam, Michael	7	–	–	–	7	–	7
HONG Pak Cheung, William	50	–	–	–	50	–	50
LOH Soo Eng	50	–	–	–	50	–	50
Independent non-executive directors							
Simon MURRAY	195	–	–	–	195	157	352
FANG Hung, Kenneth	195	–	–	–	195	–	195
YEUNG Kit Shing, Jackson	195	–	–	–	195	–	195
Total	2,854	16,192	5,225	847	25,118	5,470	30,588

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2010: Nil). None of the directors has waived any emoluments during the year (2010: Nil).

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The aggregate emoluments of the five highest paid individuals of the Group in 2011 included four (2010: four) executive directors of the Company whose emoluments are included above. The emoluments of the remaining one (2010: one) highest paid individual are as follows:

	2011 HK$'M	2010 HK$'M
Salaries and allowances	2.8	2.7
Discretionary bonus	0.6	0.6
Retirement benefits costs-defined contribution plan	0.1	0.1
	3.5	3.4

The emoluments fell within the following bands:

	Number of individual 2011	2010
Emoluments bands		
HK$3,000,001 – HK$3,500,000	–	1
HK$3,500,001 – HK$4,000,000	1	–

10. FINANCE COSTS AND FINANCE INCOME

	2011 HK$'M	2010 HK$'M
Finance costs		
Interest expenses on:		
– bank and other borrowings wholly repayable within five years	103.2	88.7
– bank and other borrowings not wholly repayable within five years	7.3	7.0
Total borrowing costs	110.5	95.7
Less: interest capitalised in properties for sale (Note a)	(18.4)	(6.7)
	92.1	89.0
Finance income		
– bank interest income	(7.2)	(1.2)
– other interest income	(0.1)	(0.8)
	(7.3)	(2.0)

Note:

(a) The borrowing costs have been capitalised at rates ranging from 0.4% to 2.6% per annum (2010: from 0.4% to 1.5% per annum).

11. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2011 HK$'M	2010 HK$'M
Current taxation		
– Hong Kong profits tax	99.6	38.8
– (Over)/under-provision in prior years	(2.2)	4.1
– Taxation in other jurisdictions	1.5	0.5
	98.9	43.4
Deferred taxation (Note 31)		
– Change in fair value of investment properties	8.9	13.0
– Reversal upon disposals of investment properties and other properties, plant and equipment	–	(17.4)
– Temporary differences on tax depreciation	17.6	27.1
– Utilisation/(recognition) of tax losses	9.4	(18.1)
	35.9	4.6
	134.8	48.0

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, where majority of the Group's operations were carried out, as follows:

	2011 HK$'M	2010 HK$'M
Profit before taxation	2,870.7	2,484.8
Tax calculated at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	473.7	410.0
Expenses not deductible for tax purpose	8.7	9.9
Income not subject tax	(366.7)	(378.3)
Net increase in unrecognised tax losses and other temporary differences	25.6	13.7
Effect of different tax rates of subsidiaries operating in other jurisdictions	5.2	2.8
(Over)/under-provision in prior years	(2.2)	4.1
Tax effect of share of results of associates	(9.5)	(14.2)
Taxation for the year	134.8	48.0

No tax charge is in relation to components of other comprehensive income (2010: Nil).

12. EARNINGS PER SHARE

(a) Basic

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

	2011	2010
Profit attributable to equity holders of the Company (expressed in HK'M)	2,212.9	1,913.1
Weighted average number of ordinary shares in issue	1,325,609,577	1,321,737,327
Basic earnings per share	HK$1.67	HK$1.45

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options and incentive shares outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and incentive shares.

	2011	2010
Profit attributable to equity holders of the Company (expressed in HK'M)	2,212.9	1,913.1
Weighted average number of ordinary shares in issue	1,325,609,577	1,321,737,327
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	7,711,275	7,380,129
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,333,320,852	1,329,117,456
Diluted earnings per share	HK$1.66	HK$1.44

13. DIVIDENDS

	2011 HK$'M	2010 HK$'M
Interim dividend paid on 3 October 2011 of HK3.8 cents (2010: HK3.5 cents) per ordinary share	50.4	46.3
Proposed final dividend of HK7.7 cents (2010: HK6.5 cents) per ordinary share	102.4	86.2
	152.8	132.5

The final dividend is not accounted for until it has been approved at the forthcoming annual general meeting of the Company. The amount will be accounted for as an appropriation of reserves for the year ending 31 December 2012.

14. LAND USE RIGHTS

	THE GROUP	
	2011 HK$'M	2010 HK$'M
At 1 January	3.3	3.4
Amortisation	(0.1)	(0.1)
At 31 December	3.2	3.3

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2011 HK$'M	2010 HK$'M
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	3.2	3.3

15. INVESTMENT PROPERTIES

	THE GROUP	
	2011 HK$'M	2010 HK$'M
At 1 January	11,786.0	10,532.0
Exchange differences	10.7	14.9
Gain arising from change in fair value	2,107.8	1,894.8
Over-provision of construction costs	(10.9)	–
Additions	24.2	39.6
Disposals	(23.8)	(714.7)
Transfer from other properties, plant and equipment (Note 16)	–	19.4
At 31 December	13,894.0	11,786.0

Investment properties comprise:

	2011 HK$'M	2010 HK$'M
Properties in Hong Kong held on:		
Leases of over 50 years	1,271.8	1,101.6
Leases of between 10 to 50 years	12,191.1	10,276.8
Properties outside Hong Kong held on:		
Leases of over 50 years	317.3	296.6
Leases of between 10 to 50 years	80.8	77.1
Freehold properties outside Hong Kong	33.0	33.9
	13,894.0	11,786.0

The Group's investment properties were valued on income approach and an open market value basis as at 31 December 2011 by Savills Valuation and Professional Services Limited, Jones Lang LaSalle Limited, B.I. Appraisals Limited and Davis Brown Limited. The valuations have been made with reference to comparable current prices in an active market and income capitalisation approach from current leases and assumptions about lease from future leases in light of current market conditions and reversionary income potential.

16. OTHER PROPERTIES, PLANT AND EQUIPMENT

	Freehold properties HK$'M (Note a)	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
THE GROUP						
AT COST						
At 1 January 2011	43.1	82.3	133.5	9.1	42.4	310.4
Exchange differences	(0.4)	(0.3)	(0.8)	–	–	(1.5)
Additions	3.8	5.2	47.1	3.7	1.7	61.5
Disposals	–	(0.5)	(17.8)	(0.2)	(1.4)	(19.9)
At 31 December 2011	46.5	86.7	162.0	12.6	42.7	350.5
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2011	4.4	22.9	92.0	5.9	36.4	161.6
Exchange differences	–	(0.2)	(0.6)	–	–	(0.8)
Provided for the year	0.8	2.5	17.4	1.9	2.6	25.2
Disposals	–	(0.5)	(14.5)	(0.1)	(1.3)	(16.4)
At 31 December 2011	5.2	24.7	94.3	7.7	37.7	169.6
NET BOOK VALUE						
At 31 December 2011	41.3	62.0	67.7	4.9	5.0	180.9

16. OTHER PROPERTIES, PLANT AND EQUIPMENT (Continued)

	Freehold properties HK$'M (Note a)	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
THE GROUP						
AT COST						
At 1 January 2010	56.5	138.6	155.5	9.9	42.2	402.7
Exchange differences	(1.4)	(0.5)	(2.0)	–	–	(3.9)
Fair value gain on buildings reclassified as investment properties	8.6	–	–	–	–	8.6
Additions	–	6.0	19.2	1.3	3.2	29.7
Transfer to investment properties (Note 15)	(20.6)	–	–	–	–	(20.6)
Disposals	–	(61.6)	(38.5)	(1.9)	(3.0)	(105.0)
Disposals of jointly controlled entities (Note 41)	–	(0.2)	(0.7)	(0.2)	–	(1.1)
At 31 December 2010	43.1	82.3	133.5	9.1	42.4	310.4
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2010	5.4	30.5	95.9	6.1	37.2	175.1
Exchange differences	(0.2)	(0.5)	(1.4)	–	–	(2.1)
Provided for the year	0.4	2.9	18.0	1.5	2.1	24.9
Transfer to investment properties (Note 15)	(1.2)	–	–	–	–	(1.2)
Disposals	–	(9.8)	(20.3)	(1.7)	(2.9)	(34.7)
Disposals of jointly controlled entities (Note 41)	–	(0.2)	(0.2)	–	–	(0.4)
At 31 December 2010	4.4	22.9	92.0	5.9	36.4	161.6
NET BOOK VALUE						
At 31 December 2010	38.7	59.4	41.5	3.2	6.0	148.8

Notes:

(a) The Group's freehold properties represent properties outside Hong Kong.

(b) Net book value of the Group's land and buildings comprises:

	2011 HK$'M	2010 HK$'M
Properties held on leases of over 50 years in Hong Kong	36.4	36.5
Properties held on leases of between 10 to 50 years outside Hong Kong	16.8	17.3
Properties held on leases of less than 10 years		
– in Hong Kong	3.0	–
– outside Hong Kong	5.8	5.6
	62.0	59.4

(c) The Group applies the transitional provision under Paragraph 80A of HKAS 16 "Property, plant and equipment", under which buildings stated at 1994 valuation are not required to make regular revaluations.

17. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	THE COMPANY	
	2011 HK$'M	2010 HK$'M
Investments, at cost		
Shares listed in Hong Kong (Note a)	2,658.2	2,658.2
Unlisted shares	590.8	590.8
Investments in subsidiaries	3,249.0	3,249.0
Amounts due from subsidiaries (Note b)	1,238.6	1,119.4
Less: provision for impairment	(38.5)	–
	1,200.1	1,119.4
Amounts due to subsidiaries	(0.2)	(0.2)

Notes:

(a) On 22 October 2010, the Company entered into a sale and purchase agreement with a financial institution (the "Purchaser"), in relation to the sale by the Company of 13,900,000 ordinary shares (the "Sale Shares") of Winsor Properties Holdings Limited ("Winsor Properties") reducing the Group's interest in the issued share capital of Winsor from 79.26% to 73.91%. The total consideration for the Sale Shares amounted to HK$197.4M (the "Consideration"). This transaction was completed on 25 October 2010 whereupon the Consideration due from the Purchaser was deposited with the Option Holder (as defined below) to satisfy the Company's payment obligations under the Option Agreement (as defined below).

On 22 October 2010, the Company entered into an option agreement (the "Option Agreement") with the same financial institution (the "Option Holder") giving the Option Holder the right to sell the Sale Shares to the Company pursuant to the terms thereof (the "Option"). If the Company gives the Option Holder an option notice in relation to the number of Sale Shares specified therein pursuant to the terms of the Option Agreement, the Option Holder shall be deemed to exercise the right of the Option in relation to such number of the Sale Shares in the manner set out in the Option Agreement. The Option Agreement will be matured in 2012.

In light of the terms of the Option Agreement and the relevant accounting standards, the Group's interest in the issued share capital of Winsor Properties is taken as remaining at 79.26% after the transactions described above. In the balance sheet of the Company and the Group as of 31 December 2011, the consideration deposited with the Option Holder amounted to HK$175.0M is included in deposits and loan receivables under current assets (2010: HK$197.4M) whereas the obligations of the Company under the Option Agreement amounted to HK$172.3M is included in other payables under current liabilities (2010: HK$193.1M).

(b) Amounts due from and due to subsidiaries are unsecured, interest free and have no fixed repayment terms.

(c) Details of the principal subsidiaries at 31 December 2011 are set out in Note 43.

18. ASSOCIATES

(a) Interests in associates and loans to associates

	THE GROUP 2011 HK$'M	2010 HK$'M
Share of net assets	469.5	423.7
Loans to associates (Note (iii))	47.8	343.1
	517.3	766.8

Details of the principal associates at 31 December 2011 are set out in Note 45.

Notes:

(i) Movements of interests in associates and loans to associates are as follows:

	2011 HK$'M	2010 HK$'M
At 1 January	766.8	617.9
Exchange difference	(6.4)	64.5
Share of results	57.6	85.9
Share of reserves	1.6	–
Dividends from associates	(54.3)	(21.1)
Interest income on loans to associates	3.2	12.5
Net (repayment)/advance in loans to associates	(251.2)	7.1
At 31 December	517.3	766.8

(ii) Summary of financial information of the Group's share of results, assets and liabilities of its associates, before non-controlling interests is as follows:

	2011 HK$'M	2010 HK$'M
Results for the year ended 31 December:		
Revenue	246.5	938.5
Profit for the year	57.6	85.9
Financial position at 31 December:		
Non-current assets	429.6	457.1
Current assets	450.7	700.3
Current liabilities	(204.9)	(308.7)
Non-current liabilities	(205.9)	(425.0)
Net assets	469.5	423.7

(iii) Loans to associates are unsecured, carry interest at market rates and not repayable within one year. They are denominated in the following currencies:

	2011 HK$'M	2010 HK$'M
HK dollars	12.6	90.4
US dollars	6.7	6.7
Renminbi	27.1	–
Singapore dollars	1.4	246.0
	47.8	343.1

(b) Amounts due from/(to) associates are unsecured, interest-free and repayable on demand.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	2011 HK$'M	2010 HK$'M
Listed equity securities (Note a)		
– Singapore	225.7	320.2
– United Kingdom	0.7	1.1
	226.4	321.3
Other investments (Note b)	131.3	154.3
	357.7	475.6
Market value of listed securities	226.4	321.3

Notes:

(a) The listed equity securities are denominated in the following currencies:

	2011 HK$'M	2010 HK$'M
Singapore dollars	225.7	320.2
UK pound	0.7	1.1
	226.4	321.3

(b) Other investments comprise principally the Group's investments in various property development projects.

(c) The directors conducted a review of the carrying amounts of the investments and determined that there was impairment of HK$11.6M for the year (2010: HK$21.1M).

20. DEPOSITS AND LOAN RECEIVABLES

	THE GROUP		THE COMPANY	
	2011 HK$'M	2010 HK$'M	2011 HK$'M	2010 HK$'M
Trademark (Note a)	0.2	0.3	–	–
Deposit for acquisition of investment properties (Note b)	305.9	48.3	–	–
Deposits with a financial institution (Note 17(a))	175.0	197.4	175.0	197.4
	481.1	246.0	175.0	197.4
Analysed as				
Non-current	306.1	246.0	–	197.4
Current	175.0	–	175.0	–
	481.1	246.0	175.0	197.4

Notes:

(a) The trademark is related to the Group's hospitality operations and is amortised over an estimated useful life of ten years. Amortisation of HK$0.1M (2010: less than HK$0.1M) is included in the administrative expenses in the consolidated income statement.

(b) The Group entered into agreements to acquire certain investment properties located in Malaysia and PRC by phase. The Group anticipates to complete the acquisitions in 2012.

(c) None of the deposits and loan receivables is past due or impaired.

21. HELD-TO-MATURITY INVESTMENTS

	THE GROUP	
	2011 HK$'M	2010 HK$'M
Held-to-maturity investments comprise:		
Unlisted debt and other investments	95.0	37.9
The movement in held-to-maturity investments is summarised as follows:		
At 1 January	37.9	31.0
Exchange differences	(0.2)	–
Additions	48.8	–
Amortised to the income statement (Note 7)	9.0	7.4
Coupon received	(0.5)	(0.5)
At 31 December	95.0	37.9
Analysed as		
Non-current	65.8	37.9
Current	29.2	–
	95.0	37.9

Held-to-maturity investments are denominated in Hong Kong dollars except for an amount of HK$48,682,000 (2010: Nil) which is denominated in United States dollars.

22. INVENTORIES

	THE GROUP	
	2011 HK$'M	2010 HK$'M
Raw materials	10.0	8.8
Work in progress	14.5	19.3
Finished goods	44.3	56.7
	68.8	84.8

23. PROPERTIES FOR SALE

	THE GROUP 2011 HK$'M	2010 HK$'M
Properties under development held for sale		
Leasehold land and land use rights	3,397.1	3,070.7
Development costs	627.5	502.2
	4,024.6	3,572.9
Completed properties		
Leasehold land and land use rights	131.6	258.6
Development costs	71.7	148.9
	203.3	407.5
	4,227.9	3,980.4

Properties for sale comprise:

	THE GROUP 2011 HK$'M	2010 HK$'M
Net book value of leasehold land and land use rights of leases of		
– over 50 years in Hong Kong	1,290.2	1,853.3
– between 10 to 50 years in Hong Kong	2,238.5	1,476.0
	3,528.7	3,329.3

24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2011 HK$'M	2010 HK$'M
Trade receivables	778.5	64.0
Less: provision for impairment	(1.1)	(9.8)
Trade receivables (net of provision)	777.4	54.2
Deferred rent receivables	15.6	18.6
Other receivables, deposits and prepayments	78.8	132.3
	871.8	205.1

The fair values of trade and other receivables, deposits and prepayments approximate their carrying amounts.

24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with industry practice. Sales proceeds receivable from sale of properties are settled in accordance with the terms of respective contracts. The following is an ageing analysis of the Group's trade receivables (net of provision) at 31 December, based on the due dates:

	2011 HK$'M	2010 HK$'M
Not yet due	757.0	6.3
1 – 30 days	8.1	25.4
31 – 90 days	8.6	19.2
Over 90 days	3.7	3.3
	777.4	54.2

As of 31 December 2011, trade receivables of HK$20.4M (2010: HK$47.9M) were past due but not impaired. These trade receivables relate to a number of independent customers for whom there is no recent history of default and certain of the debts are covered by rental deposits received. The ageing analysis of these trade receivables is as follows:

	2011 HK$'M	2010 HK$'M
1 – 30 days	8.1	25.4
31 – 90 days	8.6	19.2
Over 90 days	3.7	3.3
	20.4	47.9

As of 31 December 2011, trade receivables of HK$1.1M (2010: HK$9.8M) were impaired. The amount of provision was HK$1.1M as of 31 December 2011 (2010: HK$9.8M). The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations. The ageing analysis of these receivables is as follows:

	2011 HK$'M	2010 HK$'M
Over 90 days	1.1	9.8

The trade receivables (net of provision) are denominated in the following currencies:

	2011 HK$'M	2010 HK$'M
HK dollars	732.0	11.8
US dollars	32.2	35.2
UK pound	10.7	6.6
Other currencies	2.5	0.6
	777.4	54.2

24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movements on the provision for impairment of trade receivables are as follows:

	2011 HK$'M	2010 HK$'M
At 1 January	9.8	12.2
Provision for impairment	0.1	1.0
Amount recovered during the year	–	(0.6)
Release of provision for impairment resulting from write off of receivables	(8.8)	(2.8)
At 31 December	1.1	9.8

The creation and release of provision for impaired trade receivables have been charged/credited to the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. At the balance sheet date, the Group hold collaterals as security against certain trade receivables amounting to HK$720.5M (2010: Nil).

Other receivables and deposits do not contain impaired assets.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP			
	2011		2010	
	Assets HK$'M	Liabilities HK$'M	Assets HK$'M	Liabilities HK$'M
Interest rate swaps (Note (a))				
– cash flow hedges	–	(105.7)	–	(108.6)
– not qualifying as hedges	–	(7.3)	–	(5.9)
	–	(113.0)	–	(114.5)
Forward foreign exchange contracts (Note (a))				
– cash flow hedges	–	–	0.1	–
	–	–	0.1	–
Derivative component in convertible bonds (Note (b))	0.2	–	16.0	–
Total	0.2	(113.0)	16.1	(114.5)
Analysed as				
Non-current	0.2	(67.2)	16.0	(71.6)
Current	–	(45.8)	0.1	(42.9)
	0.2	(113.0)	16.1	(114.5)

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) The aggregate notional principal amounts of the interest rate swap contracts and forward foreign exchange rate contracts are HK$1,280.0M and HK$4.9M respectively (2010: HK$1,000.0M and HK$12.7M respectively).

The portion of changes in fair value of interest rate swaps not qualify as hedges is recognised in the income statement and amounted to a loss of HK$1.4M (2010: gain of HK$1.0M).

(b) Derivative component in convertible bonds

The convertible bonds held as held-to-maturity investments (Note 21) contained conversion and issuer redemption features and the fair value of HK$0.2M at 31 December 2011 (2010: HK$16.0M) was valued by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer.

The fair value of the convertible option was estimated as at 31 December 2011 and 2010, using a binomial model, taking into account the relevant items and conditions upon which the option was granted. The following table lists the inputs to the model used as at 31 December 2011 and 2010:

	2011	**2010**
Expected volatility of a real estate investment trust	26%	35%
Expected dividend yield of a real estate investment trust	7%	4.5%
Expected life of the option	1.42 years	2.42 years
Risk fee rate	0.3%	0.8%

The fair value of the issuer redemption option was estimated as at 31 December 2011, based on underlying convertible bonds with quoted market price available.

The change in fair value of the derivative component has resulted in a loss of HK$15.8M (2010: gain of HK$16.0M) being recognised in the income statement.

26. PLEDGED AND RESTRICTED BANK DEPOSITS

As at 31 December 2011, the Group held deposits of HK$2.7M (2010: nil) received from owners of certain properties which are used exclusively for the purpose of management of the respective properties. The amounts are unsecured and interest free. The deposits with the same amount are held by the Group in a separate bank account as restricted bank deposit.

In addition, the Group held deposits of HK$0.8M (2010: nil) which are pledged to secure certain credit facilities for the Group (Note 38).

The carrying amounts of the balances approximate their fair values.

27. BANK BALANCES AND CASH

Cash and cash equivalents for the purpose of the cash flow statement include the following:

	THE GROUP		**THE COMPANY**	
	2011 HK$'M	**2010 HK$'M**	**2011 HK$'M**	**2010 HK$'M**
Bank balances and cash	976.6	897.6	0.2	0.1

Bank balances and cash include short-term bank deposits of HK$626.0M (2010: HK$590.2M) with an average effective interest rate of 2.0% (2010: 0.7%) per annum, with maturity of less than three months (2010: less than three months).

Cash and cash equivalents held by the Group's jointly controlled entities and accounted for under proportionate consolidation amounted to HK$43.9M (2010: HK$43.3M).

27. BANK BALANCES AND CASH (Continued)

The Group's bank balances and cash are denominated in the following currencies:

	2011 HK$'M	2010 HK$'M
HK dollars	866.3	750.5
US dollars	48.6	88.7
UK pound	29.0	20.0
Renminbi	22.3	18.2
Singapore dollars	4.4	17.3
Other currencies	6.0	2.9
	976.6	897.6
Maximum exposure to credit risk	974.4	895.0

28. TRADE AND OTHER PAYABLES AND ACCRUALS

	THE GROUP	
	2011 HK$'M	2010 HK$'M
Trade payables	75.2	72.4
Properties sale deposits received	117.7	209.6
Obligations in respect of an option agreement (Note 17(a))	172.3	–
Other payables and accruals	542.7	615.9
	907.9	897.9

The ageing analysis of the Group's trade payables at 31 December is as follows:

	2011 HK$'M	2010 HK$'M
0 – 30 days	68.1	62.7
31 – 90 days	4.8	8.2
Over 90 days	2.3	1.5
	75.2	72.4

The carrying values of the Group's trade and other payables approximate their fair values. Trade payables are denominated in the following currencies:

	2011 HK$'M	2010 HK$'M
HK dollars	60.5	46.4
US dollars	1.2	1.8
UK pound	9.9	18.7
Renminbi	1.7	2.3
Other currencies	1.9	3.2
	75.2	72.4

Other payables and accruals include mainly construction costs accrual and rental deposits received. Included in other payables and accruals are balances of HK$40.8M (2010: HK$32.7M) and HK$5.9M (2010: HK$20.0M) which are denominated in UK pound and Renminbi respectively. The remaining balances are mainly denominated in HK dollars.

29. BANK LOANS

The bank loans carry interest at the prevailing market rates and are repayable as follows:

	THE GROUP 2011 HK$'M	THE GROUP 2010 HK$'M
Within one year	1,704.6	1,165.5
Between one to two years	1,023.3	926.2
Between two to five years	2,288.6	1,974.3
After five years	136.7	109.8
	5,153.2	4,175.8
Less: Amounts due within one year shown under current liabilities	(1,704.6)	(1,165.5)
Amounts due after one year	3,448.6	3,010.3
Analysed as		
secured	5,028.2	3,755.8
unsecured	125.0	420.0
	5,153.2	4,175.8

Bank loans are secured by certain properties, available-for-sale financial assets, held-to-maturity investments, bank and other deposits of the Group amounting to HK$18,371.0M (2010: HK$14,927.1M) (Note 38).

The bank loans are denominated in the following currencies:

	2011 HK$'M	2010 HK$'M
HK dollars	4,894.6	3,982.3
Renminbi	104.5	105.2
UK pound	87.5	88.3
US dollars	48.7	–
Malaysian Ringgit	17.9	–
	5,153.2	4,175.8

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

	2011	2010
HK dollars	1.48%	1.11%
Renminbi	7.05%	5.94%
UK pound	2.61%	1.52%
US dollars	1.08%	–
Malaysian Ringgit	4.45%	–

The carrying amounts of the bank loans approximate their fair values.

30. OTHER LONG-TERM LOANS

	THE GROUP	
	2011 HK$'M	2010 HK$'M
Interest free loans	35.5	35.5

The loans are from non-controlling shareholders of certain subsidiaries to finance property development projects. The loans are unsecured and have no fixed repayment terms. In the opinion of the directors, demand for repayment of these loans will not be made within one year from the balance sheet date. The loans are therefore shown in the consolidated balance sheet as non-current liabilities.

The loans are denominated in the following currencies:

	2011 HK$'M	2010 HK$'M
HK dollars	32.5	32.5
US dollars	3.0	3.0
	35.5	35.5

The carrying amounts of the loans approximate their fair values.

31. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxation relate to the same fiscal authority. The offset amounts as shown on the balance sheet are as follows:

	THE GROUP	
	2011 HK$'M	2010 HK$'M
Deferred tax liabilities	153.5	122.2
Deferred tax assets	(9.4)	(16.2)
	144.1	106.0

31. DEFERRED TAXATION (Continued)

The gross movements of the deferred tax liabilities/(assets) recognised are as follows:

	Tax depreciation HK$'M	Revaluation of properties HK$'M	Tax losses HK$'M	Total HK$'M
At 1 January 2010	155.0	47.4	(93.5)	108.9
Exchange adjustments	0.2	2.1	–	2.3
Charged/(credited) to income statement for the year (Note 11)	9.7	13.0	(18.1)	4.6
Disposal of jointly controlled entities (Note 41)	–	(14.8)	5.0	(9.8)
At 31 December 2010	164.9	47.7	(106.6)	106.0
At 1 January 2011	164.9	47.7	(106.6)	106.0
Exchange adjustments	0.1	2.1	–	2.2
Charged to income statement for the year (Note 11)	17.6	8.9	9.4	35.9
At 31 December 2011	182.6	58.7	(97.2)	144.1

At 31 December 2011, the Group has unused tax losses and other temporary differences of approximately HK$776.6M (2010: HK$1,378.7M) available for offset against future profits. Deferred tax asset has been recognised in respect of HK$40.2M (2010: HK$640.2M) of such unused tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses and other temporary differences of HK$736.4M (2010: HK$738.5M) due to the unpredictability of future profit streams of some of the subsidiaries. Included in unrecognised tax losses are losses of HK$52.2M (2010: HK$63.2M) that will expire in the next five years. Other losses may be carried forward indefinitely.

Deferred taxation at the balance sheet date are mainly expected to be realised or settled after more than 12 months.

32. SHARE CAPITAL

	Number of shares	Amount HK$'M
Ordinary shares of HK$0.50 each		
Authorised:		
At 1 January 2010, 31 December 2010 and 31 December 2011	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2010	1,319,253,224	659.6
Issue of shares on exercise of incentive shares (Note 33(b))	3,683,239	1.9
At 31 December 2010	1,322,936,463	661.5
Issue of shares on exercise of incentive shares (Note 33(b))	3,426,637	1.7
At 31 December 2011	1,326,363,100	663.2

33. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME

(a) Share Option Scheme

Under the Share Option Scheme of the Company adopted on 10 June 2003 ("Share Option Scheme"), the Board of Directors of the Company, may in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company. The maximum number of shares of the Company which may be issued in response to the options and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregated exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. The total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Option Scheme and Share Incentive Scheme aggregated to 32,335,828 shares, which represented approximately 2.43% of the issued share capital of the Company as at the date of this annual report. The maximum number of options granted to any one individual in any 12-month period shall not exceed 1% of the issued share capital of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group. A consideration of HK$1 is payable on acceptance of the grant of options. Options granted must be taken up within 28 days from the date of grant. The exercise price for an option to subscribe for a share is determined by the directors of the Company, and shall be at least the highest of: (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company. The Share Option Scheme will end on 9 June 2013.

Details of the share options granted under the Share Option Scheme during the year are as follows:

			Number of share options		
Director	**Date of grant**	**Exercise price per share**	**As at 1.1.2011**	**As at 31.12.2011**	**Fair value of share options amortised in 2011 HK$**
Simon MURRAY	19.4.2005	HK$1.941	1,094,737	1,094,737	199,000

The share options granted are exercisable during the period from 19 April 2006 to 18 April 2012. They are subject to a vesting scale in tranches of 25% per annum starting from the first anniversary of the date of grant. No options were granted or exercised during the year.

The closing price of the shares of the Company quoted on the Stock Exchange on 18 April 2005, being the date immediately before the date on which share options were granted was HK$2.125 per share.

(b) Share Incentive Scheme

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group ("Eligible Employees") to subscribe in cash at par for shares of the Company. The maximum number of shares of the Company which may be issued in response to the awards and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregate exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. The total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Option Scheme and Share Incentive Scheme aggregated to 32,335,828 shares, which represented approximately 2.43% of the issued share capital of the Company as at the date of this annual report.

33. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(b) Share Incentive Scheme (Continued)

The Share Incentive Scheme is a long-term incentive arrangement for the Eligible Employees, the purpose of which is to recognise, motivate and provide incentives to those who make contribution to the Group, to help the Group retain its existing employees and recruit additional employees who will be valuable to the Group to provide existing and future employees with direct economic interests in the long-term development and growth of the Group.

A consideration of HK$1 is payable on the acceptances of the offer of awards. Offer of awards must be accepted within 28 days from the date of offer. The subscription price for each share which is the subject of an award shall be an amount equal to its nominal value. Each subscription under the Share Incentive Scheme shall be in cash at the subscription price. The Company will provide to the Eligible Employees the funds required to subscribe for the shares issued under the Share Incentive Scheme. The Share Incentive Scheme will end on 16 June 2015.

Details of the incentive shares awarded pursuant to the Share Incentive Scheme during the year are as follows:

		Number of incentive shares					
	Date of award	As at 1.1.2011	Awarded during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2011	Fair value of incentive shares amortised in 2011 HK$
Directors							
CHENG Wai Chee, Christopher	8.7.2008	206,358	–	(206,358)	–	–	19,000
	15.6.2009	1,278,379	–	(426,126)	–	852,253	566,000
	25.6.2010	1,064,000	–	(266,000)	–	798,000	703,000
	31.3.2011	–	772,000	–	–	772,000	919,000
CHENG Wai Sun, Edward	8.7.2008	206,358	–	(206,358)	–	–	19,000
	15.6.2009	1,278,379	–	(426,126)	–	852,253	566,000
	25.6.2010	1,064,000	–	(266,000)	–	798,000	703,000
	31.3.2011	–	772,000	–	–	772,000	919,000
AU Hing Lun, Dennis	8.7.2008	99,074	–	(99,074)	–	–	9,000
	15.6.2009	601,011	–	(200,337)	–	400,674	266,000
	25.6.2010	511,000	–	(127,750)	–	383,250	338,000
	31.3.2011	–	325,000	–	–	325,000	387,000
NG Tak Wai, Frederick	8.7.2008	22,442	–	(22,442)	–	–	2,000
	15.6.2009	58,296	–	(19,432)	–	38,864	26,000
	25.6.2010	39,000	–	(9,750)	–	29,250	26,000
	31.3.2011	–	28,000	–	–	28,000	33,000
		6,428,297	1,897,000	(2,275,753)	–	6,049,544	5,501,000
Employees	8.7.2008	278,610	–	(278,610)	–	–	24,000
	15.6.2009	1,716,822	–	(572,274)	(114,400)	1,030,148	564,000
	25.6.2010	1,200,000	–	(300,000)	(64,500)	835,500	699,000
	31.3.2011	–	812,000	–	–	812,000	967,000
		3,195,432	812,000	(1,150,884)	(178,900)	2,677,648	2,254,000
Total		9,623,729	2,709,000	(3,426,637)	(178,900)	8,727,192	7,755,000

33. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(b) Share Incentive Scheme (Continued)

The incentive shares awarded are subject to a vesting scale of 25%, 25% and 50% starting respectively from the first anniversary, the second anniversary and the third anniversary of the provisional date of award. All the incentive shares awarded shall be valid for ten years until the day before the tenth anniversary of the provisional date of award. During the year ended 31 December 2011, 2,709,000 (2010: 3,878,000) incentive shares were awarded and 3,426,637 (2010: 3,683,239) incentive shares were vested and exercised.

At 31 March 2011 (2010: 25 June 2010), being the date of awards, the closing price of the shares of the Company as quoted on the Stock Exchange was HK$3.15 (2010: HK$2.26) per share.

(c) Fair values of incentive shares awarded

The fair values of incentive shares awarded during the year ended 31 December 2011 are determined using the Binominal Option Pricing Model (the "Model"). Key assumptions of the Model are:

Risk-free rate	2.73%
Expected dividend yield	2.48%
Expected volatility of the market price of the Company's shares	41.34%
Expected life	10 years from the date of grant

The Model requires the input of subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of incentive shares.

The fair values of the share options extended and incentive shares awarded during the years ended 31 December 2011 and 2010 were as follows:

	2011 HK$'M	**2010 HK$'M**
Share options extended to a director	–	1.0
Incentive shares granted to directors and employees	6.8	6.8
	6.8	7.8

34. RESERVES

(a) Movements in the reserves of the Group are disclosed in the consolidated statement of changes in equity.

(b) Movements on the reserves of the Company are as follows:

	Share premium HK$'M	Employee share-based compensation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M
THE COMPANY					
At 1 January 2010	3,239.2	13.4	327.4	145.7	3,725.7
Value of employee services relating to grants of share options and incentive shares	–	8.1	–	–	8.1
Incentive shares exercised	9.8	(9.8)	–	–	–
2009 final dividend paid	–	–	(52.9)	–	(52.9)
2010 interim dividend paid	–	–	(46.3)	–	(46.3)
Profit for the year	–	–	–	70.8	70.8
At 31 December 2010	3,249.0	11.7	228.2	216.5	3,705.4
Value of employee services relating to grants of share options and incentive shares	–	8.0	–	–	8.0
Incentive shares exercised	6.8	(6.8)	–	–	–
2010 final dividend paid	–	–	(86.2)	–	(86.2)
2011 interim dividend paid	–	–	(50.4)	–	(50.4)
Profit for the year	–	–	–	207.5	207.5
At 31 December 2011	3,255.8	12.9	91.6	424.0	3,784.3

The balance of contributed surplus of the Group and the Company arose as a result of the Group reorganisation in 1991 and the Company's capital reduction in 1996 less distributions made.

Under The Companies Act 1981 of Bermuda (as amended), contributed surplus of a company is available for distribution to shareholders in addition to accumulated profits. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

35. OPERATING LEASES

THE GROUP AS LESSEE

	2011 HK$'M	2010 HK$'M
Minimum lease payments charged to income statement during the year:		
– land and buildings	37.7	33.5
– equipment and motor vehicles	0.2	0.3
	37.9	33.8

Under the leases entered into by the Group, the lease payments are fixed and predetermined. At 31 December 2011, the future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2011 HK$'M	2010 HK$'M
For buildings		
– Within one year	10.4	26.8
– After one year and not later than five years	29.1	54.8
– Over five years	50.4	38.9
Total	89.9	120.5

THE GROUP AS LESSOR

	2011 HK$'M	2010 HK$'M
Gross rental income from tenancies credited to income statement during the year	590.3	498.3
Less: Outgoings in respect of properties with tenancies investment	(44.9)	(29.8)
	545.4	468.5

The Group's investment properties are held for rental purposes. Rental income is fixed and predetermined. The properties held have committed tenants for the next two to three years. At the balance sheet date, the amount of future rental receivable by the Group is analysed as follows:

	2011 HK$'M	2010 HK$'M
Within one year	460.9	398.6
After one year and not later than five years	637.4	630.3
	1,098.3	1,028.9

The Company had no significant operating lease commitments at the balance sheet dates.

36. COMMITMENTS

	THE GROUP 2011 HK$'M	2010 HK$'M
Expenditure in respect of acquisition of other properties, plant and equipment		
– contracted but not provided for	2.9	0.6
– authorised but not contracted for	3.4	–
Expenditure in a respect of investment properties held by jointly controlled entities		
– contracted but not provided for	595.4	852.5
– authorised but not contracted for	3.8	–
	605.5	853.1

The Company had no capital commitment at the balance sheet dates.

37. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	The Group		The Company	
	2011 HK$'M	2010 HK$'M	2011 HK$'M	2010 HK$'M
Guarantees given to banks in respect of credit facilities extended to				
– subsidiaries and jointly controlled entities	–	–	5,793.7	3,619.1
– an associate	–	–	112.8	–
	–	–	5,906.5	3,619.1

At 31 December 2011, bank loans of HK$2,961.4M (2010: HK$1,615.6M) being guaranteed by the Company to subsidiaries and jointly controlled entities have been drawn down.

38. PLEDGE OF ASSETS

At 31 December 2011, the Group's advances to associates/jointly controlled entities include amounts of HK$2,192.6M (2010: HK$1,587.4M) which are subordinated to the loans facilities of associates/jointly controlled entities. The associates/jointly controlled entities are engaged in property development. The Group's advances to the associates/jointly controlled entities include amounts of HK$2,192.6M (2010: HK$1,587.4M) which are assigned, and the shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

At 31 December 2011, certain of the Group's assets were pledged to secure credit facilities for the Group:

	2011 HK$'M	2010 HK$'M
Investment properties	13,662.5	11,559.6
Other properties, plant and equipment	77.7	75.3
Available-for-sale financial assets	187.0	265.4
Held-to-maturity investments	48.7	–
Properties for sale	4,127.1	2,829.4
Pledged bank deposits	0.8	–
Deposits and loan receivables	267.2	197.4
	18,371.0	14,927.1

39. RETIREMENT BENEFITS AND PENSION SCHEMES

The Group operates a defined benefit pension scheme for certain qualifying employees of its overseas subsidiaries. Under the scheme, the employees are entitled to a pension of 1.25% of final salary for each year of pensionable service at the normal retirement age of 65. No other post-retirement benefits are provided. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out by Mr. Nigel P. Hacking, Fellow of the Institute of Actuaries, of Barnett Waddingham LLP and was updated to 31 December 2011 for the accounting reporting purpose. The present value of the defined obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main actuarial assumptions used were as follows:

	2011	2010
Discount rate	5.00%	5.70%
Expected return on plan assets	5.70%	6.28%
Expected rate of salary increases	Nil	Nil
Future pension increases in respect of service	2.30%	2.50%

The actuarial valuation updated to 31 December 2011 showed that the market value of scheme assets was approximately HK$73.4M (2010: HK$76.3M) and that the actuarial value of these assets represented 95.3% (2010: 105.9%) of the benefits that had accrued to members, equivalent to a shortfall of approximately HK$3.6M (2010: excess of HK$4.2M).

Amounts recognised in the income statement in respect of the defined benefit pension scheme are as follows:

	2011 HK$'M	2010 HK$'M
Interest cost	4.2	4.3
Expected return on plan assets	(4.9)	(4.6)
Net actuarial loss recognised in the year	–	0.6
(Credit)/charge to the income statement for the year	(0.7)	0.3

The (credit)/charge to the income statement for the year has been included in administrative expenses.

The actual return on plan assets was approximately HK$0.1M in 2011 (2010: HK$9.0M).

The recognised defined benefit asset arising from the Group's obligations in respect of its defined benefit pension scheme is as follows:

	2011 HK$'M	2010 HK$'M
Fair value of scheme assets	73.4	76.2
Present value of funded obligations	(77.0)	(72.0)
	(3.6)	4.2
Unrecognised actuarial losses	13.6	4.8
Recognised defined benefit asset, included in other receivable	10.0	9.0

39. RETIREMENT BENEFITS AND PENSION SCHEMES (Continued)

Movement in the net asset during the year is as follows:

	2011 HK$'M	2010 HK$'M
At 1 January	9.0	8.7
Exchange differences	(0.1)	(0.3)
Credit/(charge) to income statement	0.7	(0.3)
Contributions	0.4	0.9
At 31 December	10.0	9.0

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year.

	THE GROUP	
	2011 HK$'M	2010 HK$'M
Interest income from loans to associates	3.2	12.5
Key management compensation (Note)	(31.1)	(30.6)
Project management fee income from associates	2.6	2.3
Project management fee income from a substantial shareholder of the Company	4.4	4.5
Property rental income from a substantial shareholder of the Company	3.2	3.0
Property rental income from associates	–	1.4
Purchases of garment products from a subsidiary of a substantial shareholder of the Company	(32.3)	(25.7)

These transactions were carried out on terms mutually agreed between the parties involved.

Note:

Key management personnel represents the directors of the Group and their remunerations are set out in Note 9(a).

41. NET CASH INFLOW FROM DISPOSAL OF JOINTLY CONTROLLED ENTITIES

	HK$'M
The assets and liabilities disposed of	
Other properties, plant and equipment	0.7
Loans and receivables	426.7
Deferred tax assets	5.0
Properties for sale	227.0
Trade and other receivables, deposits and prepayments	7.7
Tax recoverable	0.4
Bank balance and cash	1.3
Trade and other payables and accruals	(632.4)
Deferred tax liabilities	(14.8)
Net assets	21.6
Non-controlling interests disposed of	(2.2)
Translation reserve realised	(9.8)
Net assets disposed of	9.6
Loans and receivable disposed of	533.4
Net consideration	(588.8)
Gain on disposal	45.8
Consideration	
Cash received	616.6
Expenses paid related to the disposal	(27.8)
Net consideration	588.8
Net cash inflow on disposal of jointly controlled entities	
Net consideration settled in cash	588.8
Bank balances and cash of the jointly controlled entities disposed of	(1.3)
Net cash inflow in respect of the disposal	587.5

On 16 September 2010, a wholly owned subsidiary of the Company disposed of its entire 40% interest in a jointly controlled entity to one of its joint venture partners (the "Purchaser") at a consideration of approximately United States $79.5M. Apart from the cash settlement, under the share sale agreement of the disposal, the Company is also entitled to receive (1) any repayments from the other joint venture partner in respect of interest receivables in future, subject to a maximum of approximately United States $6.2M and (2) 80% of the excess amount if the Purchaser's IRR return exceeds 12.9% at the projects' completion date, subject to a maximum of Renminbi 450.0M. The contingent assets in respect of (1) and (2) above will be recognised as income only when the realisation of the income is virtually certain. As of 31 December 2011 and 2010, no contingent asset has been recognised in the financial statements.

42. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS

On 30 June 2011, the Group through its listed subsidiary, Winsor Properties Holdings Limited, acquired the entire issued share capital of Dragon Eye Holding Limited ("Dragon Eye") at a cash consideration of HK$229.1M. Dragon Eye holds directly 40% of the entire issued share capital of Fore Prosper Limited ("Fore Prosper") and the remaining 60% is held indirectly by the Group. The acquisition increases the Group's ownership in Fore Prosper to 91.7%.

	HK$'M
Shareholders' loan of Dragon Eye assumed by the Group	(27.5)
Fair value of additional interest of Fore Prosper acquired from a non-controlling shareholder	325.9
	298.4
Purchase consideration settled by cash	229.1
Gain on bargain purchase, gross	69.3
Share of non-controlling interests	(14.3)
Gain on bargain purchase attributable to equity holders of the Company recognised in equity, net of tax	55.0

The gain on bargain purchase was mainly attributable to the investment property owned by Fore Prosper.

43. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2011 are as follows:

Name of subsidiary	**Place of incorporation/ operation**	**Nominal value of issued and fully paid share capital/ registered capital**	**Attributable proportion of nominal value of issued/registered capital held by the Company**	**Principal activities**
Aldburg Assets Limited	British Virgin Islands	US$1	100%	Investment holding
Caringbah Limited	British Virgin Islands	US$1	100%	Investment holding
Charter Star Trading Limited	Hong Kong	HK$100,000	100%	Garment trading
Cheong Ka Limited	British Virgin Islands/ People's Republic of China	US$1	98%	Property investment
Chung Fook Limited	British Virgin Islands/ People's Republic of China	US$1	100%	Property investment
Datas Industries Limited	Hong Kong	HK$2	100%	Garment manufacturing
Fore Prosper Limited	Hong Kong	HK$100	91.7%	Property investment
Gentful Limited	Hong Kong	HK$2	100%	Provision of financing services to group companies

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Gieves & Hawkes International Limited	United Kingdom	£250,000	100%	Licensors
Gieves & Hawkes plc	United Kingdom	£5,111,097	100%	Investment holding
Gieves Limited	United Kingdom	£10,100	100%	Retailers
Glory Charm Development Limited	Hong Kong	HK$2	100%	Property holding
Grandnice Fashion Limited	Hong Kong	HK$2	100%	Property holding and investment holding
Grandslam Limited	British Virgin Islands	US$1	100%	Investment holding
Lanson Place Hospitality Management Limited	Hong Kong	HK$2	100%	Provision of hospitality management services
Lanson Place Hospitality Management (Malaysia) Limited	British Virgin Islands	US$1	100%	Investment holding and provision of hospitality management services
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S$100	100%	Provision of hospitality management services
Lanson Place Hotels & Residences (Bermuda) Limited	Bermuda	US$12,000	100%	Licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US$1	100%	Investment holding
New Ego Limited	British Virgin Islands	US$1	100%	Property investment
Pangold Development Limited	Hong Kong	HK$100	95.9%	Property development
Savile Row Logistics Limited	United Kingdom	£100	100%	Provision of management services to group companies in UK

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
Shang Tai Property Management Limited	Hong Kong	HK$1	100%	Provision of property management services	
Shui Hing Textiles International Limited	Hong Kong	HK$75,000,000	100%	Investment holding	
Shui Pang Garment & Knitting Factory Limited	Hong Kong	HK$2,000,000	100%	Investment holding and garment manufacturing	
Success First Development Limited	Hong Kong	HK$2	100%	Property investment	
Telwin Industrial Limited	Hong Kong	HK$2	100%	Garment manufacturing	
True Synergy Limited	Hong Kong	HK$1	100%	Property development	
Twin Dragon Investments Limited	British Virgin Islands	US$1	100%	Investment holding	
Unimix Holdings Limited	Hong Kong	HK$1,100,000	100%	Investment holding	
Unimix Limited	Hong Kong	HK$10,000,000	100%	Garment manufacturing	
Universal Team Industrial Limited	Hong Kong	HK$2	100%	Investment holding	
Value Castle Limited	Hong Kong	HK$1	100%	Property development	
Wing Tai Properties Development Limited	Hong Kong	HK$2	100%	Provision of property project management services	
Wing Tai Properties (B.V.I.) Limited	British Virgin Islands	US$50,000	100%	Investment holding	1
Wing Tai Properties (China) Limited	British Virgin Islands	US$1	100%	Investment holding	
Wing Tai Properties (China) (No.2) Limited	British Virgin Islands	US$1	100%	Investment holding	
Wing Tai Properties (Hong Kong) Limited	Hong Kong	HK$227,750,062	100%	Investment holding	
Wing Tai Properties (International) Limited	British Virgin Islands	US$1	100%	Investment holding	

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
WTP Project Management Limited (formerly known as United Success Properties Limited)	Hong Kong	HK$2	100%	Provision of property project management services	
東莞冠麗時裝有限公司	People's Republic of China	HK$13,250,000	100%	Property holding and garment manufacturing	2
東莞創麗製衣有限公司	People's Republic of China	HK$5,600,000	100%	Garment manufacturing	2
乳源冠麗製衣有限公司	People's Republic of China	HK$20,000,000	100%	Property investment	2
乳源寶麗製衣有限公司	People's Republic of China	HK$15,000,000	100%	Property investment	2
韶關乳源環邦針織製衣有限公司	People's Republic of China	HK$7,800,000	100%	Property investment	2
永泰富聯物業管理(北京)有限公司	People's Republic of China	US$12,300,000	100%	Property investment	2
逸蘭公寓管理(上海)有限公司	People's Republic of China	US$140,000	100%	Provision of hospitality management services	2
Winsor Properties Holdings Limited	Cayman Islands/ Hong Kong	HK$2,596,853	79.3%	Investment holding	1
Winsor Properties Finance Ltd.	Hong Kong	HK$2	79.3%	Provides finance to group companies	3
Winsor Properties (Hong Kong) Ltd.	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding	3
Access Rich Ltd.	Hong Kong	HK$1	79.3%	Property investment	3
Adam Knitters Ltd.	Hong Kong	Ordinary shares HK$1,000 Deferred shares HK$200,000	79.3%	Property investment	3
Allied Effort Ltd.	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding	3
Winnion Ltd.	Hong Kong	HK$100	79.3%	Property investment	3

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
Baudinet Investment Ltd.	Hong Kong	Ordinary shares HK$18 Deferred shares HK$2	79.3%	Property investment	3
Begin Land Ltd.	Hong Kong	Ordinary shares HK$90,000 Deferred shares HK$10,000	79.3%	Property investment	3
East Sun Estate Management Company Ltd.	Hong Kong	HK$200	79.3%	Property management	3
Grandeur Investments Ltd.	British Virgin Islands/ Hong Kong	US$1	79.3%	Property investment	3
Hilwin Properties Ltd.	Hong Kong	Ordinary shares HK$450,000 Deferred shares HK$50,000	79.3%	Investment holding and treasury investment	3
Winsor Storage Ltd.	Hong Kong	HK$10,000	79.3%	Wine storage	3
Winner Godown Ltd.	Hong Kong	HK$1,500,000	55.5%	Godown operation	3
Winsor Billion Management Ltd.	Hong Kong	HK$10	63.4%	Property management	3
Winsor Estate Agents Ltd.	Hong Kong	HK$20	79.3%	Property agent	3
Winsor Estate Management Ltd.	Hong Kong	HK$2	79.3%	Property management	3
Winsor Parking Ltd.	Hong Kong	Ordinary shares HK$18,000,000 Deferred shares HK$2,000,000	79.3%	Property investment	3
Winsor Properties Financial Services Ltd.	Hong Kong	HK$840	75.5%	Investment holding and property investment	3
Chericourt Company Ltd.	Hong Kong	HK$1,000,000	75.5%	Property investment	3
Zofka Properties Ltd.	Hong Kong	Ordinary shares HK$90,000 Deferred shares HK$10,000	79.3%	Property investment	3

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities	Note
Winsor Properties (Overseas) Ltd.	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding	3
Zak Holdings Ltd.	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding	3
Curlew International Ltd.	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding	3
Winprop Pte. Ltd.	Singapore	S$2	79.3%	Investment holding	3
Winsor Properties (China) Ltd.	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding	3
Dhandia Ltd.	Hong Kong	HK$1,000	79.3%	Investment holding	3
Tat Yeung Properties Investment Ltd.	British Virgin Islands/ Hong Kong	US$1,000	79.3%	Investment holding	3
Dragon Eye Holding Ltd.	Cayman Islands/ Hong Kong	US$100	79.3%	Investment holding	3

Notes

1 Only Wing Tai Properties (B.V.I.) Limited and 57.4% interest in Winsor Properties Holdings Limited are directly held by the Company.

2 Represents a wholly owned foreign enterprise established in the People's Republic of China.

3 Represents subsidiaries directly or indirectly held by Winsor Properties Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

44. PRINCIPAL JOINTLY CONTROLLED ENTITIES

Details of the principal jointly controlled entities at 31 December 2011 are as follows:

Name of jointly controlled entity	Place of incorporation/operation	Attributable proportion of nominal value of issued capital held by the Company indirectly	Principal activities	Note
Ace Glory Limited	Hong Kong	15%	Property development	
Brave Sky Investments Limited	Hong Kong	50%	Property development	
Cateavon Limited	Hong Kong	30%	Property development	
Century Rise Limited	Hong Kong	15%	Property development	
Estate Success Limited	Hong Kong	50%	Investment holding	
Kualiti Gold Sdn. Bhd.	Malaysia	50%	Property investment	
Landyork Investment Limited	Hong Kong	47.9%	Property trading	
Pacific Bond Limited	Hong Kong	15%	Property development	
Seriford International Limited	British Virgin Islands/ Hong Kong	30%	Property investment	
豐永（上海）置業有限公司	People's Republic of China	50%	Property investment	1

Note

1 Represents a wholly owned foreign enterprise established in the People's Republic of China.

The Group's percentage of shareholding, profit sharing and voting power of each of the above principal jointly controlled entities are the same.

The following amounts represent the Group's respective share of the assets and liabilities, and revenue and results of the jointly controlled entities and are included in the consolidated balance sheet and income statement:

	2011 HK$'M	2010 HK$'M
Assets:		
Non-current assets	325.9	54.9
Current assets	3,727.5	2,560.8
Liabilities:		
Current liabilities	(1,233.3)	(1,227.0)
Non-current liabilities	(2,812.5)	(1,580.7)
Net assets/(liabilities)	7.6	(192.0)
Revenue	902.4	239.4
Expenses	(683.0)	(325.5)
Taxation	(52.0)	(10.9)
Profit/(loss) after taxation	167.4	(97.0)

45. PRINCIPAL ASSOCIATES

Details of the principal associates at 31 December 2011 are as follows:

Name of associate	Place of incorporation	Attributable proportion of nominal value of issued/ registered capital held by the Company indirectly	Principal activities	Note
Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd.	People's Republic of China	23.4%	Property investment	1
Smart Gainful Limited	Hong Kong	33.3%	Provision of second mortgage financing	
Union Charm Development Limited	Hong Kong	7.5%	Property development and investment	2
Winner Max Enterprises Limited	Hong Kong	33.3%	Property development	
Javary Ltd.	Hong Kong	26.4%	Property investment	3
Suzhou World Trade Centre	People's Republic of China	19.7%	Property investment	2, 3
Tat Yeung Trading Company Ltd.	British Virgin Islands	39.6%	Investment holding	3
Winquest Investment Pte. Ltd.	Singapore	23.8%	Property development	3
China Merchants Cold Chain Logistics (China) Co., Ltd	British Virgin Islands	23.8%	Investment holding	3
China Merchants Cold Chain Logistics (Hong Kong) Co., Ltd	Hong Kong	23.8%	Investment holding	3
China Merchants International Cold Chain (Shenzhen) Co., Ltd	People's Republic of China	23.8%	Cold storage	3

Notes

1 The name in English is for identification only.

2 The Group has the ability to exercise significant influence over these associates. Accordingly, they are regarded as associates of the Group.

3 Represents associates directly or indirectly held by Winsor Properties Holdings Limited.

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

PROPERTIES HELD FOR INVESTMENT PURPOSES

At 31 December 2011

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2011
Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong (The Remaining Portion of Kwun Tong Inland Lot No. 242)	1,335,823 sq.ft.	2047	79%	Let to outside parties as office
W Square, 314-324 Hennessy Road, Wanchai, Hong Kong (The Remaining Portion and Section D of Marine Lot No. 122)	128,658 sq.ft.	2859	79%	Let to outside parties as retail and office
Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5890)	186,827 sq.ft.	2047	79%	Let to outside parties as workshops, canteen or godowns.
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (The Remaining Portion of Lot No. 299 in D.D. No. 444)	665,273 sq.ft. (remaining portion)	2047	75.8%	Let to outside parties as shop, workshops, canteen or godowns
Winner Godown Building, 503-515 Castle Peak Road and 1-9 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong (The Remaining Portion of Tsuen Wan Inland Lot No. 28)	497,140 sq.ft.	2047	79%	Let to outside parties as workshops or godowns
133 Leighton Road, Causeway Bay, Hong Kong (Inland Lot No. 8774)	114,097 sq.ft.	2047	91.7%	Service apartment
33 Units of Tower 23, Central Park, No. 6 Chaoyangmenwai Avenue, Chaoyang District, Beijing 100020, People's Republic of China	6,162 sq.m.	2074	100%	Service apartment
Unit H, 1st Floor, Wong King Industrial Building, 192-198 Choi Hung Road and 2-4 Tai Yau Street, San Po Kong, Kowloon, Hong Kong (2/501th shares of and in New Kowloon Inland Lot No.4448)	2,424 sq.ft.	2047	100%	Let to an outside party as workshop

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2011
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449085, C0449086 and C0449090)	9,146 sq.m.	2053	100%	Let to related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449084, C0449087, C0449088 and C0449089)	13,639 sq.m.	2053	100%	Let to related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Ru Fu Guo Yong Zong Zi Di 000030312/ No. Ru Fu Guo Yong Zi (2005) Di 02320100060)	14,537 sq.m.	2052	100%	Let to related party as factory
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C4281592, C4281593, C42815954 and C4281595)	11,565 sq.m.	2044	98%	Vacant
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi 1486418, 1486419, 1486420 and 1486421)	9,609 sq.m.	2044	100%	Vacant
161 agricultural lots, Lantau and Peng Chau, New Territories, Hong Kong	–	2047	79%	Vacant
No. 1 Savile Row, London W1S 3JR United Kingdom	877 sq.m.	Freehold	100%	About 66.7% of the property was occupied by members of the Group. Others are under renovation

PROPERTIES FOR SALE

At 31 December 2011

Address	Nature of property	Gross floor area	Effective percentage holding	Project status	Expected completion date
No. 2 Forfar Road, Kowloon, Hong Kong (Inland Lot No. 4022)	Residential	107,000 sq.ft.	95.9%	Completed	Completed
9A-9H Seymour Road and 5A, 5B, 6, 6A, 7 and 7A, Ying Fai Terrace, Hong Kong (Inland Lot Nos. 4626, 4627, 4628, 4629 and the Remaining Portion of Inland Lot No. 585)	Residential	173,000 sq.ft.	30%	Completed	Completed
Tai Po Town Lot No. 186, Pak Shek Kok Development Area, Phase 1, Site B, Tai Po, New Territories, Hong Kong	Residential	714,000 sq.ft.	15%	Superstruture in progress	2012–2013
Tai Po Town Lot No. 187, Pak Shek Kok Reclamation Phase I, Site A, Tai Po, New Territories, Hong Kong	Residential	345,000 sq.ft.	15%	Superstruture in progress	2012–2013
Tai Po Town Lot No. 188, Pak Shek Kok Reclamation Phase I, Site C, Tai Po, New Territories, Hong Kong	Residential	750,000 sq.ft.	15%	Superstruture in progress	2012–2013
Nos. 3, 5, 5A, 7, 7A, 9 and 11 Warren Street and Nos. 1, 3, 5, 7, 9, and 11 Jones Street, Hong Kong (Section A, B, C, F, G, H, J, K and the Remaining Portion of Section D and E of Inland Lot No. 2087, and the Remaining Portion thereof)	Residential/Shops	73,000 sq.ft.	100%	Foundation in progress	2014
No. 1 Coronation Terrace, Hong Kong (Subsection 2 of Section B, the Remaining Portion of Section B and Section E of Inland Lot No. 100)	Residential	40,000 sq.ft.	100%	Foundation in progress	2014
Ko Shan Road, Hung Hom, Kowloon, Hong Kong (Inland Lot No. 11184)	Residential	153,000 sq.ft.	50%	Demolition in progress	2015

FIVE YEARS FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for each of the five years ended 31 December 2011:

	Year ended 31 December				
	2011 HK$'M	**2010 HK$'M**	**2009 HK$'M** (Note a)	**2008 HK$'M** (Note a)	**2007 HK$'M** (Note a)
RESULTS					
Revenue	2,734.5	2,176.8	1,207.1	1,664.5	2,209.7
Profit before taxation	2,870.7	2,484.8	482.8	339.4	2,848.7
Taxation	(134.8)	(48.0)	(57.2)	(44.8)	(94.1)
Profit for the year	2,735.9	2,436.8	425.6	294.6	2,754.6
Attributable to:					
Equity holders of the Company	2,212.9	1,913.1	312.9	212.3	2,482.5
Non-controlling interests	523.0	523.7	112.7	82.3	272.1
	2,735.9	2,436.8	425.6	294.6	2,754.6

	At 31 December				
	2011 HK$'M	**2010 HK$'M**	**2009 HK$'M** (Note a)	**2008 HK$'M** (Note a)	**2007 HK$'M** (Note a)
ASSETS AND LIABILITIES					
Total assets	21,836.8	18,866.1	16,985.0	15,795.8	14,834.5
Total liabilities	(6,454.1)	(5,594.7)	(6,151.9)	(6,024.3)	(5,272.7)
Non-controlling interests	(2,435.0)	(2,343.3)	(1,827.9)	(1,710.9)	(1,638.8)
Equity attributable to the equity holders of the Company	12,947.7	10,928.1	9,005.2	8,060.6	7,923.0

Note:

(a) The Group adopted HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets" in 2010 and applied retrospectively.

CORPORATE INFORMATION AS OF 1 APRIL 2012

BOARD OF DIRECTORS

Executive Directors

CHENG Wai Chee, Christopher *GBS OBE JP*
(Chairman)
CHENG Wai Sun, Edward *SBS JP*
(Deputy Chairman and Chief Executive)
CHENG Man Piu, Francis
CHOW Wai Wai, John
AU Hing Lun, Dennis

Non-Executive Directors

KWOK Ping Luen, Raymond *JP*
YUNG Wing Chung
(also an alternate to KWOK Ping Luen, Raymond)
HONG Pak Cheung, William
LOH Soo Eng
NG Tak Wai, Frederick

Independent Non-Executive Directors

Simon MURRAY *CBE*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson

AUDIT COMMITTEE MEMBERS

YEUNG Kit Shing, Jackson *(Chairman)*
FANG Hung, Kenneth *GBS CBE JP*
YUNG Wing Chung
HONG Pak Cheung, William
(alternate to YUNG Wing Chung)

REMUNERATION COMMITTEE MEMBERS

Simon MURRAY *CBE*
(appointed as Chairman on 1 April 2012)
CHENG Wai Chee, Christopher *GBS OBE JP*
CHENG Wai Sun, Edward *SBS JP*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

FUNG Ching Man, Janet

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISERS TO THE COMPANY

Slaughter and May *(as to Hong Kong Laws)*
Appleby *(as to Bermuda Laws)*

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Appleby Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

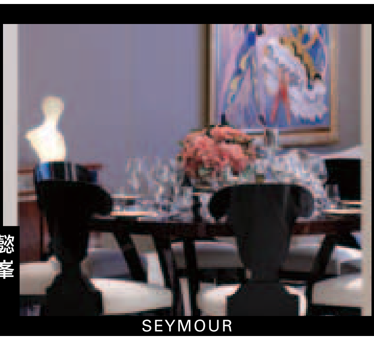
27th Floor, Two Landmark East
100 How Ming Street
Kwun Tong, Kowloon
Hong Kong

COMPANY WEBSITE

http://www.wingtaiproperties.com

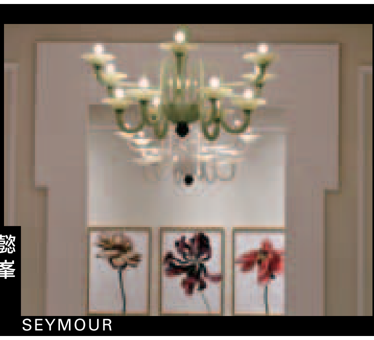
HONG KONG STOCK EXCHANGE STOCK CODE

369



懿峯

SEYMOUR

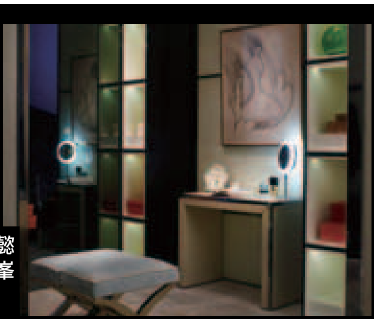


懿峯

SEYMOUR

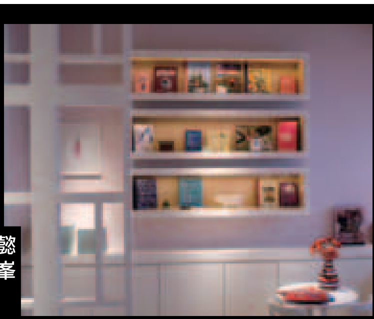
懿峯

SEYMOUR



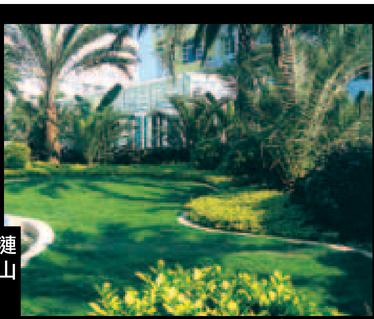
懿峯

SEYMOUR



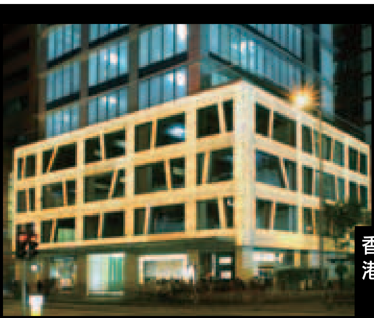
懿峯

SEYMOUR



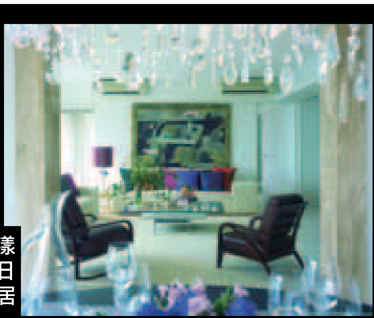
漣山

THE HILLGROVE



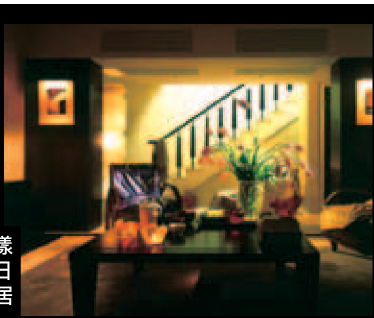
香港

W SQUARE



漾日居

THE WATERFRONT



漾日居

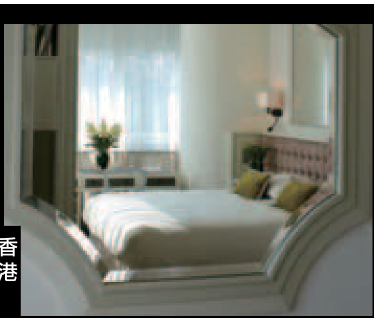
THE WATERFRONT

香港

LANSON PLACE HONG KONG

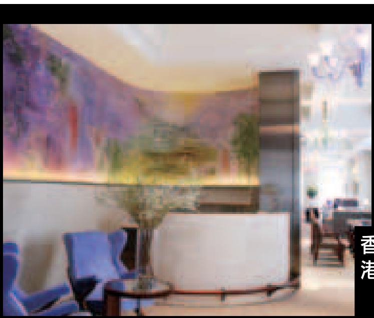
香港

LANSON PLACE HONG KONG



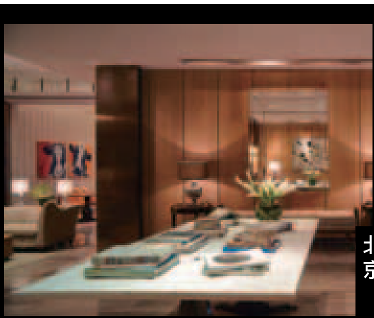
香港

LANSON PLACE HONG KONG



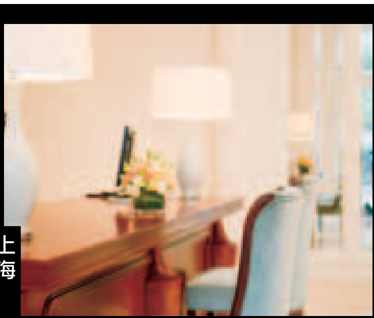
香港

LANSON PLACE HONG KONG



北京

LANSON PLACE BEIJING

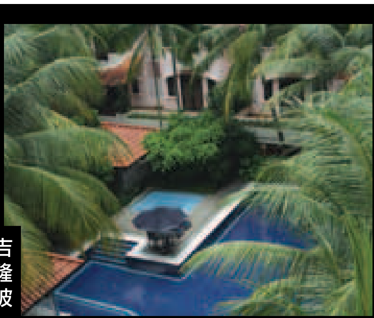


上海

LANSON PLACE SHANGHAI

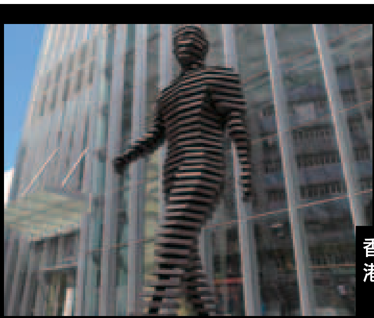
新加坡

LANSON PLACE SINGAPORE



吉隆坡

LANSON PLACE KUALA LUMPUR



香港

LANDMARK EAST

WING TAI PROPERTIES LIMITED
Incorporated in Bermuda with limited liability

永泰地產有限公司
於百慕達註冊成立之有限公司

WingTaiAsia

Lanson Place

WINSOR PROPERTIES

www.wingtaiproperties.com