WINSOR PROPERTIES HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

南 聯 地 產 控 股 有 限 公 司

開 曼 群 島 註 冊 成 立 之 有 限 公 司

Stock Code 股份代號: 1036

Annual Report **2011**

Contents

Corporate Information

BOARD OF DIRECTORS

CHENG Wai Chee, Christopher, GBS, JP☆Δ *Chairman*
CHOW Wai Wai, John *Managing Director*
Christopher Patrick LANGLEY, OBE ★
LO Ka Shui, GBS, JP ★
Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP ★
CHENG Wai Sun, Edward, SBS, JP ☆Δ
CHEN CHOU Mei Mei, Vivien
AU Hing Lun, Dennis

★ *Independent Non-Executive Director*
☆ *Non-Executive Director*
Δ *Alternate: FUNG Ching Man, Janet*

AUDIT COMMITTEE

Christopher Patrick LANGLEY, OBE *Chairman*
Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP
CHENG Wai Chee, Christopher, GBS, JP ▲

▲ *Alternate: FUNG Ching Man, Janet*

REMUNERATION COMMITTEE

Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP *Chairman*
Christopher Patrick LANGLEY, OBE
CHOW Wai Wai, John

NOMINATION COMMITTEE

LO Ka Shui, GBS, JP *Chairman*
Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP ^
CHENG Wai Chee, Christopher, GBS, JP

^ *Alternate: Christopher Patrick LANGLEY, OBE*

CHIEF FINANCIAL OFFICER

LUK Chi Chung, Peter

COMPANY SECRETARY

AU Shiu Kee

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Knight & Ho

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

P. O. Box 309, Ugland House, South Church Street,
George Town, Grand Cayman, Cayman Islands.

PRINCIPAL PLACE OF BUSINESS

8th Floor, AXA Tower, Landmark East,
100 How Ming Street, Kwun Tong, Kowloon, Hong Kong.
Telephone: (852) 3658 1888
Fax: (852) 2810 1199
Website: http://www.winsorprop.com

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited,
Shops No. 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong.
Telephone: (852) 2862 8555
Fax: (852) 2865 0990/2529 6087
Website: http://www.computershare.com.hk

Directors' Profile

EXECUTIVE DIRECTORS

Mr. CHOW Wai Wai, John, aged 62, was appointed Director of the Company in October 1996 and appointed Managing Director of the Company in August 2001. Mr. Chow is also a member of the Remuneration Committee of the Board of Directors and a director of certain subsidiaries of the Company. Mr. Chow is an executive director of Wing Tai Properties Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). Mr. Chow is 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) and the Managing Director of Winsor Industrial Corporation, Limited (a company delisted in Hong Kong). Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. 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.

Mrs. CHEN CHOU Mei Mei, Vivien, aged 62, was appointed Director of the Company in October 1996 and is also a director of certain subsidiaries of the Company. Mrs. Chen graduated with a Bachelor of Arts degree from the University of Colorado in the US and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen is an independent non-executive director of Emcom International Limited, a non-executive director of Agritrade Resources Limited and also a director of a number of companies in Hong Kong and abroad.

Mr. AU Hing Lun, Dennis, aged 52, was appointed alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward in December 1998 and December 1999 respectively. Mr. Au ceased to act as alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward upon his appointment as Executive Director of the Company in October 2007. Mr. Au is an executive director of Wing Tai Properties Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) and the Managing Director of the Property Division of Wing Tai Properties Limited. Mr. Au is also responsible for the corporate finance function of Wing Tai Properties Limited. Mr. Au holds a Master of Business Administration degree and a Bachelor of Science degree. He is also a fellow member of the Association of Chartered Certified Accountants.

NON-EXECUTIVE DIRECTORS

Mr. CHENG Wai Chee, Christopher, GBS, JP, aged 63, was appointed Non-Executive Director of the Company in May 1997 and appointed Chairman in August 2001. Mr. Cheng is also a member of the Audit Committee and the Nomination Committee of the Board of Directors of the Company. Mr. Cheng is the Chairman of Wing Tai Properties Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) and a non-executive director/an independent non-executive director of several listed and unlisted companies including NWS Holdings Limited, New World China Land Limited, DBS Group Holdings Limited, Kingboard Chemical Holdings Limited and Temasek Foundation CLG Limited. Mr. Cheng currently serves as a member of the Exchange Fund Advisory Committee. Mr. Cheng is a former Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng is also a Steward of the Hong Kong Jockey Club and a board member of Overseers of Columbia Business School. Mr. Cheng holds a BBA degree from the University of Notre Dame, Indiana, USA, a MBA degree from Columbia University, New York, and an Honorary Doctorate in Social Sciences from The University of Hong Kong. Mr. Cheng is a brother of Mr. Cheng Wai Sun, Edward.

NON-EXECUTIVE DIRECTORS *(continued)*

Mr. CHENG Wai Sun, Edward, SBS, JP, aged 56, was appointed Non-Executive Director of the Company in December 1999. Mr. Cheng is the Deputy Chairman and Chief Executive of Wing Tai Properties Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). He is also an independent non-executive director of Television Broadcasts Limited and Orient Overseas (International) Limited. Mr. Cheng has a master's degree from Oxford University. Mr. Cheng 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, finance, housing, corruption prevention, technology and education. Mr. Cheng 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.

Ms. FUNG Ching Man, Janet, aged 49, was appointed the alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward in October 2007. Ms. Fung is the Chief Financial Officer and Company Secretary of Wing Tai Properties Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). Ms. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Christopher Patrick LANGLEY, OBE, aged 67, was appointed Independent Non-Executive Director of the Company in October 1996. Mr. Langley is also the Chairman of the Audit Committee and a member of the Remuneration Committee and an alternate member of the Nomination Committee of the Board of Directors of the Company. Mr. Langley is an independent non-executive director of Techtronic Industries Co. Ltd. and Dickson Concepts (International) Ltd. and a non-executive director of Lei Shing Hong Limited (a company delisted in Hong Kong). Mr. Langley is a former executive director of The Hongkong and Shanghai Banking Corporation Limited.

Dr. LO Ka Shui, GBS, JP, aged 65, was appointed Independent Non-Executive Director of the Company in January 2003. Dr. Lo is also the Chairman of the Nomination Committee of the Board of Directors of the Company. Dr. Lo is the Chairman and Managing Director of Great Eagle Holdings Limited and the non-executive Chairman of Eagle Asset Management (CP) Limited (manager of the publicly listed Champion Real Estate Investment Trust). He is also a non-executive director of The Hongkong and Shanghai Banking Corporation Limited and an independent non-executive director of Shanghai Industrial Holdings Limited, Phoenix Satellite Television Holdings Limited, China Mobile Limited and some other publicly listed companies in Hong Kong. Dr. Lo is the Chairman of the Chamber of Hong Kong Listed Companies, a Vice President of The Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research and a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. He graduated from McGill University with a Bachelor of Science Degree and from Cornell University with a Doctor of Medicine (M.D.) Degree. He was certified in Internal Medicine and Cardiology. He has more than 30 years' experience in property and hotel development and investment both in Hong Kong and overseas.

Mr. Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP, aged 68, was appointed Independent Non-Executive Director of the Company in May 2005. Mr. Barma is also the Chairman of the Remuneration Committee, a member of the Nomination Committee and Audit Committee of the Board of Directors of the Company. Mr. Barma graduated with a Bachelor of Arts degree from The University of Hong Kong and worked in the Government of Hong Kong for 30 years. After retiring from the civil service in 1996, Mr. Barma has served as Chairman of the Public Service Commission from August 1996 to April 2005 and he is now the Chief Executive Officer of The Hong Kong Research Institute of Textiles and Apparel.

Chairman's Statement

BUSINESS REVIEW

The Group's revenue for the year ended 31 December 2011 was HK$478 million (2010: HK$404 million). The increase was mainly due to increase in average occupancy of Landmark East to approximately 91% during the year.

The Group's profit attributable to shareholders for the year ended 31 December 2011 was HK$2,465 million (2010: HK$2,460 million). Excluding the change in fair value of investment properties, change in fair value of derivative financial instruments and gain on acquisition of associated company, the Group's profit amounted to HK$420 million (2010: HK$646 million). The decrease was mainly due to decrease in gain on disposals of investment properties and decrease in share of profit in property development associates. Unimix Industrial Centre and Lucky Industrial Building were disposed of in the prior year at a capital gain of HK$146 million. The development of Forfar and Belle Vue Residences, in which the Group has a respective interest of 20% and 30%, were completed with the issue of occupation permit in the prior year. The Group's share of profit in the two associates dropped from HK$301 million to HK$106 million, as a majority of the units in the projects had been sold in the prior year.

Rental and property management

The Group's investment properties, comprising 1.5 million square feet of Grade A office buildings and 1.3 million square feet of industrial buildings in Hong Kong, were fair valued at HK$12,168 million as at 31 December 2011 (31 December 2010: HK$10,228 million). The appreciation in capital value of the Group's properties held as at 31 December 2011 has resulted in a fair value gain of HK$1,959 million for the year (2010: HK$1,800 million).

The Group's rental and property management businesses recorded revenue of HK$463 million (2010: HK$390 million). Excluding change in fair value of investment properties and gains on disposals of investment properties, the segment profit was HK$355 million (2010: HK$287 million).

Our office spaces in Hong Kong achieved satisfactory occupancy during the year. Landmark East and W Square attained an average occupancy of 91% and 87%, respectively. These two properties in aggregate contributed revenue of HK$327 million for the year (2010: HK$218 million).

Revenue from the Group's industrial properties was HK$131 million for the year (2010: HK$124 million, excluding revenue of HK$44 million from the properties being disposed of in the prior year). Average occupancy of the Group's industrial properties, being Regent Centre, Winner Godown Building and Shui Hing Centre, was approximately 93% during the year.

The increase in segment profit to HK$355 million was in tandem with the growth in revenue, which was mainly attributable to the lease-up of Landmark East towards its full occupancy.

Warehousing

The Group operates warehousing businesses in Hong Kong. The businesses delivered a better performance this year, with revenue and segment profit up to HK$16 million (2010: HK$13 million) and HK$2.5 million (2010: HK$0.3 million) respectively.

The Group's cold storage business in Mainland China is operated through China Merchants International Cold Chain (Shenzhen) Company Limited ("CMCC") in which the Group has a 30% interest. CMCC reported a net loss of RMB9 million (2010: RMB3.7 million) for the year. The loss was mainly due to the unsatisfactory performance of the cold storage godown business in the Qianhaiwan Bonded Port Zone since operation in November 2010.

BUSINESS REVIEW *(continued)*

Investment

The Group's investment activities recorded a segment profit of HK$46 million (2010: HK$31 million). Profit from this segment comprised mainly dividend income from available-for-sale financial assets and income from held-to-maturity investments.

The Group's available-for-sale financial assets were fair valued at HK$319 million as at 31 December 2011 (31 December 2010: HK$431 million). The decrease was mainly attributable to the decrease in market value of the financial assets at year end, which resulted in an unrealised loss of HK$128 million (2010: unrealised gain of HK$83 million) being taken up in "Investment Revaluation Reserve" in equity during the year.

The Group's held-to-maturity investments were stated at amortised cost of HK$95 million as at 31 December 2011 (31 December 2010: HK$38 million), which increase was mainly attributable to purchase of treasury products for investment purpose.

Finance income and finance costs

Net finance costs amounted to HK$66 million in the year (2010: HK$73 million). The decrease was mainly due to finance income of HK$6 million (2010: HK$0.5 million) from deposits placed with banks during the year. The Group has surplus cash on hand following completion of the disposals of the two industrial properties in the fourth quarter of 2010.

The Group held interest rate swap contracts (the "IRS Contracts") to hedge its interest rate exposure. The outstanding notional principal amount of the IRS Contracts was HK$1,000 million as at 31 December 2011 (31 December 2010: HK$1,000 million). The IRS Contracts were fair valued at a loss of HK$105 million as at 31 December 2011 (31 December 2010: HK$114 million). A loss of HK$44 million (2010: HK$44 million), arising from cash settlement of the IRS Contracts, was transferred from "Hedging Reserve" to the income statement as finance costs during the year. An unrealised loss of HK$35 million (2010: HK$63 million) arose from fair valuation of the IRS Contracts at year end. Of which, an amount of HK$33 million (2010: HK$64 million) relating to the hedged portion was taken up in "Hedging Reserve" in equity.

Share of profits less losses of associated companies

On 8 May 2011, the Company announced the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye") from an independent third party at a consideration of HK$229 million. Dragon Eye holds 40% equity interest in Fore Prosper Limited ("Fore Prosper") and the remaining 60% in Fore Prosper is held by Wing Tai Properties Limited ("Wing Tai Properties"). Fore Prosper owns the property at 133 Leighton Road, Causeway Bay, Hong Kong at which Lanson Place Hotel is situated. Completion of the acquisition took place on 30 June 2011 and, since then, Fore Prosper has become a 40% associated company of the Group. A gain of HK$69 million (the "Gain") arose from the acquisition, as the net assets of Fore Prosper were acquired at a discount to their fair value. Lanson Place Hotel maintained a high occupancy during the year. It is expected that this investment will generate steady profit to the Group.

Excluding the Gain and change in fair value of the property held by Fore Prosper, the Group's share of net profit in associated companies amounted to HK$112 million in the year (2010: HK$300 million). Profit in the associated companies came mainly from sale of units at Forfar and Belle Vue Residences. A majority of the units at Forfar and Belle Vue Residences were pre-sold, with the profit being taken up upon issuance of occupation permit in the prior year.

Taxation

Taxation charge for the year of HK$40 million (2010: HK$23 million) comprised mainly provision for Hong Kong profits tax of HK$14 million (2010: HK$29 million), deferred taxation charge of HK$26 million arising from accelerated depreciation and utilisation of previously recognised tax losses (2010: deferred taxation credit of HK$6 million arising from recognition of tax losses).

PROJECT PROGRESS

Forfar, Hong Kong

The Group has a 20% interest in Forfar, which is a luxury residential project in Hong Kong co-developed with Wing Tai Properties. The project, with a total saleable area of about 108,000 square feet, was launched for pre-sale in July 2009. Occupation permit and certificate of compliance for the project were obtained in January and August 2010, respectively. Approximately 95% of the units were sold as at 31 December 2011 (31 December 2010: 65%).

Belle Vue Residences, Singapore

The Group has a 30% interest in Belle Vue Residences, which is a luxury residential development in Singapore co-developed with Wing Tai Holdings Limited and an independent third party. The project, with a total saleable area of about 433,000 square feet, was launched for pre-sale in late 2008. Occupation permit and certificate of statutory completion for the project were obtained in May and October 2010, respectively. Approximately 82% of the units were sold as at 31 December 2011 (31 December 2010: 70%).

Repayment of shareholder loans from Belle Vue Residences has resulted in a gain of HK$44 million (2010: Nil) being transferred from "Exchange Fluctuation Account" in equity to the income statement as exchange gain during the year.

EMPLOYEES

The Group employed 259 employees as at 31 December 2011 (31 December 2010: 241 employees). The Group aligns its remuneration and benefit packages with pay levels and practices prevailing in the market and recognises individual responsibility and performances. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

FINANCIAL REVIEW

The Group's financing and treasury operations are centrally managed and controlled.

Gearing

The Group's shareholders' equity as at 31 December 2011 was HK$11,319 million (31 December 2010: HK$9,443 million). The increase was mainly due to the profit attributable to shareholders for the year of HK$2,465 million, offset partly by dividend distributions of HK$418 million. The Group's total equity, including non-controlling interests, was HK$11,357 million as at 31 December 2011 (31 December 2010: HK$9,474 million).

The Group's total bank borrowings as at 31 December 2011 were HK$2,192 million (31 December 2010: HK$2,057 million). After deducting the bank balances and cash of HK$647 million (31 December 2010: HK$595 million), the Group's net borrowings as at 31 December 2011 were HK$1,545 million (31 December 2010: HK$1,462 million).

The gearing ratio of the Group was 14% as at 31 December 2011 (31 December 2010: 15%), calculated based on the net borrowings of HK$1,545 million and total equity of HK$11,357 million.

FINANCIAL REVIEW *(continued)*

Liquidity and debt maturity profile

The maturity profile of the Group's bank borrowings as at 31 December 2011 and 2010 is set out as below.

	At 31 December 2011		At 31 December 2010	
	HK$ million	**%**	HK$ million	%
Within one year	**562**	**26**	136	7
In the second year	**992**	**45**	283	14
In the third to fifth years inclusive	**638**	**29**	1,638	79
	2,192	**100**	2,057	100

Treasury policies

The Group principally operates in Hong Kong and, as a result, has minimal exposure to exchange rate fluctuation. The Group's investments in associated companies and financial assets are principally denominated in Singapore dollars. No forward exchange contracts have been entered to hedge for these foreign currency assets, which exposure will continue to be monitored by the Group and, if considered appropriate, hedged to the extent desirable. The Group's bank borrowings are principally denominated in Hong Kong dollars and match with the underlying securities.

The Group manages its interest rate exposure closely. In previous years, the Group entered into the IRS Contracts to hedge its floating interest rate exposure. The purpose of the IRS Contracts was to maintain a balanced portfolio of fixed and floating rate debts so that the Group could guard against any unexpected interest rate hikes. The Group had outstanding IRS Contracts in the notional amount totalling HK$1,000 million as at 31 December 2011. Against total bank borrowings of HK$2,192 million which were all on a floating rate basis, the IRS Contracts converted 46% of the Group's total bank borrowings at year end into fixed rate debts.

Capital commitments

The Group had no significant capital commitments as at 31 December 2011 (31 December 2010: Nil).

Contingent liabilities and financial guarantees

The Group had contingent liabilities of HK$228 million as at 31 December 2011 (31 December 2010: Nil) in respect of a guarantee given by the Company for banking facilities granted to an associated company. The guarantee was given severally and in proportion to the Group's equity interest in the associated company.

Other than the above, the Group had no significant contingent liabilities as at 31 December 2011 (31 December 2010: Nil).

Pledge of assets

Certain of the Group's assets with a carrying value of HK$12,258 million as at 31 December 2011 (31 December 2010: HK$10,354 million) were pledged to secure banking facilities of the Group.

OUTLOOK

Despite the uncertain global economic outlook, the overall outlook for the local economy is expected to remain positive with the support of its strong fundamentals such as strong inbound tourism and the low unemployment rate. The trend of office decentralisation will continue as tenants seek to relocate their offices to non-core business areas to achieve cost savings.

Approximately 30% of the floor area of the Group's rental properties under lease will expire this year. In view of the progress of the new and renewed leases to date, the Group's rental properties are expected to maintain high levels of occupancy in 2012. Landmark East, our Grade-A premium office in Kowloon East, will continue to benefit from the transformation of the area into a new core business district.

With regard to property development, sales of the remaining units of our two luxury residential projects, Forfar in Hong Kong and Belle Vue Residences in Singapore, will contribute further to the Group's income and cash flows in 2012.

The Group will continue to manage and expand its portfolio by capturing investment opportunities as they arise, to achieve the objective of delivering sustainable returns to shareholders.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.47 per share (2010: HK$0.42 per share) to the shareholders whose names appear on the Register of Members of the Company on 25 May 2012. Together with the interim dividend of HK$0.19 per share (2010: HK$0.16 per share) paid on 29 September 2011, the recurring dividend payout for the year will be HK$0.66 per share (2010: HK$0.58 per share). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 18 May 2012, the final dividend will be payable to the shareholders on or about 5 June 2012.

CHENG Wai Chee, Christopher
Chairman

Hong Kong, 28 March 2012

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries and associated companies are set out on pages 90 to 92.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 32.

An interim dividend of HK$0.19 per share (2010: HK$0.16 per share) totalling HK$49,340,000 (2010: HK$41,550,000) was paid on 29 September 2011.

In the prior year, there was a special dividend of HK$1 per share totalling HK$259,685,000 paid to the shareholders of the Company.

During the board meeting on 28 March 2012, the Directors recommended a final dividend of HK$0.47 per share (2010: HK$0.42 per share) totalling HK$122,052,000 (2010: HK$109,068,000), which will be payable on or about 5 June 2012 if approved by the shareholders at the annual general meeting of the Company to be held on 18 May 2012.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company was incorporated.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, contributed surplus is distributable. Accordingly, total distributable reserves of the Company as at 31 December 2011 amounted to HK$3,146,259,000.

DONATIONS

There was no charitable and other donation made by the Group during the year.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 16 and 17 to the financial statements respectively.

PARTICULARS OF PROPERTIES

Particulars of the properties held by the Group are set out on page 93.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the Company were entered into or existed during the year.

DIRECTORS

The Board of Directors as now constituted is listed on page 2. The brief biographical details of the Directors are set out on pages 3 to 4.

Lord Sandberg and Mr. Chung Hon Sing, John retired at the Annual General Meeting held on 24 May 2011.

Mr. Chow Wai Wai, John, Mr. Christopher Patrick Langley and Mr. Au Hing Lun, Dennis retired by rotation and were re-elected as Directors at the Annual General Meeting of the Company held on 24 May 2011.

Mr. Cheng Wai Chee, Christopher, Dr. Lo Ka Shui and Mrs. Chen Chou Mei Mei, Vivien shall retire by rotation under the provisions of Article 116 of the Company's Articles of Association at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 2011, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Interests in the Company

	Number of ordinary shares held					
Name of Director	**Interests held as beneficial owner**	**Interests held by spouse**	**Interests held by controlled corporations**	**Other interests**	**Total interests**	**Percentage of issued share capital**
Mr. Cheng Wai Chee, Christopher	—	27,000	—	205,835,845 *(Note 2)*	205,862,845	79.27%
Mr. Chow Wai Wai, John	2,713,000	—	—	—	2,713,000	1.04%
Mr. Cheng Wai Sun, Edward	—	—	—	205,835,845 *(Note 2)*	205,835,845	79.26%
Mrs. Chen Chou Mei Mei, Vivien	70,000	—	—	—	70,000	0.03%

Notes:

1. *The total number of ordinary shares of the Company in issue as at 31 December 2011 was 259,685,288.*

2. *For the purpose of Part XV of the SFO, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward being beneficiaries of a family trust, were deemed to be interested in (i) 148,944,458 shares of the Company held by Wing Tai Properties Limited ("Wing Tai Properties"); (ii) 42,991,387 shares of the Company held through Twin Dragon Investments Limited, a wholly-owned subsidiary of Wing Tai Properties and (iii) 13,900,000 shares of the Company which are subject to a put option granted by Wing Tai Properties to Standard Chartered Bank. These interests represented the same interests and were therefore duplicated amongst these two Directors.*

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

(b) Interests in an associated corporation, Wing Tai Properties

	Number of ordinary shares held						
Name of Director	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives *(Note 4)*	Total interests	Percentage of issued share capital
Mr. Cheng Wai Chee, Christopher	6,139,313	—	—	462,488,185 *(Note 2)*	2,422,253	471,049,751	35.51%
Mr. Chow Wai Wai, John	200,002	—	—	—	—	200,002	0.02%
Mr. Cheng Wai Sun, Edward	6,037,981	—	—	462,488,185 *(Note 2)*	2,422,253	470,948,419	35.51%
Mr. Au Hing Lun, Dennis	1,755,073	—	—	—	1,108,924	2,863,997	0.22%
Ms. Fung Ching Man, Janet *(Note 3)*	352,836	—	—	—	624,382	977,218	0.07%

Notes:

1. *The total number of ordinary shares of Wing Tai Properties in issue as at 31 December 2011 was 1,326,363,100.*
2. *As at 31 December 2011, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward were beneficiaries of a family trust whose assets included indirect interests in 462,488,185 ordinary shares of Wing Tai Properties. These interests represented the same interests and were therefore duplicated amongst these two Directors.*
3. *Alternate Director to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward respectively.*
4. *These represented interests in shares options or incentive shares granted by Wing Tai Properties to its directors and employees as beneficial owners, details of which are set out in the section headed "Underlying shares in Wing Tai Properties".*

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

(c) Underlying shares in Wing Tai Properties

Pursuant to a share option scheme of Wing Tai Properties adopted on 10 June 2003 (the "Wing Tai Properties Share Option Scheme"), the board of directors of Wing Tai Properties may in its absolute discretion grant options to directors and employees of Wing Tai Properties and its subsidiaries (the "Wing Tai Properties Group") to subscribe for shares of Wing Tai Properties at an exercise price to be determined by the directors of Wing Tai Properties in accordance with the rules of the scheme.

Pursuant to a share incentive scheme of Wing Tai Properties adopted on 17 June 2005 (the "Wing Tai Properties Share Incentive Scheme"), the board of directors of Wing Tai Properties or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Wing Tai Properties Group to subscribe in cash at par for shares of Wing Tai Properties.

There were no outstanding options granted to the Directors as at 31 December 2011 under the Wing Tai Properties Share Option Scheme. Details of the outstanding incentive shares awarded to the Directors under the Wing Tai Properties Share Incentive Scheme are as follows:

Name of Director	Exercise period	Number of incentive shares as at 31/12/2011
Mr. Cheng Wai Chee, Christopher	20/1/2012 to 15/6/2019	852,253
	19/1/2012 to 25/6/2020	266,000
	19/1/2013 to 25/6/2020	532,000
	20/1/2012 to 31/3/2021	193,000
	20/1/2013 to 31/3/2021	193,000
	20/1/2014 to 31/3/2021	386,000
		2,422,253
Mr. Cheng Wai Sun, Edward	20/1/2012 to 15/6/2019	852,253
	19/1/2012 to 25/6/2020	266,000
	19/1/2013 to 25/6/2020	532,000
	20/1/2012 to 31/3/2021	193,000
	20/1/2013 to 31/3/2021	193,000
	20/1/2014 to 31/3/2021	386,000
		2,422,253

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

(c) Underlying shares in Wing Tai Properties *(continued)*

Name of Director	Exercise period	Number of incentive shares as at 31/12/2011
Mr. Au Hing Lun, Dennis	20/1/2012 to 15/6/2019	400,674
	19/1/2012 to 25/6/2020	127,750
	19/1/2013 to 25/6/2020	255,500
	20/1/2012 to 31/3/2021	81,250
	20/1/2013 to 31/3/2021	81,250
	20/1/2014 to 31/3/2021	162,500
		1,108,924
Ms. Fung Ching Man, Janet	20/1/2012 to 15/6/2019	232,632
	19/1/2012 to 25/6/2020	53,250
	19/1/2013 to 25/6/2020	106,500
	20/1/2012 to 31/3/2021	58,000
	20/1/2013 to 31/3/2021	58,000
	20/1/2014 to 31/3/2021	116,000
		624,382

All the interests in the shares disclosed under this section represent long position in the shares of the Company or its associated corporations. Save as disclosed herein, as at 31 December 2011, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Wing Tai Properties Share Option Scheme and the Wing Tai Properties Share Incentive Scheme, at no time during the year was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Company did not have any share option scheme in force during the year.

SUBSTANTIAL SHAREHOLDERS

Apart from the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO shows that as at 31 December 2011 the Company has been notified of the following interests or short positions in the shares of the Company:

	Nature of interests and capacity in which interests are held					
Name of substantial shareholder	Interests held as beneficial owner	Interests held as trustee	Interests held by controlled corporations	Total interests	Long position/ short position	Percentage of issued share capital
Deutsche Bank International Trust Co. (Jersey) Limited *(Note 1)*	—	205,835,845	—	205,835,845	Long position	79.26%
Deutsche Bank International Trust Co. (Cayman) Limited *(Note 1)*	—	205,835,845	—	205,835,845	Long position	79.26%
Wing Tai Holdings Limited *(Note 2)*	—	—	205,835,845	205,835,845	Long position	79.26%
Wing Tai Properties *(Note 3)*	162,844,458	—	42,991,387	205,835,845	Long position	79.26%
Wing Tai Properties (B.V.I.) Limited *(Note 3)*	—	—	42,991,387	42,991,387	Long position	16.56%
Twin Dragon Investments Limited *(Note 3)*	42,991,387	—	—	42,991,387	Long position	16.56%
Standard Chartered PLC *(Note 4)*	—	—	13,900,000	13,900,000	Long position	5.35%
	—	—	13,900,000	13,900,000	Short position	5.35%
Standard Chartered Holdings Limited *(Note 4)*	—	—	13,900,000	13,900,000	Long position	5.35%
	—	—	13,900,000	13,900,000	Short position	5.35%
Standard Chartered Bank *(Note 4)*	13,900,000	—	—	13,900,000	Long position	5.35%
	13,900,000	—	—	13,900,000	Short position	5.35%

Notes:

1. *Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust which held all units of a unit trust (the "Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust. The assets of the Unit Trust included indirect interests in more than one-third of the issued shares of Wing Tai Holdings Limited ("Wing Tai Holdings"). Deutsche Bank International Trust Co. (Jersey) Limited and Deutsche Bank International Trust Co. (Cayman) Limited were deemed (by virtue of the SFO) to be interested in all the shares of the Company in which Wing Tai Holdings was interested. Accordingly, these interests were duplicated with the interests set out in note 2 entirely.*

2. *Wing Tai Holdings held more than one-third of the issued shares of Wing Tai Properties. Under Part XV of the SFO, Wing Tai Holdings was deemed to be interested in all the shares of the Company in which Wing Tai Properties was interested. Accordingly, these interests were duplicated with the interests set out in note 3 entirely.*

3. *Wing Tai Properties was interested in 205,835,845 shares of the Company comprising 162,844,458 shares held as beneficial owner and 42,991,387 shares held under Twin Dragon Investments Limited. The interest in the 162,844,458 shares of the Company included interest in 13,900,000 shares held through equity derivatives which was duplicated with the interest set out in note 4 entirely. Twin Dragon Investments Limited was a wholly-owned subsidiary of Wing Tai Properties (B.V.I.) Limited, which in turn was a wholly-owned subsidiary of Wing Tai Properties. Under Part XV of the SFO, Wing Tai Properties and Wing Tai Properties (B.V.I.) Limited were deemed to be interested in all the shares of the Company beneficially owned by Twin Dragon Investments Limited.*

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes: (continued)

4. *On 22 October 2010, Standard Chartered Bank entered into an agreement to acquire 13,900,000 shares of the Company. The transaction was completed on 25 October 2010. Also on 22 October 2010, Wing Tai Properties entered into an option agreement with Standard Chartered Bank pursuant to which Standard Chartered Bank was granted with an option to sell the 13,900,000 shares of the Company to Wing Tai Properties subject to the terms and conditions therein. Standard Chartered Bank was a wholly-owned subsidiary of Standard Chartered Holdings Limited which in turn was a wholly-owned subsidiary of Standard Chartered PLC. Under Part XV of the SFO, Standard Chartered PLC and Standard Chartered Holdings Limited were deemed to be interested in all the shares of the Company in which Standard Chartered Bank was interested.*

Save as disclosed herein, as at 31 December 2011, the Company had not been notified by any person of any interests or short positions in the shares or underlying shares of the Company which are notifiable to the Company under Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained the percentage prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the Company's shares in public hands as at the latest practicable date prior to the issue of this Annual Report.

DIRECTORS' INTERESTS IN CONTRACTS

(a) On 18 April 2002, Allied Effort Limited ("AEL"), a wholly-owned subsidiary of the Company, and Wing Tai Properties International Limited, a wholly-owned subsidiary of Wing Tai Properties, formed a 20:80 joint venture company in the name of Universal Plus Limited for the sole purpose of investing in 50% of the issued share capital of Landyork Investment Limited ("Landyork"). The other 50% of the issued share capital of Landyork is held by an independent third party. Landyork is the developer of the residential development known as *The Grandville* at No. 2 Lok Kwai Path, Sha Tin, New Territories, Hong Kong.

(b) On 21 June 2002, Winprop Pte. Ltd. ("Winprop") a wholly-owned subsidiary of the Company, entered into a subscription agreement with Winworth Investment Pte Ltd ("Winworth") pursuant to which Winprop subscribed for 15% of the enlarged share capital of Winworth. The other 85% of the issued share capital of Winworth is held by Wing Tai Land Pte. Ltd. ("WTL"), a wholly-owned subsidiary of Wing Tai Holdings. On 26 June 2002, Winprop and WTL entered into a joint venture agreement to regulate, amongst other things, their relationship as shareholders of Winworth. For a nominal consideration Winprop also acquired from WTL a portion of the loan previously advanced by WTL to Winworth such that the loans owing by Winworth to Winprop and WTL respectively are always in the proportion of 15:85. Winworth is the developer of the residential development known as *Draycott 8* at Draycott Drive, Singapore.

(c) On 20 November 2003, Winprop, WTL and Kosheen Investments Limited, a wholly-owned subsidiary of Wing Tai Properties, formed a 20:60:20 joint venture company in the name of Winwill Investment Pte Ltd ("Winwill"). Winwill is an investment vehicle and its sole business is to invest in 60% of the issued share capital of Winhome Investment Pte Ltd ("Winhome"). The other two shareholders of Winhome each holding 20% of Winhome's issued share capital are independent third parties. Winhome is the developer of the residential development known as *Kovan Melody* at Flower Road/Kovan Road, Singapore.

DIRECTORS' INTERESTS IN CONTRACTS *(continued)*

(d) On 14 March 2005, the Company and Wing Tai Properties entered into a memorandum of agreement whereby the Company and Wing Tai Properties agreed to form a 20:80 joint venture in the name of Pangold Development Limited ("Pangold") for the investment in and development of the property known as *Forfar* at 2 Forfar Road, Hong Kong. The Company nominated AEL to hold the Group's 20% interest in Pangold and a shareholders' agreement of Pangold was entered into on 14 July 2005.

(e) On 20 December 2005, Winprop and WTL entered into a memorandum of agreement whereby Winprop and WTL agreed to form a 30:70 joint venture in the name of Winquest Investment Pte. Ltd. ("Winquest") in respect of the residential development known as *Belle Vue Residences* at 15-23 Oxley Walk, Singapore. WTL subsequently sold 10% of Winquest to an independent third party, and a shareholders' agreement of Winquest was entered into on 28 February 2006.

(f) On 20 April 2011, Begin Land Limited, an indirect wholly-owned subsidiary of the Company, as landlord entered into an offer letter with Wing Tai Corporation Limited ("Wing Tai Corporation") as tenant in respect of the leasing of 15th Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a term of three years commencing from 16 May 2011.

Wing Tai Holdings is a substantial shareholder of the Company within the meaning of Part XV of the SFO and in which Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward are both beneficiaries of a family trust, the assets of which included indirect interests in more than one-third of the issued shares of Wing Tai Holdings.

Wing Tai Properties is the Company's ultimate holding company and in which Mr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Cheng Wai Sun, Edward, Mr. Au Hing Lun, Dennis and Ms. Fung Ching Man, Janet have beneficial interests. Mr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Cheng Wai Sun, Edward and Mr. Au Hing Lun, Dennis are Executive Directors of Wing Tai Properties whereas Ms. Fung Ching Man, Janet is the Company Secretary and Chief Financial Officer of Wing Tai Properties.

Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward have beneficial interests in Wing Tai Corporation. Mr. Cheng Wai Chee, Christopher is also a director of Wing Tai Corporation.

Save as disclosed above and in the section "Connected Transactions", no contracts of significance in relation to the Group's businesses to which the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Set out below is information disclosed pursuant to rule 8.10(2) of the Listing Rules.

(a) Mr. Chow Wai Wai, John is a director of Winsor Industrial Corporation, Limited ("WICL") and/or its subsidiaries. Ownership of certain car parking spaces in Kwun Tong for letting by a subsidiary of WICL constituted competing business to the Group. In view of the Group's experience and expertise in property (inclusive of car parking spaces) letting and management, a subsidiary of the Company was appointed by the WICL subsidiary as agent for letting of the said car parking spaces. The appointment was terminated upon disposal of the car parking spaces by the WICL subsidiary in April 2011.

Since the WICL Group's car parking spaces are targeted at different customers compared to the Group's own car parking spaces, the Group considers that its interest in the business of owning and letting of car parking spaces is adequately safeguarded.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES *(continued)*

(b) Mrs. Chen Chou Mei Mei, Vivien is an independent non-executive director of Emcom International Limited ("Emcom"). Businesses of Emcom consist of provision of property management services and may be regarded as competing businesses to the Group.

As an independent non-executive director of Emcom, Mrs. Chen is not participating in the routine businesses of Emcom. Also, Emcom is listed in Hong Kong with an independent management team and administration which are separated from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of such competing businesses.

(c) The following Directors and Alternate Director are also directors and/or officers of Wing Tai Properties as set out in the table below.

Name of Director	Position held in Wing Tai Properties
Mr. Chow Wai Wai, John *Managing Director*	*Executive Director*
Mr. Au Hing Lun, Dennis *Executive Director*	*Executive Director*
Mr. Cheng Wai Chee, Christopher *Non-Executive Chairman*	*Chairman*
Mr. Cheng Wai Sun, Edward *Non-Executive Director*	*Deputy Chairman and Chief Executive*
Ms. Fung Ching Man, Janet *Alternate Director to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward respectively*	*Company Secretary and Chief Financial Officer*

Wing Tai Properties and its subsidiaries (excluding the Group) are principally engaged in property development, hospitality investment and management, garment manufacturing, branded products distribution and investing activities. Wing Tai Properties Group (excluding the Group) may also be involved from time to time in property investment and management activities.

The Company and its subsidiaries are principally engaged in property investment and management, warehousing and investment holding. The Group is also involved from time to time in property development activities.

During the year, the Directors did not aware of any competing businesses between the two groups.

Mr. Chow Wai Wai, John is not participating in the routine businesses of Wing Tai Properties whereas Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Ms. Fung Ching Man, Janet are not participating in the routine businesses of the Group. Also, Wing Tai Properties is a company listed in Hong Kong with an independent management team and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of any possible competing businesses with Wing Tai Properties.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES *(continued)*

(d) Although the disclosure requirements under rule 8.10(2) of the Listing Rules do not apply to Independent Non-Executive Directors, Dr. Lo Ka Shui disclosed for the sake of transparency that, being the Chairman, Managing Director and a substantial shareholder of Great Eagle Holdings Limited ("GEHL") and a Non-Executive Director and the Chairman of Eagle Asset Management (CP) Limited (manager of the publicly listed Champion Real Estate Investment Trust ("Champion REIT")), he is to be considered as having interests in GEHL and Champion REIT under rule 8.10(2) of the Listing Rules. Businesses of GEHL and Champion REIT consist of property investment and management and may be regarded as competing businesses to the Group.

As an Independent Non-Executive Director, Dr. Lo Ka Shui is not participating in the routine businesses of the Group. Also, GEHL and Champion REIT whose shares/units are listed in Hong Kong have independent management teams and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of such competing businesses.

CONNECTED TRANSACTIONS

The following is a summary of the connected transactions between the Group and connected persons during the year which are required to be disclosed pursuant to Chapter 14A of the Listing Rules:

Connected Transaction

On 6 May 2011, the Company entered into a share purchase agreement in respect of the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye") from independent third parties for a consideration of HK$229,097,000. Dragon Eye holds 40% equity interest in Fore Prosper Limited ("Fore Prosper") and the remaining 60% interest in Fore Prosper is held by Success Grab Investments Limited ("Success Grab"), a wholly-owned subsidiary of Wing Tai Properties. Fore Prosper owns the property at 133 Leighton Road, Causeway Bay, Hong Kong at which Lanson Place Hotel is situated. On 6 May 2011, the Company also entered into a supplemental deed with Wing Tai Properties pursuant to which Wing Tai Properties has given certain representations and warranties relating to Fore Prosper in favour of the Company and a deed of adherence and amendments to shareholders' agreement with Success Grab, Dragon Eye, Wing Tai Properties and Fore Prosper pursuant to which the Company has undertaken to adhere to and be bound by the provisions of the shareholders' agreement dated 23 June 2004 relating to Fore Prosper.

Wing Tai Properties and its subsidiaries are connected persons of the Company under the Listing Rules. The acquisition and the entering into of various agreements constituted discloseable and connected transactions to the Company under the Listing Rules and were approved by the independent shareholders of the Company on 23 June 2011. Completion of the transactions took place on 30 June 2011.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions

(a) On 20 January 2009, Winnion Limited ("Winnion"), an indirect wholly-owned subsidiary of the Company, as landlord entered into an offer letter with Cateavon Limited ("Cateavon"), a 30% jointly controlled entity of Wing Tai Properties, as tenant in respect of the leasing of 5th Floor of W Square, Nos. 314-324 Hennessy Road, Wanchai, Hong Kong for a term of two years commencing from April 2009 (the "W Square Tenancy Agreement (A)").

The W Square Tenancy Agreement (A) constitutes a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as Cateavon is a connected person of the Company.

The total amount of HK$410,000 received by Winnion during the year is within the annual cap of HK$411,000 as set out in the Company's announcement dated 20 January 2009.

(b) On 20 July 2009, Begin Land Limited ("BLL"), an indirect wholly-owned subsidiary of the Company, as landlord entered into a preliminary tenancy agreement with Wing Tai Properties (Hong Kong) Limited ("WTPHKL"), an indirect wholly-owned subsidiary of Wing Tai Properties, as tenant in respect of the leasing of 27th Floor of Two Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a term of approximately thirty-one months commencing from January 2010 (the "Landmark East Tenancy Agreement").

The Landmark East Tenancy Agreement constitutes a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as WTPHKL is a connected person of the Company.

The total amount of HK$3,857,000 received by BLL during the year is within the annual cap of HK$4,435,000 as set out in the Company's announcement dated 20 July 2009.

(c) On 18 June 2010, Winnion as landlord entered into a tenancy agreement with Wing Tai Properties Development Limited ("WTPDL"), an indirect wholly-owned subsidiary of Wing Tai Properties, as tenant in respect of the renewal of tenancy of 25th Floor and penthouse of W Square for a term of one year commencing from July 2010 (the "W Square Tenancy Agreement (B)").

The W Square Tenancy Agreement (B) constitutes a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as WTPDL is a connected person of the Company.

The total amount of HK$1,863,000 received by Winnion during the year is within the annual cap of HK$2,036,000 as set out in the Company's announcement dated 18 June 2010.

(d) On 31 March 2011, Winnion as landlord entered into an extension agreement with Cateavon as tenant in respect of the extension of tenancy of 5th Floor of W Square for a term of nine months commencing from April 2011 (the "W Square Tenancy Agreement (C)") and Chericourt Company Limited ("Chericourt"), an indirect 95.24%-owned subsidiary of the Company, as landlord entered into a licence agreement with Cateavon as tenant in respect of the licensing of Unit 720 of Tower A of Regent Centre, No. 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong for a term of one year commencing from April 2011 (the "Regent Centre Tenancy Agreement").

The W Square Tenancy Agreement (C) and the Regent Centre Tenancy Agreement constitute continuing connected transactions to the Company under Chapter 14A of the Listing Rules, as Cateavon is a connected person of the Company.

The total amount of HK$1,875,000 received by Winnion and Chericourt during the year is within the annual cap of HK$2,063,000 as set out in the Company's announcement dated 31 March 2011.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions *(continued)*

(e) On 28 June 2011, Winnion as landlord entered into a tenancy renewal confirmation with WTPDL as tenant in respect of the renewal of tenancy of 25th Floor and penthouse of W Square for a term of one year commencing from July 2011 (the "W Square Tenancy Agreement (D)").

The W Square Tenancy Agreement (D) constitutes a continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as WTPDL is a connected person of the Company.

The total amount of HK$1,944,000 received by Winnion during the year is within the annual cap of HK$2,086,000 as set out in the Company's announcement dated 28 June 2011.

(f) On 23 September 2011, Winnion as landlord entered into offer letters with True Synergy Limited ("True Synergy"), an indirect wholly-owned subsidiary of Wing Tai Properties, as tenant in respect of the leasing of 4th Floor and 6th Floor of W Square for a term of one year commencing from October 2011 (the "W Square Tenancy Agreements (E)").

The W Square Tenancy Agreements (E) constitutes continuing connected transactions to the Company under Chapter 14A of the Listing Rules, as True Synergy is a connected person of the Company.

The total amount of HK$1,208,000 received by Winnion during the year is within the annual cap of HK$1,329,000 as set out in the Company's announcement dated 23 September 2011.

The Independent Non-Executive Directors of the Company have reviewed and confirmed that the above continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms;

3. 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

4. have not exceeded the relevant maximum amount capped in accordance with the annual caps as set out in the relevant public announcements.

In accordance with rule 14A.38 of the Listing Rules, the Board of Directors engaged the auditor of the Company 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 an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 21 to 22 of this Annual Report in accordance with rule 14A.38 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to its five largest customers and suppliers respectively.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 94 of this Annual Report.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who offer themselves for re-appointment at a fee to be agreed.

On behalf of the Board

CHENG Wai Chee, Christopher
Chairman

Hong Kong, 28 March 2012

Corporate Governance Report

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in the conduct of its business. The Company has observed the principles and complied with all code provisions and, to the extent possible having regard to circumstances pertaining to the Company, the recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the year ended 31 December 2011.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiry of all Directors and received confirmation from all Directors that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2011. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

BOARD OF DIRECTORS

The Board of Directors of the Company (the "Board") is responsible for determining the overall strategies and policies and approving the business plan of the Group, and ensuring the Group's business operations are properly planned, authorised, undertaken and monitored. The implementation of strategies and policies and day-to-day operations of the Group's business are delegated to the management led by the Managing Director. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board's decision. The principal functions of the Board are:

- to determine the overall objectives, strategies, policies and business plan of the Group;
- to monitor and control operating and financial performance;
- to approve major funding, investment and divestment proposals;
- to oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- to approve the nominations of directors and appointment of key personnel; and
- to assume responsibility for corporate governance.

Board Composition: Lord Sandberg and Mr. Chung Hon Sing, John retired at the annual general meeting held on 24 May 2011. The Board as now constituted comprises three Executive Directors, two Non-Executive Directors and three Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship (if any) among them, are set out on pages 3 to 4 of the Annual Report.

In accordance with rule 3.13 of the Listing Rules, each of the Independent Non-Executive Directors had confirmed his independence with the Stock Exchange and has provided an annual confirmation of his independence to the Company. Based on the assessment performed by the Nomination Committee, the Board considers that all the existing Independent Non-Executive Directors are independent.

Board Meetings: Regular meetings are scheduled in advance to facilitate the maximum attendance. Five Board meetings were held during the year ended 31 December 2011 and the attendance of each Director is set out in the section "Attendance to Meetings" of this report. Another Board meeting was held on 28 March 2012 for the purpose of, amongst other things, approving the Group's audited financial statements and announcement of results and recommending a final dividend for the year ended 31 December 2011.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Cheng Wai Chee, Christopher is the Non-Executive Chairman of the Board. Mr. Chow Wai Wai, John, Managing Director, is the Chief Executive Officer of the Group. Their roles are segregated.

The Chairman of the Board is responsible for:

- providing leadership for the Board;
- ensuring that the Board functions effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely and constructive manner;
- ensuring the provision of adequate information, which must be complete and reliable, to Directors in a timely manner;
- ensuring that good corporate governance practices and procedures are established;
- facilitating the effective contribution of Non-Executive Directors and ensure constructive relations between Executive and Non-Executive Directors; and
- ensuring effective communication with shareholders.

The Chief Executive Officer is responsible, under delegated authority from the Board, for the day-to-day management and running of the Group's businesses and implementation of the strategies and policies set by the Board.

NON-EXECUTIVE DIRECTORS

All Non-Executive Directors, including Independent Non-Executive Directors, are appointed for an initial term expiring at the first annual general meeting of the Company after their respective appointment. In accordance with the Articles of Association of the Company, they shall then be eligible for re-election, and thereafter are subject to retirement by rotation at least once in every three years.

REMUNERATION OF DIRECTORS

Details of the remuneration of Directors are set out in note 8(b) to the financial statements.

Principles of Remuneration Policy:

The major principles of the Group's remuneration policy are:

- no individual is involved in determining his own remuneration;
- remuneration should align with those offered for comparable position by comparable companies of similar size and business scope in the market; and
- remuneration should reflect work complexity, time commitment, responsibility and performance (both financial and qualitative) with a view to attracting, motivating and retaining high performing individuals.

Directors' Fees: The Directors' fees of both Executive and Non-Executive Directors are recommended by senior management, reviewed by the Remuneration Committee and approved by the Board on an annual basis.

Remuneration of Executive Directors: The structure of the remuneration of the Executive Directors is made up of base salary, performance incentive in the form of cash bonus, and retirement benefits. The specific remuneration packages and performance incentives of the Executive Directors are determined annually by the Remuneration Committee taking into consideration the competitive market position, market practice, responsibilities and individual performance of the Executive Directors, corporate goals and financial results of the Group.

REMUNERATION OF DIRECTORS *(continued)*

Remuneration of Board Committees: The remuneration of the Non-Executive Directors serving on Board committees are recommended by senior management and reviewed by the Remuneration Committee for approval by the Board on an annual basis.

Remuneration Committee: Pursuant to the CG Code, the Board established a Remuneration Committee with written terms of reference on 1 April 2005. The present Remuneration Committee comprises two Independent Non-Executive Directors, namely Mr. Haider Hatam Tyebjee Barma and Mr. Christopher Patrick Langley, and the Managing Director, Mr. Chow Wai Wai, John. Mr. Barma is the Chairman of the Remuneration Committee.

The principal duties and functions of the Remuneration Committee are:

- to make recommendations to the Board regarding the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to determine the specific remuneration packages of all Executive Directors and senior management;
- to make recommendations to the Board of the remuneration of Non-Executive Directors; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The terms of references of the Remuneration Committee are posted on the website of the Company.

The Remuneration Committee held two meetings in March and December 2011:

- to determine the discretionary bonuses of Executive Directors for the year 2010 and their annual base pay for the year 2011, it being noted that the Group's senior management comprised the Executive Directors;
- to review the fee scale regarding Directors' fees and remuneration of Board Committees; and
- to provide guidance and review the discretionary payments for the year 2011 and salary adjustments for the year 2012 effected for the Group's general staff.

The attendance of each member of the Remuneration Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

NOMINATION OF DIRECTORS

The Board, through the Nomination Committee, reviews its structure, size and composition from time to time to ensure that it has the balance of skills and experience and independent element appropriate for the requirement of the Group's businesses. All Directors newly appointed by the Board are appointed for an initial term expiring at the first annual general meeting of the Company after their respective appointment. In accordance with the Articles of Association of the Company, they shall then be eligible for re-election, and thereafter are subject to retirement by rotation at least once in every three years.

Nomination Committee: The Company established a Nomination Committee with written terms of reference on 29 March 2007. The present Nomination Committee comprises two Independent Non-Executive Directors, namely Dr. Lo Ka Shui and Mr. Haider Hatam Tyebjee Barma and one Non-Executive Director, Mr. Cheng Wai Chee, Christopher. Dr. Lo is the Chairman of the Nomination Committee. Mr. Christopher Patrick Langley is the alternate member to Mr. Barma.

NOMINATION OF DIRECTORS *(continued)*

The principal duties and functions of the Nomination Committee are:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes as and when necessary;
- to identify and nominate qualified individuals to the Board for appointment as additional Directors or to fill Board vacancies as and when they arise;
- to assess the independence of Independent Non-Executive Directors; and
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Managing Director.

The terms of references of the Nomination Committee are posted on the website of the Company.

The Nomination Committee held one meeting in March 2011:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board; and
- to assess the independence of Independent Non-Executive Directors.

The attendance of each member of the Nomination Committee to its meeting is set out in the section "Attendance to Meetings" of this report.

ACCOUNTABILITY AND AUDIT

Financial Reporting: The Directors acknowledge their responsibilities for the preparation of financial statements which give a true and fair view, and to ensure that appropriate accounting policies are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The external auditor of the Company has included a statement of its reporting responsibilities on the Group's financial statements in its Independent Auditor's Report on page 31 of the Annual Report.

Internal Control: The Board is responsible for maintaining sound and effective internal controls to safeguard the Group's assets. The Group's system of internal control is designed to provide reasonable assurance regarding risk management and the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

The Board, through the Audit Committee, has set down the process for reviewing the effectiveness of the Group's system of internal control. The publication "Internal Control and Risk Management — A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants in June 2005 was used as the main reference. The process, which is fully documented, requires the heads of each functional division of the Group to perform an annual self-assessment of the risks in the operations of their divisions and the adequacy of the control techniques and activities in place before completing an assessment checklist in respect of the five components of internal control:

- control environment;
- risk assessment;
- control activities;
- information and communication; and
- monitoring.

ACCOUNTABILITY AND AUDIT *(continued)*

These assessments will be completed by a cascade of compliance certificates whereby non-compliances or weaknesses in the Group's internal controls, if any, will be identified and reported to the Board.

The Group's internal audit function independently reviews the effectiveness of the Group's system of internal control on a continuing basis, and aims to cover all major operations of the Group by rotation. The annual internal audit plan is approved by the Audit Committee at the beginning of each financial year, based on the Audit Committee's strategic plan and taking into account input from management. The internal audit function reports its findings and recommendations to the Audit Committee at its meetings and ensures implementation of the recommendations.

Having performed an annual review of the effectiveness of the Group's system of internal control, the Board is satisfied that the Group has maintained sound and effective internal controls during the year ended 31 December 2011.

Audit Committee: The Company established an Audit Committee with written terms of reference on 17 December 1998. The present Audit Committee comprises two Independent Non-Executive Directors, namely Mr. Christopher Patrick Langley and Mr. Haider Hatam Tyebjee Barma and one Non-Executive Director, Mr. Cheng Wai Chee, Christopher. Mr. Langley is the Chairman of the Audit Committee. Ms. Fung Ching Man, Janet is the alternate member to Mr. Cheng.

The principal duties and functions of the Audit Committee are:

- to review the Group's financial statements;
- to review the effectiveness of both the external and internal audits and of internal controls and risk evaluation;
- to consider the appointment and remuneration of the external auditor; and
- to consider external and internal audit plans and findings.

The terms of reference of the Audit Committee are posted on the website of the Company.

The Audit Committee held four meetings in March, June, August and December 2011:

- to review the effectiveness of the system of internal controls of the Group;
- to review the financial statements and the accounting policies and practices adopted by the Group with management and the external auditor;
- to consider the independence and remuneration of the external auditor;
- to discuss the external auditor's audit plan and findings;
- to discuss the internal auditor's audit plan and findings; and
- to monitor the progress of the Company's action plans for the purpose of restoring the public float of the Company.

The attendance of each member of the Audit Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

AUDITOR'S REMUNERATION

Remuneration in respect of audit and non-audit services provided during the year ended 31 December 2011 by the Company's external auditor, PricewaterhouseCoopers, is analysed as follows:

Services rendered	Remuneration HK$'000
Audit services	1,385
Non-audit services	366

INDEPENDENT BOARD COMMITTEE

On 3 May 2011, an Independent Board Committee, consisting of Mr. Christopher Patrick Langley and Mr. Haider Hatam Tyebjee Barma, was mandated by the Board to advise the independent shareholders of the Company in respect of the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. as set out in the section "Connected Transactions" on page 20 of the Annual Report.

The committee held two meetings in May 2011 to consider and recommend the transaction for the approval of the independent shareholders.

CORPORATE COMMUNICATION

The Company maintains various communication channels with its shareholders and investors through the publication of notices and announcements on the Company's website at www.winsorprop.com, dispatch of circulars, annual reports and interim reports to shareholders and publication of all the above on the Stock Exchange's website at www.hkexnews.hk. Annual general meetings and other general meetings are being held to provide a forum for shareholders to exchange their views with the Board.

The Company's website at www.winsorprop.com also provides access for shareholders and investors to the Company's corporate, financial and other information updated from time to time.

VOTING BY POLL

Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue. At the annual general meeting of the Company held on 24 May 2011 and the extraordinary general meeting of the Company held on 23 June 2011, all the resolutions proposed were duly passed by way of voting by poll.

ATTENDANCE TO MEETINGS

The attendance of individual Directors to Board and Committee meetings during the year ended 31 December 2011 is set out below.

Name of Director	Board Meetings(1)	Remuneration Committee Meetings(2)	Nomination Committee Meeting(3)	Audit Committee Meetings(4)	Independent Board Committee Meetings(5)
Executive Directors:					
Mr. Chow Wai Wai, John *(Managing Director)*	5/5	2/2	NA	NA	NA
Mrs. Chen Chou Mei Mei, Vivien	3/5	NA	NA	NA	NA
Mr. Chung Hon Sing, John (retired on 24 May 2011)	2/2	NA	NA	NA	NA
Mr. Au Hing Lun, Dennis	5/5	NA	NA	NA	NA
Non-Executive Directors:					
Mr. Cheng Wai Chee, Christopher *(Chairman)*	5/5	NA	1/1	4/4	NA
Mr. Cheng Wai Sun, Edward	5/5	NA	NA	NA	NA
Independent Non-Executive Directors:					
Lord Sandberg (retired on 24 May 2011)	0/2	NA	NA	NA	NA
Mr. Christopher Patrick Langley	5/5	2/2	NA	4/4	2/2
Dr. Lo Ka Shui	4/5	NA	1/1	NA	NA
Mr. Haider Hatam Tyebjee Barma	5/5	2/2	1/1	3/4	2/2

Notes:

(1) These meetings of the Board were held in March, May, June, August and December 2011.

(2) These meetings of the Remuneration Committee were held in March and December 2011.

(3) This meeting of the Nomination Committee was held in March 2011.

(4) These meetings of the Audit Committee were held in March, June, August and December 2011.

(5) These meetings of the Independent Board Committee were held in May 2011.

Independent Auditor's Report

羅兵咸永道

To the Shareholders of
Winsor Properties Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Winsor Properties Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 32 to 92, 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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	Year ended 31/12/2011 HK$'000	31/12/2010 HK$'000
Revenue	5	**478,330**	403,708
Cost of sales		**(110,797)**	(92,334)
Gross profit		**367,533**	311,374
Other income	5	**46,198**	35,828
Leasing and marketing expenses		**(8,814)**	(19,161)
Administrative expenses		**(42,356)**	(39,246)
Increase in fair value of investment properties	17	**1,958,533**	1,799,809
Gains on disposals of investment properties		**1,312**	147,011
Other gains, net		**35,242**	25,167
Operating profit	6	**2,357,648**	2,260,782
Finance income	7	**5,718**	520
Finance costs	7	**(71,603)**	(73,295)
		2,291,763	2,188,007
Share of profits less losses of associated companies	9	**151,221**	300,288
Gain on bargain purchase	10	**69,387**	—
Profit before taxation		**2,512,371**	2,488,295
Taxation charge	11	**(39,977)**	(23,437)
Profit for the year		**2,472,394**	2,464,858
Attributable to:			
Shareholders of the Company	12	**2,465,238**	2,460,044
Non-controlling interests		**7,156**	4,814
		2,472,394	2,464,858
		HK$	HK$
Earnings per share	13	**9.49**	9.47
		HK$'000	HK$'000
Dividends	14	**171,392**	410,303

The accompanying notes on pages 40 to 92 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	Year ended 31/12/2011 HK$'000	31/12/2010 HK$'000
Profit for the year		**2,472,394**	2,464,858
Other comprehensive (loss)/income			
Exchange translation differences	32	**(5,627)**	59,895
Exchange differences released upon repayment of loans from an associated company	32	**(44,122)**	—
Fair value (losses)/gains on available-for-sale financial assets	32	**(128,185)**	82,749
Cash flow hedges			
— Fair value losses	32	**(33,326)**	(63,789)
— Realised upon settlement	32	**44,105**	44,427
Share of hedging reserve of an associated company	32	**(3,174)**	—
Other comprehensive (loss)/income for the year, net of tax		**(170,329)**	123,282
Total comprehensive income for the year		**2,302,065**	2,588,140
Attributable to:			
Shareholders of the Company		**2,294,909**	2,583,326
Non-controlling interests		**7,156**	4,814
		2,302,065	2,588,140

The accompanying notes on pages 40 to 92 are an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2011

	Note	31/12/2011 HK$'000	31/12/2010 HK$'000
Non-current assets			
Property, plant and equipment	16	**9,031**	11,249
Investment properties	17	**12,167,930**	10,227,930
Interests in associated companies	19	**696,144**	500,676
Amounts and loans receivable from associated companies	19	**39,369**	357,525
Available-for-sale financial assets	20	**319,402**	431,094
Held-to-maturity investments	21	**65,835**	37,877
Deferred tax assets	30	**4,020**	13,653
Derivative financial instruments	26	**179**	16,000
		13,301,910	11,596,004
Current assets			
Inventories	22	**362**	58
Trade and other receivables	23	**40,676**	55,668
Held-to-maturity investments	21	**29,252**	—
Tax recoverable		**435**	—
Bank balances and cash	24	**647,478**	595,167
		718,203	650,893
Current liabilities			
Trade and other payables and accruals	25	**215,567**	310,908
Short-term bank loans, secured	27	**561,682**	136,250
Derivative financial instruments	26	**42,130**	42,865
Tax payable		**26,334**	40,301
		845,713	530,324
Net current (liabilities)/assets		**(127,510)**	120,569
Total assets less current liabilities		**13,174,400**	11,716,573

Consolidated Balance Sheet *(continued)*

At 31 December 2011

	Note	**31/12/2011 HK$'000**	31/12/2010 HK$'000
Non-current liabilities			
Long-term bank loans, secured	28	**1,630,100**	1,920,600
Other long-term loans	29	**32,498**	32,498
Amounts and loans payable to associated companies	19	**23,552**	166,789
Derivative financial instruments	26	**62,942**	71,621
Deferred tax liabilities	30	**68,125**	51,331
		1,817,217	2,242,839
Net assets		**11,357,183**	9,473,734
Share capital	31	**2,596**	2,596
Reserves	32	**11,316,471**	9,440,287
Equity attributable to shareholders of the Company		**11,319,067**	9,442,883
Non-controlling interests		**38,116**	30,851
Total equity		**11,357,183**	9,473,734

The accompanying notes on pages 40 to 92 are an integral part of these financial statements.

CHENG Wai Chee, Christopher
Director

CHOW Wai Wai, John
Director

Balance Sheet

At 31 December 2011

	Note	31/12/2011 HK$'000	31/12/2010 HK$'000
Non-current assets			
Subsidiaries	18	**3,149,111**	3,250,757
Current assets			
Other receivables	23	**1,623**	1,044
Bank balances and cash	24	**100**	101
		1,723	1,145
Current liabilities			
Other payables and accruals	25	**1,977**	1,735
Tax payable		**2**	—
		1,979	1,735
Net current liabilities		**(256)**	(590)
Net assets		**3,148,855**	3,250,167
Share capital	31	**2,596**	2,596
Reserves	32	**3,146,259**	3,247,571
Total equity		**3,148,855**	3,250,167

The accompanying notes on pages 40 to 92 are an integral part of these financial statements.

CHENG Wai Chee, Christopher
Director

CHOW Wai Wai, John
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

		Equity attributable to the shareholders of the Company						
	Note	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Dividends HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011		2,596	818,220	8,253,314	368,753	9,442,883	30,851	9,473,734
Comprehensive income								
Profit for the year		—	—	2,465,238	—	2,465,238	7,156	2,472,394
Other comprehensive (loss)/income	32							
Exchange translation differences		—	(5,627)	—	—	(5,627)	—	(5,627)
Exchange differences released upon repayment of loans from an associated company		—	(44,122)	—	—	(44,122)	—	(44,122)
Fair value losses on available-for-sale financial assets		—	(128,185)	—	—	(128,185)	—	(128,185)
Fair value losses on cash flow hedges		—	(33,326)	—	—	(33,326)	—	(33,326)
Realised upon settlement of interest rate swap contracts		—	44,105	—	—	44,105	—	44,105
Share of hedging reserve of an associated company		—	(3,174)	—	—	(3,174)	—	(3,174)
Total other comprehensive loss		—	(170,329)	—	—	(170,329)	—	(170,329)
Total comprehensive (loss)/income		—	(170,329)	2,465,238	—	2,294,909	7,156	2,302,065
Transactions with owners								
Partial disposal of interest in a subsidiary		—	(632)	—	—	(632)	632	—
Dividends paid to non-controlling shareholders		—	—	—	—	—	(523)	(523)
Special dividend paid	14	—	—	—	(259,685)	(259,685)	—	(259,685)
Final dividend paid	14	—	—	—	(109,068)	(109,068)	—	(109,068)
Interim dividend paid	14	—	—	(49,340)	—	(49,340)	—	(49,340)
Final dividend proposed	14	—	—	(122,052)	122,052	—	—	—
Total transactions with owners		—	(632)	(171,392)	(246,701)	(418,725)	109	(418,616)
At 31 December 2011		2,596	647,259	10,547,160	122,052	11,319,067	38,116	11,357,183

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31 December 2011

		Equity attributable to the shareholders of the Company						
	Note	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Dividends HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2010		2,596	694,938	6,203,573	98,680	6,999,787	26,352	7,026,139
Comprehensive income								
Profit for the year		—	—	2,460,044	—	2,460,044	4,814	2,464,858
Other comprehensive income/(loss)	32							
Exchange translation differences		—	59,895	—	—	59,895	—	59,895
Fair value gains on available-for-sale financial assets		—	82,749	—	—	82,749	—	82,749
Fair value losses on cash flow hedges		—	(63,789)	—	—	(63,789)	—	(63,789)
Realised upon settlement of interest rate swap contracts		—	44,427	—	—	44,427	—	44,427
Total other comprehensive income		—	123,282	—	—	123,282	—	123,282
Total comprehensive income		—	123,282	2,460,044	—	2,583,326	4,814	2,588,140
Transactions with owners								
Dividends paid to non-controlling shareholders		—	—	—	—	—	(315)	(315)
Dividends paid	14	—	—	(41,550)	(98,680)	(140,230)	—	(140,230)
Special dividend declared	14	—	—	(259,685)	259,685	—	—	—
Final dividend proposed	14	—	—	(109,068)	109,068	—	—	—
Total transactions with owners		—	—	(410,303)	270,073	(140,230)	(315)	(140,545)
At 31 December 2010		2,596	818,220	8,253,314	368,753	9,442,883	30,851	9,473,734

The accompanying notes on pages 40 to 92 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2011

	Note	Year ended 31/12/2011 HK$'000	31/12/2010 HK$'000
Operating activities			
Net cash from operations	36(a)	**272,361**	233,054
Interest paid		**(71,434)**	(73,098)
Hong Kong profits tax paid		**(27,145)**	(14,699)
Overseas tax paid		**(288)**	(223)
Net cash from operating activities		**173,494**	145,034
Investing activities			
Purchase of property, plant and equipment		**(415)**	(5,594)
Additions to investment properties		**(32,768)**	(11,222)
Proceeds from disposals of investment properties		**25,293**	941,430
Proceeds from disposals of property, plant and equipment		**3**	468
Income received from held-to-maturity investments		**1,117**	500
Bank interest received		**4,520**	462
Dividends received from available-for-sale financial assets		**18,989**	23,776
Loan contributions to an associated company		**—**	(2,800)
Amounts repaid and advanced by associated companies		**346,511**	47,944
Dividends received from associated companies		**76,243**	—
Acquisitions of held-to-maturity investments		**(48,825)**	—
Acquisition of interests in an associated company		**(229,097)**	—
Amount advanced by an investee company		**111**	1,837
Net cash from investing activities		**161,682**	996,801
Financing activities			
New long-term bank loans		**—**	225,000
New short-term bank loans		**558,825**	450,000
Repayment of long-term bank loans		**(143,750)**	(545,650)
Repayment of short-term bank loans		**(280,000)**	(705,000)
Dividends paid		**(418,093)**	(140,230)
Dividends paid to non-controlling shareholders		**(523)**	(315)
Net cash used in financing activities		**(283,541)**	(716,195)
Net increase in cash and cash equivalents		**51,635**	425,640
Cash and cash equivalents at beginning of the year		**595,167**	172,004
Effect of foreign exchange rate changes		**676**	(2,477)
Cash and cash equivalents at end of the year		**647,478**	595,167
Analysis of cash and cash equivalents			
Bank balances and cash		**647,478**	595,167

The accompanying notes on pages 40 to 92 are an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands and the address of its principal office in Hong Kong is 8th Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

The Board of Directors of the Company considers that the Company's ultimate holding company is Wing Tai Properties Limited ("Wing Tai Properties"), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.

The Group is principally engaged in property investment and management, warehousing and investment holding. The Group is also involved from time to time in property development activities.

These financial statements have been approved by the Board of Directors of the Company on 28 March 2012.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and derivative financial instruments.

The preparation of financial statements in conformity with HKFRSs 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.

(b) Adoption of new and revised HKFRSs

(i) During the year, the Group has adopted the following revised standard, amendments and interpretations to existing standards which are effective for the current accounting period beginning on 1 January 2011.

HKFRSs (Amendments)	Third Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the revised standard, amendments and interpretations to existing standards has no significant impact on the Group's results and financial position in the current and prior years.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Adoption of new and revised HKFRSs *(continued)*

(ii) The Group has not early adopted the following new and revised standards and amendments to existing standards that have been issued but are not yet effective.

		Effective for accounting period beginning on or after
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 19 (Revised 2011)	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)	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)	Disclosures — 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 Measurement	1 January 2013

The Group is in the process of making an assessment on the impact of these new and revised standards and amendments to existing standards and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

(c) Consolidation

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

(i) Subsidiaries

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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Consolidation *(continued)*

(i) Subsidiaries (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.

(I) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former 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 through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at 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.

(II) 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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

(c) Consolidation *(continued)*

(i) Subsidiaries (continued)

(III) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured 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 associated company or a 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.

(ii) Associated companies

Associated companies are 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 associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment losses. The interests in associated companies also include long-term equity loan which in substance form part of the Group's net investments in associated companies.

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

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) 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, will make strategic decisions. The identification of operating segments is set out in note 5.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Foreign currencies 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 dollars, which is the Company's functional and 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. 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 equity as qualifying cash flow hedges.

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

(iii) Group companies

The results and financial positions of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(2) income and expenses for each income statement are translated at average exchange rates; and

(3) all resulting exchange differences are recognised as a separate component of equity.

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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

(e) Foreign currencies translation *(continued)*

(iv) 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, or a disposal involving loss of significant influence over an associated company 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 reattributed 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 associated companies that do not result in the Group losing significant influence) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(f) Property, plant and equipment

Property, 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 asset.

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 asset will flow to the Group and the cost of the asset can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, at the following annual rates:

Plant and machinery	10% to 20%
Leasehold improvements, furniture, fixtures and office equipment	10% to 20%
Motor vehicles	20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses on disposal of property, plant and equipment are the difference between the net sale proceeds and the carrying amounts of the relevant assets, and are recognised in the income statement. Any revaluation reserve remaining attributable to the relevant assets is transferred to retained earnings and is shown as a movement in reserves.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases and properties being redeveloped for continued future use as investment property. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Changes in fair values are recognised in the income statement.

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

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

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as revaluation of property, plant and equipment. However, if the fair value gives rise to a reversal of a previous impairment, this reversal is recognised in the income statement.

(h) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies is included in investments in associated companies and is tested annually for impairment as part of the overall carrying amount.

Separately recognised goodwill is tested for impairment and carried at cost less accumulated impairment. Impairment on goodwill is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of investments in subsidiaries, associated companies and non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment 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 balance sheet date.

In the Company's balance sheet, impairment testing of the investments in subsidiaries or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associated company 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.

(j) Assets under leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases.

(i) Leases — where the Group is the lessee

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

(ii) Leases — where the Group is the lessor

When the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 2(f) above. Revenue arising from assets leased out under operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(w) below.

(k) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and re-evaluates this designation at every balance sheet date.

(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 it is acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are included under current assets.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial assets *(continued)*

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment terms that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Financial assets classified as held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has both the positive intention and the ability to hold to maturity. The entire category would be tainted and reclassified as available-for-sale financial assets/financial assets at fair value through profit or loss if the Group were to sell other than an insignificant amount of held-to-maturity investments. They are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method less allowances for impairment losses. They are included in non-current assets, except for those with maturities less than twelve months of the balance sheet date 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 management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on trade-date, which is 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 and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement in the financial period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement.

Dividend income from financial assets at fair value through profit or loss and available-for-sale financial assets are recognised in the income statement when the Group's right to receive payments is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial assets *(continued)*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their costs is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from investment revaluation reserve and recognised in the income statement. Impairment recognised in the income statement on equity instruments is not reversed through the income statement.

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 securities 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.

(l) Impairment of financial assets

(i) Assets carried at amortised cost

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

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment of financial assets *(continued)*

(i) Assets carried at amortised cost (continued)

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the 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 investments 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 income statement.

(m) Inventories

Inventories comprise finished goods and are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Trade and other receivables

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. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

(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 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 hedge 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 full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are 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 recycled in the income statement in the financial periods when the hedged item affects profit or loss.

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 hedging reserve 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 financial instruments do not qualify for hedge accounting. These instruments are classified as current or non-current asset or liability according to the settlement dates of the financial instruments. Changes in the fair value of these derivative instruments are recognised immediately in the income statement.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) 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 a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

(r) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables 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. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Share capital

Ordinary shares are classified as equity.

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

(t) Financial guarantee contracts

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

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

(u) Contingent liabilities and contingent assets

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

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

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Contingent liabilities and contingent assets *(continued)*

A contingent asset is a possible asset 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.

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

(v) 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 directly in equity. In this case, the tax is also recognised in equity.

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Recognition of revenue and income

Revenue comprises the fair value of the consideration for the sale of goods and rendering of services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Operating lease rental income is recognised on a straight-line basis over the lease period.

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

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

Warehousing income and other income is recognised when the related services are rendered.

Revenue from the sale of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(x) Employee benefits

Employee entitlements to annual leave and statutory long service payments are recognised when they accrue to employees. A provision is made for the estimated liability 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.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in independently administered funds.

(y) Borrowings and borrowing costs

Borrowings 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.

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in the financial period in which they are incurred.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the financial period in which the dividends become present legal and constructive obligations of the Company.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks such as foreign exchange risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management 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 majority of the Group's assets are located and operated in Hong Kong, and the related revenue generated from these assets is denominated in Hong Kong dollars. At 31 December 2011, the Group's borrowings were principally denominated in Hong Kong dollars.

The Group is exposed to changes in foreign exchange rates due to its investment in foreign operations, whose net assets are exposed to foreign currency transaction risk.

Management monitors exchange rate movements closely to ascertain if any material exposure may arise. The Group regards the foreign exchange risk from fluctuation of currencies other than Singapore dollars is insignificant.

At 31 December 2011, if Hong Kong dollars had strengthened or weakened by 5% against Singapore dollars with all other variables held constant, profit after taxation for the year would have been HK$283,000 (2010: HK$728,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of bank balances denominated in Singapore dollars.

At 31 December 2011, if Hong Kong dollars had strengthened or weakened by 5% against Singapore dollars with all other variables held constant, equity would have been HK$32,458,000 (2010: HK$35,855,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of available-for-sale financial assets and interests in associated companies denominated in Singapore dollars.

(ii) Price risk

The Group is exposed to equity securities price risk because the Group holds 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 available-for-sale financial assets had increased or decreased by 10%, with all other variables held constant, equity would have been HK$22,525,000 (2010: HK$31,968,000) higher or lower.

(iii) Credit risk

The Group's credit risks are primarily attributable to bank balances, available-for-sale financial assets, held-to-maturity investments, trade and other receivables and counter-party financial obligations in derivative financial instruments.

The Group's cash deposits are placed with banks and financial institutions of high credit ratings and the Group's available-for-sale financial assets and held-to-maturity investments are primarily invested in companies with sound financial conditions. The Group regularly reviews the investments to determine whether there is a deterioration in credit quality.

3. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(iii) Credit risk (continued)

The Group has no significant concentration of credit risk. For rent receivable from tenants, credit checks are part of the normal leasing process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate provisions for impairment are made for irrecoverable amounts.

To mitigate counter-party risk, the Group enters into derivative contracts only with financial institutions of high credit ratings.

(iv) Liquidity risk

The Group regularly assesses its funding requirements and prepares rolling cashflow forecast to ensure it has sufficient cash resources and undrawn banking facilities at all times to meet its operating, investing and financing needs.

The Group regularly reviews the debt covenants of the bank loans to ensure compliance of those covenants and avoid any interruption to its banking and credit facilities.

The table below analyses the Group's 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.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
The Group				
At 31 December 2011				
Bank borrowings	**591,366**	**1,013,677**	**647,147**	**—**
Trade and other payables and accruals	**215,567**	**—**	**—**	**—**
Derivative financial instruments	**42,130**	**38,376**	**24,566**	**—**
Other long-term loans	**—**	**—**	**—**	**32,498**
Total	**849,063**	**1,052,053**	**671,713**	**32,498**
At 31 December 2010				
Bank borrowings	164,017	308,928	1,681,815	—
Trade and other payables and accruals	310,908	—	—	—
Derivative financial instruments	42,865	35,121	36,500	—
Other long-term loans	—	—	—	32,498
Total	517,790	344,049	1,718,315	32,498

The amounts disclosed in the table represent the contractual undiscounted cash flows including interest payments, if applicable, and may not reconcile to the amounts in the consolidated balance sheet.

3. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Financial risk factors *(continued)*

(v) Interest rate risk

As the Group has no significant interest-bearing assets (other than bank balances and certain amounts/loans receivable from associated companies), 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. 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. The Group enters into debt obligations to support general corporate purposes including capital expenditure and working capital needs.

(i) Cash flow interest rate risk

At 31 December 2011, if interest rates on borrowings had been 25 basis points higher or lower with all other variables held constant, profit after taxation for the year would have been HK$2,215,000 (2010: HK$1,732,000) lower or higher, mainly as a result of higher or lower interest expense on floating rate borrowings.

(ii) Fair value interest rate risk

At 31 December 2011, if the interest yield curve for forward interest rates had been shifted up or down by 50 basis points with all other variables held constant:

— profit after taxation for the year would have been HK$975,000 (2010: HK$853,000) higher or HK$1,001,000 (2010: HK$884,000) lower, mainly as a result of gain or loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting;

— equity would have been HK$13,858,000 (2010: HK$17,515,000) higher or HK$11,522,000 (2010: HK$16,539,000) lower, mainly as a result of an increase or a decrease in the fair value of the effective portion of the cash flow hedges of borrowings as described above.

(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 debt divided by total equity. Net debt is calculated as total bank borrowings (including current and non-current bank borrowings) less bank balances and cash.

3. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Capital management *(continued)*

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

	31/12/2011 HK$'000	31/12/2010 HK$'000
Total bank borrowings	**2,191,782**	2,056,850
Less: Bank balances and cash	**(647,478)**	(595,167)
Net debt	**1,544,304**	1,461,683
Total equity	**11,357,183**	9,473,734
Gearing ratio	**13.6%**	15.4%

(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 price) 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$'000	Level 2 HK$'000	Total HK$'000
The Group			
As at 31 December 2011			
Assets			
Available-for-sale financial assets	**225,255**	**94,147**	**319,402**
Derivative financial instruments	**—**	**179**	**179**
	225,255	**94,326**	**319,581**
Liabilities			
Derivative financial instruments	**—**	**105,072**	**105,072**

3. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Fair value estimation *(continued)*

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
The Group			
As at 31 December 2010			
Assets			
Available-for-sale financial assets	319,677	111,417	431,094
Derivative financial instruments	—	16,000	16,000
	319,677	127,417	447,094
Liabilities			
Derivative financial instruments	—	114,486	114,486

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of 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. Instruments included in level 1 comprise primarily equity investments listed outside Hong Kong classified as available-for-sale financial assets.

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. Instruments included in level 2 comprise primarily the derivative financial instruments and unlisted available-for-sale financial assets.

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.

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 period are discussed below.

(i) 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 uncertainly and might materially differ from the actual results. In marking 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 rate, 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 and derivative financial instruments

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.

The fair value of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

Critical judgement in applying the Group's accounting policies

(i) Income tax

The Group is subject to income taxes in several jurisdictions. 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.

(ii) Classification of investment properties

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property (land or building) is held to earn rental or for capital appreciation rather than for use in the production or supply of goods and services or sale. The Group considers each property separately in making its judgement.

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income recognised during the year are as follows:

	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000
Revenue		
Rental and property management	**462,558**	390,465
Warehousing	**15,772**	13,243
	478,330	403,708
Other income		
Dividend income from available-for-sale financial assets	**36,010**	23,776
Interest income on loans to associated companies	**3,177**	9,387
Others	**7,011**	2,665
	46,198	35,828
	524,528	439,536

The Group has determined the following operating segments for the purpose of assessing performance and allocating resources between segments:

— Rental and property management
— Warehousing
— Investment
— Others

Management assesses the performance of the operating segments primarily based on segment profit. Segment profit represents the profit earned by each segment and excludes change in fair value of derivative financial instruments, exchange differences released upon repayment of loans from an associated company, unallocated income less expenses, finance income, finance costs, share of profits less losses of associated companies, gain on bargain purchase and taxation charge.

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Operating segments

	Rental and property management HK$'000	Warehousing HK$'000	Investment HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2011					
Revenue	462,558	15,772	—	—	478,330
Segment results before change in fair value and gains on disposals of investment properties	354,767	2,544	45,655	—	402,966
Increase in fair value of investment properties	1,958,533	—	—	—	1,958,533
Gains on disposals of investment properties	1,312	—	—	—	1,312
Segment results	2,314,612	2,544	45,655	—	2,362,811
Fair value losses on derivative financial instruments	(1,365)	—	(15,821)	—	(17,186)
Exchange differences released upon repayment of loans from an associated company	—	—	—	44,122	44,122
Unallocated income less expenses					(32,099)
Operating profit					2,357,648
Finance income	5,718	—	—	—	5,718
Finance costs	(71,329)	—	(274)	—	(71,603)
					2,291,763
Share of profits less losses of associated companies	230	(3,199)	—	154,190	151,221
Gain on bargain purchase	—	—	—	69,387	69,387
Profit before taxation					2,512,371
Taxation charge					(39,977)
Profit for the year					2,472,394
Capital expenditure	7,810	14	—	—	7,824
Depreciation	1,962	670	—	—	2,632
At 31 December 2011					
Segment assets	12,847,600	13,902	419,078	—	13,280,580
Interests in associated companies	14,867	181	—	681,096	696,144
Amounts and loans receivable from associated companies	11,557	22,355	—	5,457	39,369
Other assets					4,020
Total assets					14,020,113
Segment liabilities	244,219	3,286	22,084	—	269,589
Amounts and loans payable to associated companies	—	—	—	23,552	23,552
Other liabilities					2,369,789
Total liabilities					2,662,930

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Operating segments *(continued)*

	Rental and property management HK$'000	Warehousing HK$'000	Investment HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2010					
Revenue	390,465	13,243	—	—	403,708
Segment results before change in fair value and gains on disposals of investment properties	287,429	281	31,156	—	318,866
Increase in fair value of investment properties	1,799,809	—	—	—	1,799,809
Gains on disposals of investment properties	147,011	—	—	—	147,011
Segment results	2,234,249	281	31,156	—	2,265,686
Fair value gains on derivative financial instruments	959	—	16,000	—	16,959
Unallocated income less expenses					(21,863)
Operating profit					2,260,782
Finance income	519	—	1	—	520
Finance costs	(73,285)	—	(10)	—	(73,295)
					2,188,007
Share of profits less losses of associated companies	(419)	(593)	—	301,300	300,288
Profit before taxation					2,488,295
Taxation charge					(23,437)
Profit for the year					2,464,858
Capital expenditure	37,040	5,135	—	—	42,175
Depreciation	1,912	355	—	—	2,267
At 31 December 2010					
Segment assets	10,872,247	12,103	490,693	—	11,375,043
Interests in associated companies	14,166	3,871	—	482,639	500,676
Amounts and loans receivable from associated companies	11,208	22,330	—	323,987	357,525
Other assets					13,653
Total assets					12,246,897
Segment liabilities	343,082	2,533	26,822	—	372,437
Amounts and loans payable to associated companies	—	—	—	166,789	166,789
Other liabilities					2,233,937
Total liabilities					2,773,163

5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Geographical information

The Group primarily operates in Hong Kong. An analysis of the Group's revenue, segment results and segment assets by geographical location is as follows:

(i) Revenue and segment results

	Revenue		Segment results	
	Year ended		Year ended	
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**478,330**	403,708	**2,327,412**	2,234,140
Singapore	**—**	—	**35,399**	31,546
	478,330	403,708	**2,362,811**	2,265,686
Fair value (losses)/gains on derivative financial instruments			**(17,186)**	16,959
Exchange differences released upon repayment of loans from an associated company			**44,122**	—
Unallocated income less expenses			**(32,099)**	(21,863)
Operating profit			**2,357,648**	2,260,782
Finance income			**5,718**	520
Finance costs			**(71,603)**	(73,295)
			2,291,763	2,188,007

(ii) Segment assets

	Capital expenditure		Non-current assets other than financial instruments and deferred tax assets		Total assets	
	Year ended					
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**7,824**	42,175	**12,540,752**	10,496,735	**13,328,989**	11,215,158
Singapore	**—**	—	**327,484**	553,417	**646,886**	984,511
Mainland China	**—**	—	**44,238**	47,228	**44,238**	47,228
	7,824	42,175	**12,912,474**	11,097,380	**14,020,113**	12,246,897

6. OPERATING PROFIT

Operating profit has been arrived at after (charging)/crediting the following:

	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000
Amortised income from held-to-maturity investments (Note 21)	**9,028**	7,380
Auditor's remuneration	**(1,768)**	(1,489)
Depreciation of property, plant and equipment	**(2,632)**	(2,267)
Direct operating expenses arising from investment properties generating rental income	**(100,633)**	(82,656)
Direct operating expenses for generating warehousing income	**(5,789)**	(5,619)
Exchange differences released upon repayment of loans from an associated company	**44,122**	—
Fair value (losses)/gains on derivative financial instruments	**(17,186)**	16,959
Gains/(losses) on disposals of property, plant and equipment	**11**	(101)
Interest income from held-to-maturity investments	**617**	—
Operating lease rentals in respect of land and buildings	**(3,571)**	(3,698)
Other exchange (loss)/gain, net	**(1,350)**	929
Staff costs included in leasing, marketing and administrative expenses (including Directors' emoluments) (Note 8)	**(32,999)**	(28,691)

7. FINANCE INCOME AND COSTS

	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000
Finance income		
Interest income on bank deposits and bank balances	**5,718**	520
Finance costs		
Interest expenses on bank loans and overdrafts	**(71,603)**	(73,295)
Finance costs, net	**(65,885)**	(72,775)

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Salaries, wages and other benefits	**53,482**	33,639
Retirement benefits, net of negligible forfeited contributions (Note a)	**2,086**	1,412
	55,568	35,051
Included in:		
Cost of sales	**22,569**	6,360
Leasing, marketing and administrative expenses (Note 6)	**32,999**	28,691
	55,568	35,051

(a) Retirement benefits — defined contribution plans

The Group contributes to a defined contribution mandatory provident fund scheme for those employees in Hong Kong under the age of 65. Two subsidiaries operate in a country which has a central government administrated retirement scheme. Contributions are made by the Group as a percentage of employees' relevant salaries. The retirement benefit costs charged to the income statement represent contributions by the Group in respect of the above retirement schemes.

Contributions totalling HK$370,000 (2010: HK$340,000) were payable to the schemes at the balance sheet date and are included in trade and other payables and accruals.

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

(b) Directors' emoluments

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefits HK$'000	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000
Executive Directors						
Mr. Chow Wai Wai, John	40	2,829	1,273	285	4,427	4,341
Mrs. Chen Chou Mei Mei, Vivien	40	410	—	22	472	472
Mr. Chung Hon Sing, John (retired on 24 May 2011)	16	272	—	—	288	787
Mr. Au Hing Lun, Dennis	40	—	—	2	42	42
	136	3,511	1,273	309	5,229	5,642
Non-Executive Directors						
Mr. Cheng Wai Chee, Christopher	1,800	—	—	—	1,800	1,800
Mr. Cheng Wai Sun, Edward	40	—	—	—	40	40
	1,840	—	—	—	1,840	1,840
Independent Non-Executive Directors						
Lord Sandberg (retired on 24 May 2011)	24	—	—	—	24	40
Mr. Christopher Patrick Langley	310	—	—	—	310	215
Dr. Lo Ka Shui	130	—	—	—	130	100
Mr. Haider Hatam Tyebjee Barma	275	—	—	—	275	215
	739	—	—	—	739	570
Total	2,715	3,511	1,273	309	7,808	8,052

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2010: two) Directors whose emoluments are reflected in note 8(b). The emoluments payable to the remaining three (2010: three) individuals during the year are as follows:

	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000
Salaries and allowances	**5,074**	4,848
Discretionary bonuses	**1,330**	1,885
Retirement benefits	**250**	234
	6,654	6,967

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

	Number of individuals Year ended 31/12/2011	Number of individuals Year ended 31/12/2010
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**2**	1
HK$2,500,001 – HK$3,000,000	**—**	1
	3	3

9. SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

Included the Group's share of increase in fair value of an investment property held by an associated company of HK$38,890,000 (2010: Nil).

10. GAIN ON BARGAIN PURCHASE

On 30 June 2011, the Group completed the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye") at a consideration of HK$229,097,000. Dragon Eye holds 40% equity interest in Fore Prosper Limited ("Fore Prosper"), which is the owner of a boutique hotel property situated in Hong Kong. Details of the net assets of Dragon Eye acquired by the Group and the gain on bargain purchase were as follows:

	HK$'000
Purchase consideration in cash	**229,097**
Less: Fair value of net assets acquired (Note 19)	**298,484**
Gain on bargain purchase	**69,387**

11. TAXATION CHARGE

	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000
Current taxation		
Hong Kong profits tax	**(15,699)**	(24,492)
Overseas taxation	**(120)**	(312)
Over/(under) provision in prior years	**2,269**	(4,167)
	(13,550)	(28,971)
Deferred taxation (Note 30)		
Temporary differences	**(26,427)**	5,534
	(39,977)	(23,437)

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Overseas taxation has been provided on the estimated assessable profits for the year at rates prevailing in the countries in which the subsidiaries operate.

The Group's share of taxation charge of associated companies for the year of HK$21,934,000 (2010: HK$62,184,000) has been netted off against the Group's share of profits less losses of associated companies as presented in the income statement.

The taxation on the Group's operating profit after finance income and finance costs differs from the theoretical amount that would arise using the Hong Kong taxation rate as follows:

	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000
Operating profit after finance income and finance costs	**2,291,763**	2,188,007
Calculated at a taxation rate of 16.5% (2010: 16.5%)	**(378,141)**	(361,021)
Effect of different taxation rates in other countries	**(346)**	(122)
Income not subject to taxation	**339,290**	329,958
Expenses not deductible for taxation purposes	**(2,757)**	(80)
Recognition of previously unrecognised tax losses	**—**	11,413
Over/(under) provision in prior years	**2,269**	(4,167)
Others	**(292)**	582
Taxation charge	**(39,977)**	(23,437)

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

12. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of a profit of HK$316,781,000 (2010: HK$391,272,000) (Note 32).

13. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of the Company for the year of HK$2,465,238,000 (2010: HK$2,460,044,000) and 259,685,288 shares (2010: 259,685,288 shares) in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (2010: Nil).

14. DIVIDENDS

	Year ended	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Interim dividend, paid, of HK$0.19 (2010: HK$0.16) per share	**49,340**	41,550
Special dividend, of nil (2010: HK$1.00) per share	**—**	259,685
Final dividend, proposed, of HK$0.47 (2010: HK$0.42) per share	**122,052**	109,068
	171,392	410,303

At a meeting held on 28 March 2012, the Directors recommended a final dividend of HK$0.47 per share. This proposed dividend is not reflected as a dividend payable in the Group's financial statements until it has been approved by the shareholders of the Company and will be reflected as an appropriation of reserves in the year 2012.

15. 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.

	Year ended	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Interest income from associated companies (Note i)	**3,177**	9,387
Key management compensation (Note ii)	**7,808**	8,052
Rental and management fee income from related companies (Note iii)	**13,457**	18,412

(i) Except for an aggregate amount due from associated companies of HK$32,502,000 (2010: HK$104,682,000) which was interest-free, interest was charged on amounts and loans receivable from associated companies at rates as agreed between the mutual parties.

(ii) Key management personnel represents the directors of the Company and their remuneration are set out in note 8(b).

(iii) The rental and management fee income was charged at rates pursuant to the agreements entered into between the Group and the related companies.

16. PROPERTY, PLANT AND EQUIPMENT

	Group			
	Plant and machinery HK$'000	Leasehold improvements furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost				
At 1 January 2011	1,038	17,230	1,340	19,608
Additions	—	415	—	415
Disposals	—	(30)	(102)	(132)
At 31 December 2011	1,038	17,615	1,238	19,891
Accumulated depreciation				
At 1 January 2011	959	6,336	1,064	8,359
Charge for the year	18	2,393	221	2,632
Disposals	—	(29)	(102)	(131)
At 31 December 2011	977	8,700	1,183	10,860
Net book value				
At 31 December 2011	61	8,915	55	9,031

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

	Group			
	Plant and machinery HK$'000	Leasehold improvements furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost				
At 1 January 2010	1,038	12,001	2,304	15,343
Translation differences	—	—	36	36
Additions	—	5,594	—	5,594
Disposals	—	(365)	(1,000)	(1,365)
At 31 December 2010	1,038	17,230	1,340	19,608
Accumulated depreciation				
At 1 January 2010	924	4,375	1,562	6,861
Translation differences	—	—	27	27
Charge for the year	35	2,007	225	2,267
Disposals	—	(46)	(750)	(796)
At 31 December 2010	959	6,336	1,064	8,359
Net book value				
At 31 December 2010	79	10,894	276	11,249

17. INVESTMENT PROPERTIES

	Group	
	31/12/2011 HK$'000	31/12/2010 HK$'000
Beginning of the year	**10,227,930**	9,194,930
Additions	**7,409**	36,581
Disposals	**(15,010)**	(803,390)
Overprovision of construction costs	**(10,932)**	—
Fair value gain	**1,958,533**	1,799,809
End of the year	**12,167,930**	10,227,930

17. INVESTMENT PROPERTIES *(continued)*

The carrying amount of investment properties shown above comprises:

	Group	
Leasehold land in Hong Kong	**31/12/2011 HK$'000**	31/12/2010 HK$'000
Long-term lease	**1,270,000**	1,100,000
Medium-term lease	**10,897,930**	9,127,930
	12,167,930	10,227,930

(a) Investment properties (other than agricultural lots) held in Hong Kong were revalued at 31 December 2011 by Jones Lang LaSalle Limited. The agricultural lots held in Hong Kong were revalued at 31 December 2011 by B. I. Appraisals Limited. All valuers are independent and their valuations were carried out on the open market value basis. The valuations have made reference to current prices in an active market.

(b) As at 31 December 2011, certain investment properties with a carrying amount of HK$12,022,180,000 (2010: HK$10,089,100,000) have been pledged to secure the Group's banking facilities.

18. SUBSIDIARIES

	Company	
	31/12/2011 HK$'000	31/12/2010 HK$'000
Unlisted shares — at cost	**229,098**	1
Loans and amounts receivable	**3,204,642**	3,547,058
Less: Provision	**(284,629)**	(296,302)
	3,149,111	3,250,757

(a) The loans and amounts receivable are unsecured, interest-free and have no fixed terms of repayment.

(b) Particulars of the subsidiaries are set out on pages 90 to 91.

19. ASSOCIATED COMPANIES

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Share of net assets	**696,144**	500,676
Amounts and loans receivable (Note a)	**39,369**	357,525
Amounts and loans payable (Note b)	**(23,552)**	(166,789)
	711,961	691,412
Investments at cost — unlisted shares	**11,348**	11,308

The movements of interests in associated companies are as follows:

	31/12/2011	31/12/2010
	HK$'000	HK$'000
Beginning of the year	**691,412**	364,518
Translation differences	**(6,405)**	62,363
Share of profits less losses of associated companies	**151,221**	300,288
Share of hedging reserve	**(3,174)**	—
Acquisition of an associated company (Note 10)	**298,484**	—
Dividends from associated companies	**(269,977)**	—
Interest income on loans to associated companies	**3,177**	9,387
Repayment and loans to associated companies	**193,734**	2,800
Repayment and advances from associated companies	**(346,511)**	(47,944)
End of the year	**711,961**	691,412

The share of assets, liabilities and results of the associated companies attributable to the Group is summarised as follows:

	31/12/2011	31/12/2010
	HK$'000	HK$'000
Non-current assets	**560,371**	220,762
Current assets	**512,726**	779,718
Current liabilities	**(114,165)**	(113,500)
Non-current liabilities	**(262,788)**	(386,304)
	696,144	500,676

19. ASSOCIATED COMPANIES *(continued)*

	Year ended	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Revenue	**343,534**	1,090,401
Profits less losses after taxation	**151,221**	300,288

(a) The amounts and loans receivable are denominated in the following currencies:

	31/12/2011	31/12/2010
	HK$'000	HK$'000
Singapore dollars	**718**	246,548
Hong Kong dollars	**11,605**	84,306
Renminbi	**27,046**	26,671
	39,369	357,525

The amounts and loans receivable are unsecured, and have no fixed terms of repayment. Except for an aggregate amount of HK$32,502,000 (2010: HK$104,682,000) which is interest-free, the amounts and loans receivable carry interests at agreed rates between the parties.

(b) The amounts and loans payable are unsecured, denominated in Hong Kong dollars, interest-free and have no fixed terms of repayment.

(c) Particulars of the associated companies are set out on page 92.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Available-for-sale financial assets comprise:		
Real estate investment trust listed outside Hong Kong	**225,255**	319,677
Unlisted equity investments	**94,147**	111,417
	319,402	431,094

(a) Available-for-sale financial assets are denominated in Singapore dollars and carried at fair value.

(b) Certain real estate investment trust units with a carrying amount of HK$187,008,000 (2010: HK$265,398,000) were pledged to secure the Group's banking facilities.

(c) An amount due to an investee company of HK$16,646,000 was included in unlisted equity investments as at 31 December 2010. The amount was fully settled during the year.

(d) The maximum exposure to credit risk at the balance sheet date is the carrying value of the available-for-sale financial assets.

21. HELD-TO-MATURITY INVESTMENTS

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Held-to-maturity investments comprise:		
Unlisted debt and other investments	**95,087**	37,877

The movements of held-to-maturity investments are as follows:

	31/12/2011	31/12/2010
	HK$'000	HK$'000
Beginning of the year	**37,877**	30,997
Translation differences	**(143)**	—
Additions	**48,825**	—
Amortised to the income statement (Note 6)	**9,028**	7,380
Coupon received	**(500)**	(500)
End of the year	**95,087**	37,877
Analysed as:		
Current	**29,252**	—
Non-current	**65,835**	37,877
	95,087	37,877

(a) The carrying amounts of held-to-maturity investments are denominated in the following currencies:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Hong Kong dollars	**46,405**	37,877
United States dollars	**48,682**	—
	95,087	37,877

(b) As at 31 December 2011, certain held-to-maturity investments with a carrying amount of HK$48,682,000 (2010: Nil) have been pledged to secure the Group's banking facilities.

(c) The maximum exposure to credit risk at the balance sheet date is the carrying value of the held-to-maturity investments.

22. INVENTORIES

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Finished goods	**362**	58

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**6,975**	8,688	**—**	—
Less: Provision for impairment of receivables (Note c)	**—**	—	**—**	—
Trade receivables, net of provisions (Note a)	**6,975**	8,688	**—**	—
Amortised rent receivables	**15,568**	18,627	**—**	—
Other receivables	**4,351**	13,877	**1,206**	781
Deposits	**9,100**	9,162	**34**	34
Prepayments	**4,682**	5,314	**383**	229
	40,676	55,668	**1,623**	1,044

(a) Trade receivables represent mainly rent receivables from tenants of the Group's properties. The Group maintains a defined policy in respect of rent collection. The credit quality of a new lease or customer is assessed based on a defined policy set by the Group. Reminders are issued half-monthly when rents are overdue for 15 days, and legal actions will be taken when rents are overdue for two months. The ageing analysis of trade receivables (net of provisions) is as follows:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Current to 30 days	**1,650**	2,480
31 to 90 days	**5,033**	5,416
Over 90 days	**292**	792
	6,975	8,688

(b) The trade receivables of HK$6,975,000 (2010: HK$8,688,000) were past due but not impaired. These relate to a number of independent customers having good track records and there is no recent history of default, and the majority of the debts are covered by the rental deposits received as set out in note 25.

23. TRADE AND OTHER RECEIVABLES *(continued)*

(c) The movement of the provision for impairment of trade receivables is as follows:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Beginning of the year	**—**	—
Provision	**—**	22
Receivables written off	**—**	(22)
End of the year	**—**	—

(d) The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollars	**40,619**	55,643	**1,623**	1,044
Singapore dollars	**57**	25	**—**	—
	40,676	55,668	**1,623**	1,044

(e) The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above.

24. BANK BALANCES AND CASH

	Group		Company	
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**36,285**	30,007	**100**	101
Short-term bank deposits	**611,193**	565,160	**—**	—
	647,478	595,167	**100**	101
Maximum exposure to credit risk	**647,198**	595,000	**100**	101

Short-term bank deposits for the year ended 31 December 2011 have an average effective interest rate of 2.05% (2010: 0.76%) per annum and an average maturity of 24 days (2010: 22 days).

24. BANK BALANCES AND CASH *(continued)*

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

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Hong Kong dollars	**638,032**	576,524
Singapore dollars	**7,719**	17,280
United States dollars	**1,727**	1,363
	647,478	595,167

25. TRADE AND OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**8,570**	7,957	**—**	—
Other payables	**71,392**	169,433	**1,420**	1,038
Deposits received	**123,380**	109,123	**—**	—
Accruals	**12,225**	24,395	**557**	697
	215,567	310,908	**1,977**	1,735

The ageing analysis of trade payables is as follows:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Current to 30 days	**6,181**	4,016
31 to 90 days	**1,070**	3,620
Over 90 days	**1,319**	321
	8,570	7,957

The carrying amounts of trade and other payables and accruals are denominated in the following currencies:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Hong Kong dollars	**215,495**	306,779
Singapore dollars	**72**	4,129
	215,567	310,908

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	Assets		Liabilities	
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest rate swap contracts (Note a)				
— cash flow hedges	**—**	—	**97,778**	108,557
— not qualifying as hedges	**—**	—	**7,294**	5,929
	—	—	**105,072**	114,486
Derivative component in convertible bonds (Note b)	**179**	16,000	**—**	—
	179	16,000	**105,072**	114,486
Analysed as:				
Current	**—**	—	**42,130**	42,865
Non-current	**179**	16,000	**62,942**	71,621
	179	16,000	**105,072**	114,486

(a) Interest rate swap contracts

The aggregate notional principal amount of the interest rate swap contracts is HK$1,000,000,000 (2010: HK$1,000,000,000). The portion of changes in the fair value of interest rate swap contracts not qualifying as hedges is recognised in the income statement and amounted to a loss of HK$1,365,000 (2010: a gain of HK$959,000).

(b) Derivative component in convertible bonds

The convertible bonds held as held-to-maturity investments contained conversion and issuer redemption features and the fair value of HK$179,000 (2010: HK$16,000,000) was valued by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer. The change in fair value of the derivative component has resulted in a loss of HK$15,821,000 (2010: profit of HK$16,000,000) being recognised in the income statement.

The fair value of the convertible option was estimated as at 31 December 2011, using a binomial model, taking into account the relevant terms and conditions upon which the option was granted and the key assumptions as below.

	2011	2010
Expected volatility	**26%**	35%
Expected dividend yield	**7%**	4.5%
Expected life of the option	**1.42 years**	2.42 years
Risk free 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.

27. SHORT-TERM BANK LOANS, SECURED

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Bank loans repayable on demand or within one year, secured	**278,682**	—
Current portion of long-term bank loans (Note 28)	**283,000**	136,250
	561,682	136,250

28. LONG-TERM BANK LOANS, SECURED

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Bank loans, secured	**1,913,100**	2,056,850
Less: Amount repayable within one year included under current liabilities (Note 27)	**(283,000)**	(136,250)
	1,630,100	1,920,600
The bank loans are repayable as follows:		
Within one year	**283,000**	136,250
In the second year	**991,600**	283,000
In the third to fifth years inclusive	**638,500**	1,637,600
	1,913,100	2,056,850

The bank loans are denominated in Hong Kong dollars except for an amount of HK$48,682,000 (2010: Nil) which is denominated in United States dollars as at 31 December 2011. The Group's bank loans are secured by certain investment properties, available-for-sale financial assets and held-to-maturity investments with a carrying amount of HK$12,022,180,000 (2010: HK$10,089,100,000), HK$187,008,000 (2010: HK$265,398,000) and HK$48,682,000 (2010: Nil) respectively.

The bank loans have an average effective interest rate of 1.35% (2010: 1.35%) per annum. The carrying amounts of bank loans approximate their fair values. The exposure of the Group's bank loans to interest-rate changes and the average contractual repricing dates is 6 months or less (2010: 6 months or less).

29. OTHER LONG-TERM LOANS

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Amounts due to non-controlling shareholders of subsidiaries	**32,498**	32,498

The loans are denominated in Hong Kong dollars, unsecured, interest-free and expected not to be repaid within one year from the balance sheet date.

The carrying amounts of the other long-term loans approximate their fair values.

30. DEFERRED TAXATION

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Beginning of the year	**37,678**	43,212
Charged/(credited) to the income statement (Note 11)	**26,427**	(5,534)
End of the year	**64,105**	37,678

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2010: 16.5%).

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through the future taxable profits are probable. The Group does not have unrecognised tax losses (2010: Nil) to carry forward against future taxable income.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax assets

	Group Tax losses	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Beginning of the year	**103,135**	90,385
(Charged)/credited to the income statement	**(11,695)**	12,750
End of the year	**91,440**	103,135

30. DEFERRED TAXATION *(continued)*

Deferred tax liabilities

	Group Accelerated depreciation	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Beginning of the year	**140,813**	133,597
Charged to the income statement	**14,732**	7,216
End of the year	**155,545**	140,813

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Deferred tax assets	**(4,020)**	(13,653)
Deferred tax liabilities	**68,125**	51,331
	64,105	37,678

31. SHARE CAPITAL

	Ordinary shares of HK$0.01 each	
	No. of shares	**HK$'000**
Authorised:		
At 31 December 2011 and 31 December 2010	**750,000,000**	**7,500**
Issued and fully paid:		
At 31 December 2011 and 31 December 2010	**259,685,288**	**2,596**

32. RESERVES

	Group						
	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Exchange fluctuation account HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Dividends HK$'000	Total HK$'000
At 1 January 2011	519,783	339,616	67,378	(108,557)	8,253,314	368,753	9,440,287
Exchange translation differences	—	—	(5,627)	—	—	—	(5,627)
Exchange differences released upon repayment of loans from an associated company	—	—	(44,122)	—	—	—	(44,122)
Fair value losses on available-for-sale financial assets	—	(128,185)	—	—	—	—	(128,185)
Fair value losses on cash flow hedges	—	—	—	(33,326)	—	—	(33,326)
Realised upon settlement of interest rate swap contracts	—	—	—	44,105	—	—	44,105
Share of hedging reserve of an associated company	—	—	—	(3,174)	—	—	(3,174)
Profit for the year	—	—	—	—	2,465,238	—	2,465,238
Partial disposal of interest in a subsidiary	(632)	—	—	—	—	—	(632)
Prior year special dividend paid (Note 14)	—	—	—	—	—	(259,685)	(259,685)
Prior year final dividend paid (Note 14)	—	—	—	—	—	(109,068)	(109,068)
Interim dividend paid (Note 14)	—	—	—	—	(49,340)	—	(49,340)
Final dividend proposed (Note 14)	—	—	—	—	(122,052)	122,052	—
	(632)	(128,185)	(49,749)	7,605	2,293,846	(246,701)	1,876,184
At 31 December 2011	519,151	211,431	17,629	(100,952)	10,547,160	122,052	11,316,471
Representing:							
Final dividend proposed (Note 14)	—	—	—	—	—	122,052	122,052
Others	519,151	211,431	17,629	(100,952)	10,547,160	—	11,194,419
At 31 December 2011	519,151	211,431	17,629	(100,952)	10,547,160	122,052	11,316,471

32. RESERVES *(continued)*

	Group						
	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Exchange fluctuation account HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Dividends HK$'000	Total HK$'000
At 1 January 2010	519,783	256,867	7,483	(89,195)	6,203,573	98,680	6,997,191
Exchange translation differences	—	—	59,895	—	—	—	59,895
Fair value gains on available-for-sale financial assets	—	82,749	—	—	—	—	82,749
Fair value losses on cash flow hedges	—	—	—	(63,789)	—	—	(63,789)
Realised upon settlement of interest rate swap contracts	—	—	—	44,427	—	—	44,427
Profit for the year	—	—	—	—	2,460,044	—	2,460,044
Prior year final dividend paid	—	—	—	—	—	(98,680)	(98,680)
Interim dividend paid (Note 14)	—	—	—	—	(41,550)	—	(41,550)
Special dividend declared (Note 14)	—	—	—	—	(259,685)	259,685	—
Final dividend proposed (Note 14)	—	—	—	—	(109,068)	109,068	—
	—	82,749	59,895	(19,362)	2,049,741	270,073	2,443,096
At 31 December 2010	519,783	339,616	67,378	(108,557)	8,253,314	368,753	9,440,287
Representing:							
Special dividend declared (Note 14)	—	—	—	—	—	259,685	259,685
Final dividend proposed (Note 14)	—	—	—	—	—	109,068	109,068
Others	519,783	339,616	67,378	(108,557)	8,253,314	—	9,071,534
At 31 December 2010	519,783	339,616	67,378	(108,557)	8,253,314	368,753	9,440,287

32. RESERVES *(continued)*

	Company			
	Contributed surplus HK$'000	Retained earnings HK$'000	Dividends HK$'000	Total HK$'000
At 1 January 2011	**2,591,269**	**287,549**	**368,753**	**3,247,571**
Profit for the year (Note 12)	**—**	**316,781**	**—**	**316,781**
Prior year special dividend paid	**—**	**—**	**(259,685)**	**(259,685)**
Prior year final dividend paid	**—**	**—**	**(109,068)**	**(109,068)**
Interim dividend paid (Note 14)	**—**	**(49,340)**	**—**	**(49,340)**
Final dividend proposed (Note 14)	**—**	**(122,052)**	**122,052**	**—**
At 31 December 2011	**2,591,269**	**432,938**	**122,052**	**3,146,259**
Representing:				
Final dividend proposed (Note 14)	**—**	**—**	**122,052**	**122,052**
Others	**2,591,269**	**432,938**	**—**	**3,024,207**
At 31 December 2011	**2,591,269**	**432,938**	**122,052**	**3,146,259**
At 1 January 2010	2,591,269	306,580	98,680	2,996,529
Profit for the year (Note 12)	—	391,272	—	391,272
Prior year final dividend paid	—	—	(98,680)	(98,680)
Interim dividend paid (Note 14)	—	(41,550)	—	(41,550)
Special dividend declared (Note 14)	—	(259,685)	259,685	—
Final dividend proposed (Note 14)	—	(109,068)	109,068	—
At 31 December 2010	2,591,269	287,549	368,753	3,247,571
Representing:				
Special dividend declared (Note 14)	—	—	259,685	259,685
Final dividend proposed (Note 14)	—	—	109,068	109,068
Others	2,591,269	287,549	—	2,878,818
At 31 December 2010	2,591,269	287,549	368,753	3,247,571

Pursuant to the Companies Law of the Cayman Islands and the Company's Articles of Association, the contributed surplus of the Company is available for distribution to shareholders in addition to retained earnings, provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

33. FUTURE LEASE RECEIPTS

Future minimum lease receipts under non-cancellable operating leases are as follows:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Not later than one year	**443,820**	392,298
Later than one year and not later than five years	**627,710**	631,799
Later than five years	**9,374**	—
	1,080,904	1,024,097

34. LEASE COMMITMENTS

The Group had future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows:

	Group	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Not later than one year	**1,755**	3,510
Later than one year and not later than five years	**—**	1,755
	1,755	5,265

35. FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group and the Company is analysed as follows:

	Group		Company	
	31/12/2011	31/12/2010	**31/12/2011**	31/12/2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given in respect of banking facilities granted to subsidiaries (Note ii)	**—**	—	**3,795,452**	3,795,452
Guarantees given severally and in proportion to the Group's equity interest in respect of banking facilities granted to an associated company (Note iii)	**228,000**	—	**228,000**	—
	228,000	—	**4,023,452**	3,795,452

35. FINANCIAL GUARANTEE CONTRACTS *(continued)*

(i) The Directors of the Company consider that it is not probable for a claim to be made against the Group and the Company under any of these guarantees as at the balance sheet date. All of the financial guarantee contracts as disclosed above have not been recognised in the financial statements of the Group and the Company as the Directors of the Company consider that the fair values of these contracts are not significant to the Group.

(ii) The Company has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK$3,795,452,000 (2010: HK$3,795,452,000), of which HK$2,143,100,000 (2010: HK$2,056,850,000) have been utilised by the subsidiaries at year end.

(iii) The Company has executed a guarantee in favour of a bank in respect of facilities granted to an associated company amounting to HK$228,000,000 (2010: Nil), of which HK$226,000,000 (2010: Nil) have been utilised by the associated company at year end.

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash generated from operations

	Year ended	
	31/12/2011	31/12/2010
	HK$'000	HK$'000
Profit before taxation	**2,512,371**	2,488,295
Gain on bargain purchase	**(69,387)**	—
Share of profits less losses of associated companies	**(151,221)**	(300,288)
Finance costs	**71,603**	73,295
Finance income	**(5,718)**	(520)
Amortised income from held-to-maturity investments	**(9,028)**	(7,380)
Depreciation of property, plant and equipment	**2,632**	2,267
Dividend income from available-for-sale financial assets	**(36,010)**	(23,776)
Exchange differences released upon repayment of loans from an associated company	**(44,122)**	—
Fair value losses/(gains) on derivative financial instruments	**17,186**	(16,959)
Gains on disposals of investment properties	**(1,312)**	(147,011)
(Gains)/losses on disposals of property, plant and equipment	**(11)**	101
Increase in fair value of investment properties	**(1,958,533)**	(1,799,809)
Interest income from held-to-maturity investments	**(617)**	—
Interest income on loans to associated companies	**(3,177)**	(9,387)
Operating profit before working capital changes	**324,656**	258,828
Decrease/(increase) in trade and other receivables	**7,219**	(2,565)
Increase in inventories	**(304)**	(58)
Decrease in trade and other payables and accruals	**(59,210)**	(23,151)
Net cash from operations	**272,361**	233,054

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Major non-cash transactions

(i) During the year ended 31 December 2011, the Group's amounts due to associated companies of HK$193,734,000 were settled by dividends distributed by the associated companies.

(ii) During the year ended 31 December 2011, the Group's amount due to an investee company of HK$16,646,000 was settled by dividend distributed by the investee company.

(iii) During the year ended 31 December 2010, the Group acquired an investment property for a cash consideration of HK$31,699,000, of which HK$25,359,000 was included in trade and other payables and accruals at year end.

(iv) During the year ended 31 December 2010, the Group disposed of certain investment properties for an aggregate cash consideration of HK$958,968,000, of which HK$8,971,000 was included in trade and other receivables at year end.

Subsidiaries and Associated Companies

Name of subsidiary	Issued share capital			Percentage of shareholding held at 31 December 2011 Group	Company	Principal activities	Note
Dragon Eye Holding Ltd., Cayman Islands	Ordinary	US$	100	100	100	Investment holding	
Winsor Properties Finance Ltd.	Ordinary	HK$	2	100	100	Group finance company	
Winsor Properties (Hong Kong) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	
Access Rich Ltd.	Ordinary	HK$	1	100	—	Property investment	
Adam Knitters Ltd.	Ordinary	HK$	1,000	100	—	Property investment	3
	Deferred	HK$	200,000	—	—		
Allied Effort Ltd., B.V.I.	Ordinary	US$	1	100	—	Investment holding	
Winnion Ltd.	Ordinary	HK$	100	100	—	Property investment	
Baudinet Investment Ltd.	Ordinary	HK$	18	100	—	Property investment	3
	Deferred	HK$	2	—	—		
Begin Land Ltd.	Ordinary	HK$	90,000	100	—	Property investment	3
	Deferred	HK$	10,000	—	—		
Congenial Investments Ltd., B.V.I.	Ordinary	US$	1	100	—	Investment	
East Sun Estate Management Company Ltd.	Ordinary	HK$	200	100	—	Property management	
East Sun Textile Company, Ltd.	Ordinary	HK$	20	100	—	Dormant	3
	Deferred	HK$	15,000,000	—	—		
Grandeur Investments Ltd., B.V.I.	Ordinary	US$	1	100	—	Property investment	
Hilwin Properties Ltd.	Ordinary	HK$	450,000	100	—	Investment holding and treasury investment	3
	Deferred	HK$	50,000	—	—		
Winsor Storage Ltd.	Ordinary	HK$	10,000	100	—	Wine storage	
Honest Bond Ltd.	Ordinary	HK$	1	100	—	Dormant	
Libro Estates Ltd.	Ordinary	HK$	90,000	100	—	Dormant	3
	Deferred	HK$	10,000	—	—		
Unimix Properties Ltd.	Ordinary	HK$	200	100	—	Dormant	
Winner Godown Ltd.	Ordinary	HK$	1,500,000	70	—	Godown operation	

Subsidiaries and Associated Companies *(continued)*

Name of subsidiary	Issued share capital			Percentage of shareholding held at 31 December 2011 Group	Company	Principal activities	Note
Winsor Air Cargo Centre Ltd.	Ordinary	HK$	20	100	—	Dormant	
Winsor Billion Management Ltd.	Ordinary	HK$	10	80	—	Property management	
Winsor Estate Agents Ltd.	Ordinary	HK$	20	100	—	Property agent	
Winsor Estate Management Ltd.	Ordinary	HK$	2	100	—	Property management	
Winsor Parking Ltd.	Ordinary	HK$	18,000,000	100	—	Property investment	3
	Deferred	HK$	2,000,000	—	—		
Winsor Properties Financial Services Ltd.	Ordinary	HK$	840	95.24	—	Investment holding and property investment	
Chericourt Company Ltd.	Ordinary	HK$	1,000,000	95.24	—	Property investment	
Zofka Properties Ltd.	Ordinary	HK$	90,000	100	—	Property investment	3
	Deferred	HK$	10,000	—	—		
Winsor Properties (Overseas) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	
Zak Holdings Ltd., B.V.I.	Ordinary	US$	1	100	—	Investment holding	
Winwin Investment Pte. Ltd., Singapore	Ordinary	SGD	2	100	—	Dormant	2
Curlew International Ltd., B.V.I.	Ordinary	US$	1	100	—	Investment holding	
Winprop Pte. Ltd., Singapore	Ordinary	SGD	2	100	—	Investment holding	2
Winsor Properties (China) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	
Dhandia Ltd.	Ordinary	HK$	1,000	100	—	Investment holding	
Tat Yeung Properties Investment Ltd., B.V.I.	Ordinary	US$	1,000	100	—	Investment holding	

Subsidiaries and Associated Companies *(continued)*

Name of associated company	Issued share capital			Percentage of shareholding held at 31 December 2011 Group	Company	Principal activities	Note
China Merchants Cold Chain Logistics (China) Co., Ltd., B.V.I.	Ordinary	US$	1,000	30	—	Investment holding	
China Merchants Cold Chain Logistics (Hong Kong) Co. Ltd.	Ordinary	HK$	1	30	—	Investment holding	
China Merchants International Cold Chain (Shenzhen) Co. Ltd. (foreign wholly-owned enterprise), Mainland China	Ordinary	US$	5,000,000	30	—	Cold storage	
Fore Prosper Ltd.	Ordinary	HK$	100	40	—	Property investment	
Javary Ltd.	Ordinary	HK$	300	33.3	—	Property investment	2
Pangold Development Ltd.	Ordinary	HK$	100	20	—	Property development	
Suzhou World Trade Centre, Mainland China	Ordinary	US$	6,500,000	24.8	—	Property investment	2
Tat Yeung Trading Company Ltd., B.V.I.	Ordinary	US$	2	50	—	Investment holding	
Universal Plus Ltd, B.V.I.	Ordinary	US$	100	20	—	Investment holding	
Winquest Investment Pte. Ltd., Singapore	Ordinary	SGD	1,000,000	30	—	Property development	
Winwill Investment Pte Ltd., Singapore	Ordinary	SGD	10	20	—	Investment holding	

Notes:

1. Unless stated otherwise, all companies are incorporated in Hong Kong. Those companies incorporated in Mainland China and Singapore operate in their country of incorporation. Other companies operate principally in Hong Kong. None of the subsidiaries have issued any debt securities.

2. The financial statements of these companies are audited by firms other than PricewaterhouseCoopers. The aggregate net liabilities and profit after taxation of these companies attributable to the Group amounted to HK$33,966,000 (2010: net assets of HK$22,974,000) and HK$69,239,000 (2010: HK$10,112,000) respectively.

3. The deferred shares, which are held by Winsor Industrial Corporation, Limited and/or its subsidiaries, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up unless the assets of the respective companies to be returned on winding up exceed the value of HK$100,000,000,000.

Schedule of Properties

Location	Lease Expiry	Site Area (sq. ft.)	Gross Floor Area (sq. ft.)	Type	Effective Interest
Landmark East, 100 How Ming Street, The Remaining Portion of Kwun Tong Inland Lot No. 242, Kwun Tong, Kowloon, HONG KONG.	2047	85,585	1,335,823	Commercial/ Office	100%
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, The Remaining Portion of Lot No. 299 in D. D. No. 444, Kwai Chung, New Territories, HONG KONG.	2047	103,500	665,273 (remaining portion)	Industrial/ Godown	95.64%
Shui Hing Centre, 13 Sheung Yuet Road, New Kowloon Inland Lot No. 5890 Kowloon Bay, Kowloon, HONG KONG.	2047	18,256	186,827	Industrial/ Godown	100%
W Square, 314–324 Hennessy Road, The Remaining Portion and Section D of Marine Lot No. 122, Wanchai, HONG KONG.	2859	7,652	128,658	Commercial/ Office	100%
Winner Godown Building, 503–515 Castle Peak Road and 1–9 Sha Tsui Road, The Remaining Portion of Tsuen Wan Inland Lot No. 28, Tsuen Wan, New Territories, HONG KONG.	2047	50,804	497,140	Industrial/ Godown	100%
161 agricultural lots, Lantau and Peng Chau, New Territories, HONG KONG.	2047	540,167	—	Agricultural	100%

Five Years Financial Summary

Group Results

	Year ended 31/12/2011 HK$'000	Year ended 31/12/2010 HK$'000	Year ended 31/12/2009 HK$'000 (Note 1)	Year ended 31/12/2008 HK$'000 (Note 1)	9 months ended 31/12/2007 HK$'000 (Notes 1 and 2)
Revenue	**478,330**	403,708	290,332	232,645	119,097
Profit attributable to shareholders of the Company	**2,465,238**	2,460,044	484,757	92,130	957,766

Summary Consolidated Balance Sheet

	31/12/2011 HK$'000	31/12/2010 HK$'000	31/12/2009 HK$'000 (Note 1)	31/12/2008 HK$'000 (Note 1)	31/12/2007 HK$'000 (Note 1)
Non-current assets	**13,301,910**	11,596,004	10,123,470	9,594,251	8,594,076
Net current (liabilities)/assets	**(127,510)**	120,569	(516,748)	(1,005,665)	(740,952)
Total assets less current liabilities	**13,174,400**	11,716,573	9,606,722	8,588,586	7,853,124
Non-current liabilities	**(1,817,217)**	(2,242,839)	(2,580,583)	(2,059,859)	(1,078,279)
Net assets	**11,357,183**	9,473,734	7,026,139	6,528,727	6,774,845
Equity attributable to shareholders of the Company	**11,319,067**	9,442,883	6,999,787	6,507,039	6,754,913
Non-controlling interests	**38,116**	30,851	26,352	21,688	19,932
Total equity	**11,357,183**	9,473,734	7,026,139	6,528,727	6,774,845

Notes:

1. Comparatives in these years have been restated as a result of the adoption of HK-Int 5 "Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause" and HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets" in 2010.

2. In July 2007, the Group changed its financial year end from 31 March to 31 December.