Multifield

Multifield International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

ANNUAL REPORT

2011

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lau Chi Yung *(Chairman)*
Lau Michael Kei Chi *(Vice-Chairman and Managing Director)*

Independent Non-executive Directors

Lee Siu Man, Ervin
Wong Yim Sum
Lo Yick Wing
Tsui Ka Wah

AUDIT COMMITTEE

Wong Yim Sum *(Chairman)*
Lee Siu Man, Ervin
Lo Yick Wing
Tsui Ka Wah

REMUNERATION COMMITTEE

Tsui Ka Wah *(Chairman)*
Lau Chi Yung
Lau Michael Kei Chi
Wong Yim Sum
Lo Yick Wing
Lee Siu Man, Ervin

NOMINATION COMMITTEE

Lau Michael Kei Chi *(Chairman)*
Lau Chi Yung
Lee Siu Man, Ervin
Wong Yim Sum
Lo Yick Wing
Tsui Ka Wah

COMPANY SECRETARY

Yau Yuk Kau, Benny

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank Sarasin of Cie AG, Hong Kong Branch
Bank of China

SOLICITORS

Cheung, Tong & Rosa, Solicitors
Poon Yeung & Li, Solicitors & Notaries

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

8th Floor Multifield House
54 Wong Chuk Hang Road
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "Board") of Multifield International Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011.

REVIEW OF OPERATION

With the dynamic global and local economy, year 2011 was on the whole a challenging year for the Group. During the year under review, the Group recorded a net profit of about HK$189 million (2010: HK$713 million).

PROPERTY INVESTMENT

Hong Kong

Investment properties in Hong Kong mainly comprise industrial and office units with some retail shops. The number of new companies established and initial public offerings was on the rise in the past few years, which drives a stable demand for office spaces. To enrich the property investment portfolio, the Group acquired quality properties at considerations of around HK$161 million during the year. Apart from this, the Group also acquired 225 lorry car parking spaces at a consideration of HK$112.5 million. Indeed, the investment properties consistently contributed stable rental revenue of approximately HK$40 million (2010: HK$30 million).

Shanghai, PRC

The Group's properties in Shanghai, PRC comprise around 182 blocks of detached garden houses and 126 hotel-serviced apartment units respectively, which were operated under the trademark of "Windsor Renaissance". The trademark is a symbol of high quality villas and hotel-serviced apartments in Shanghai. They are well accepted by the expatriate community in Shanghai and their average occupancy rate generally stands at round 90%. These properties generated a stable rental revenue of approximately HK$133 million (2010: HK$117 million) with an increase of 14% as compared with previous years.

Zhuhai, PRC

The Group holds two land banks in Zhuhai, PRC. The first land of about 36,808 square meters is located at Qianshan commercial business district and for commercial and shopping usages. It is still in the process of demolition and removal of existing constructions. Another land of about 94,111 square meters in DouMen commercial business district is at planning and design stage. This land is for hotel and shopping usages. The Group believes that these acquisitions of land will further strengthen the business of property investment in the PRC and will bring remarkable return to the Group upon completion of development.

TRADING AND INVESTMENTS

The global financial market in 2011 was volatile as a result of the worsening debt problem of European countries and the downgrading of the US debt rating. In view of this, the Group took a more prudent approach to acquire available-for-sale investments of around HK$212 million with an average coupon rate of around 10%. Nevertheless, the Group's equity investments recorded a net fair value loss of approximately HK$78 million (2010: gain of HK$40 million) when marking the investment portfolios to market valuation as at 31 December 2011.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and available-for-sale investments of HK$423 million (2010: HK$327 million) as at 31 December 2011. The Group's cash and cash equivalents as at 31 December 2011 amounted to HK$154 million (2010: HK$221 million). As at 31 December 2011, the Group had total bank and other borrowings amounting to approximately HK$1,003 million (2010: HK$712 million) which were secured by legal charges on certain investment properties in Hong Kong and Shanghai, and certain equity investments and available-for-sale investments. With the total bank and other borrowings of HK$1,003 million (2010: HK$712 million) and the aggregate of the shareholder funds, non-controlling interest and total bank borrowings of approximately HK$5,012 million (2010: HK$4,571 million), the Group's gearing ratio as at 31 December 2011 was around 20% (2010: 16%).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2011, the Group had approximately 270 employees, of whom 215 were based in the PRC and 55 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance, experience and the prevailing market condition. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies in order to retain competent employees.

PROSPECT

The escalation of the Euro zone crisis and downgrading of the US debt rating have brought considerable uncertainties to the world market. It is most likely that the sovereign debt problems in the Euro zone and the US economy require time to be resolved. Thus, the Group believes that the global economy will continue to face a higher degree of uncertainty over the medium term.

Economic growth of the Mainland is expected to stay higher than many other economies in the meantime. According to the National Bureau of Statistics of China, the gross domestic product ("GDP") of 2011 was RMB47.16 trillion, an increase of 9.2% over that of 2010. In order to sustain the economic development, the PRC government has continued to roll out measures to contain the notably inflationary pressure. Above all, the Group remains confident in the Mainland's long-term emerging as an anchor for the global economy.

Given the deteriorating external environment and the cooling measures implemented by the HKSAR government, the property market growth has been restrained. However, the increasing wealth, especially in China, has brought international branded retailers and manufacturers to expand their presence in Hong Kong. Together with new companies established in the past few years and the relocation of offices from central business district ("CBD") to decentralized districts, the demand for the Group's office spaces is expected to remain stable and positive.

The Group will adhere to its prudent financial policy and maintain high liquidity and low gearing. We strongly believe that we have the necessary skills and expertise to enable us to work towards the goal of maximizing our shareholder's wealth through paying attention to investment opportunities that have a promising outlook.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

ACKNOWLEDGEMENT

On behalf of the Board and management team, I would like to thank our shareholders who have extended to us their trust. The Board and management have decided to propose a final dividend HK0.5 cents per share at the forthcoming annual general meeting. I would also like to thank my fellow directors for their support and all the staff for their dedication and hard work. I believe that we will create greater value to our investors in the future.

Lau Chi Yung
Chairman

Hong Kong, 23 March 2012

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LAU Chi Yung, aged 52, is the Chairman and founder of Multifield International Holdings Limited (the "Company"). Mr. Lau has over 20 years' experience in property investment and development and is responsible for the overall policymaking, investment and business development of the Company and its subsidiaries (the "Group"). Mr. Lau is currently the Chairman of Oriental Explorer Holdings Limited ("Oriental Explorer"), a company engaged in property investment, trading of securities and investment holding and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. LAU Michael Kei Chi, aged 58, is the Vice-Chairman and Managing Director of the Company. He is responsible for the overall planning, marketing and operations of the Group. Prior to joining the Group in 1997, he had over 20 years' experience in project development and management. Mr. Lau is currently the Vice-Chairman and Managing Director of Oriental Explorer and is the brother of Mr. Lau Chi Yung.

Independent Non-executive Directors

Mr. LEE Siu Man, Ervin, aged 56, is a Registered Architect and Authorized Person in Hong Kong. He is a member of the Hong Kong Institute of Architects and the Royal Australian Institute of Architects, and the founder and currently the Managing Director of Fotton-ELA Architects Ltd. and Fotton-ELA Consultants Ltd. which provide comprehensive services including architecture, civil, structural and geotechnical engineering, town planning and estate surveying in the building and development field. In early 1999, Mr. Lee has also been elected as the Director of the Board of Directors of the Pok Oi Hospital and the President of North Kowloon Lions Club, both for the year 1999/2000.

Mr. WONG Yim Sum, aged 46, is currently the Director of Conpak CPA Limited, a firm of Certified Public Accountants in Hong Kong. Mr. Wong has extensive experience in the finance and auditing fields and is currently practicing as a Certified Public Accountant. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Association of Chartered Certified Accountants (ACCA).

Mr. LO Yick Wing, aged 59, is a Registered Architect and Authorized Person in Hong Kong. He has attained Class I Registered Architect Qualification (中華人民共和國一級註冊建築師資格) in the People's Republic of China (the "PRC"). He is a member of the Hong Kong Institute of Architects and the Royal Australian Institute of Architects and The Association of Architectural Practices Ltd. Mr. Lo is the founder and currently the Managing Director of Lo & Partners Architects & Development Consultants Ltd. which provide comprehensive professional services including architecture, planning, interior, landscaping and estate development consultancy.

Mr. TSUI Ka Wah, aged 59, has 28 years of banking experience with United States and local banks, and has held various management positions in corporate, retail and private banking. Until recently, he was the President of Great China Region for a bank of United States, overseeing operations in Taiwan, the PRC and Hong Kong. Mr. Tsui holds a Bachelor Degree and a Master Degree of Business Administration from the Chinese University of Hong Kong.

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Ms. SIU Wai King, Donna, aged 47 and joined the Group in 1992, is the Deputy General Manager of the Group. She is responsible for the business of property investment and property management in Hong Kong and has over 20 years' experience. She is also responsible for the Group's personnel and administration work.

Mr. YAU Yuk Kau, Benny, aged 39, joined the Group in 2006. He is the Deputy General Manager and Financial Controller of the Group. He holds a master's degree in corporate governance. He is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. He has over 15 years' experience in auditing, taxation and accounting. He is responsible for the Group's financial and treasury management. He also assists the operation of the Company's subsidiaries in Zhuhai.

Mr. MASSY Jean-Phillippe, aged 35, joined the Group in 2006. He is the General Manager of the Shanghai subsidiaries of the Group and is responsible for the property management business of the hotel serviced apartments in Shanghai. He holds a master's degree in management. He has over 10 years' experience in management and marketing.

Ms. WONG Siu Wai, aged 29, joined the Group in 2006. She is the Accounting Manager of the Group. She is studying a master's degree in corporate governance. She is a member of the Association of Chartered Certified Accountants and has over 7 years' experience in accounting.

Ms. FAN Qing, aged 42, joined the Group in December 1996. She is the Manager of the Accounting Department of the Shanghai subsidiaries of the Group and she holds 國家中級會計師資格. She has over 15 years' experience in real estate development and operation.

Ms. Wang Shu Fen, aged 56, certified public accountant, joined the Group in 2000. She is the Manager of the Procurement Department of the Shanghai subsidiaries of the Group. She is responsible for cost control and internal audit of the Group. She has over 15 years' experience.

Ms. Wang Wen Yang, aged 33, holds a bachelor's degree and joined the Group in 2000. She is the Manager of the Property Leasing Department of the Shanghai subsidiaries of the Group. She is responsible for the leasing and sale of properties in P.R.C. and has over 10 years' experience.

Ms. Wang Yu, aged 40, holds a bachelor's degree and joined the Group in 2002. She is the Manager of the Personnel and Administration Department of the Shanghai subsidiaries of the Group and has over 10 years' experience.

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management *(continued)*

Ms. Mao Ling Hua, aged 37, college graduate and joined the Group in 1996. She is the Property Manager of Windsor Place, a project under the Shanghai subsidiaries of the Group. She has over 15 years' experience in property management.

Ms. Pu Qian Yu, aged 39, holds a bachelor's degree and joined the Group in 2005. She is the Property Manager of Windsor Park, a project under the Shanghai subsidiaries of the Group. She has over 7 years' experience in property management.

Ms. Shen Yan, aged 38, holds a bachelor's degree and joined the Group in 2000. She is the Property Manager of Windsor Court, a project under the Shanghai subsidiaries of the Group. She has over 10 years' experience in property management.

Mr. Chen Gang, aged 42, college graduate and joined the Group in January 2002. He is the Project Manager of the Zhuhai subsidiaries of the Group. He has over 10 years' experience in property development.

Ms. Gu He, aged 35, holds a bachelor's degree and joined the Group in 2001. She is the Deputy Manager of the Accounting Deportment of the Shanghai subsidiaries of the Group. She holds 國家中級會計師資格. She has over 14 years' experience.

Ms. Huang Ying, aged 43, holds a bachelor's degree and joined the Group in 2007. She is the Assistant General Manager of the Zhuhai subsidiaries of the Group.

Ms. Jian Chu Shan, aged 37, holds a bachelor's degree and joined the Group in 2007. She is the Deputy Manager of the Accounting Department of the Zhuhai subsidiaries of the Group.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 14 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 25.

The directors recommend the payment of a final dividend of HK0.50 cents per ordinary share in respect of the year ended 31 December 2011 (2010: HK0.65 cents), to shareholders whose name appeared on the register of members on 13 June 2012. The final dividend if approved, will be distributed to the shareholders on or about 28 June 2012. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the statement of financial position.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years. The information has been extracted from the published audited financial statements of the Company, after appropriate adjustments and reclassifications. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(restated)
Revenue	**141,550**	215,354	228,671	83,953	198,098
Cost of sales	**(47,536)**	(29,145)	(25,358)	(23,053)	(22,556)
Gross profit	**94,014**	186,209	203,313	60,900	175,542
Other income and gains	**246,265**	565,849	531,194	154,220	169,313
Operating and administrative expenses	**(93,998)**	(27,671)	(34,064)	(49,013)	(27,074)
Finance costs	**(10,512)**	(7,446)	(6,826)	(22,642)	(42,823)
Profit before tax	**235,769**	716,941	693,617	143,465	274,958
Income tax expense	**(46,410)**	(4,246)	(168,152)	(17,748)	(12,069)
Profit for the year	**189,359**	712,695	525,465	125,717	262,889
Attributable to:					
Owners of the Company	**172,435**	512,204	423,999	50,925	220,477
Non-controlling interests	**16,924**	200,491	101,466	74,792	42,412
	189,359	712,695	525,465	125,717	262,889

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**5,971,037**	5,480,661	4,686,075	4,089,711	4,096,095
Total liabilities	**(1,961,707)**	(1,622,026)	(1,624,395)	(1,524,958)	(1,606,237)
Non-controlling interests	**(948,037)**	(961,143)	(761,930)	(692,231)	(726,306)
	3,061,293	2,897,492	2,299,750	1,872,522	1,763,552

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 90 to 94.

PROPERTIES HELD FOR SALE

Details of the Group's properties held for sale are set out in note 19 to the financial statements. Further details of the Group's properties held for sale are set out on page 90.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in share capital and share options of the Company during the year are set out in notes 30 and 31 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2011, the Company's reserves available for cash distribution and/or distribution in specie, as calculated in accordance with the Companies Act of Bermuda, amounted to approximately HK$955,756,000.

MAJOR CUSTOMERS AND SUPPLIERS

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

DIRECTORS

The directors of the Company (the "Director(s)") during the year and up to the date of this report were:

Executive Directors

Mr. Lau Chi Yung	*(Chairman)*
Mr. Lau Michael Kei Chi	*(Vice-Chairman and Managing Director)*

Independent Non-executive Directors

Mr. Lee Siu Man, Ervin
Mr. Wong Yim Sum
Mr. Lo Yick Wing
Mr. Tsui Ka Wah

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

In accordance with the Company's bye-laws, Mr. Wong Yim Sum and Mr. Lo Yick Wing will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 6 to 8 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from those transactions disclosed in note 37 to the financial statements, no director had a material interest, either directly or indirectly, in any material contract of significance to the business of the Group to which the Company, or any of its holding companies or subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 December 2011, the interests of the Directors in the share capital and underlying shares of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Lau Chi Yung	Corporate	2,797,055,712	66.91

The above shares are ultimately controlled by Power Resources Holdings Limited as the trustee of the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung and his family.

Long position in ordinary shares of associated corporation

Name of Director	Name of associated corporation	Relationship with the Company	Number of shares held	Capacity and nature of interest	Percentage of associated corporation's issued share capital
Lau Chi Yung	Oriental Explorer	Company's subsidiary	1,101,826,999	Corporate	61.21

The interest of Mr. Lau Chi Yung in the shares of Oriental Explorer are ultimately controlled by Power Resources Holdings Limited as the trustee of the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung and his family.

In addition to the above, a director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 December 2011, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be recorded pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests in shares of the Company and its associated corporation" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Power Resources Holdings Limited*	Through a controlled corporation	2,797,055,712	66.91
Lucky Speculator Limited*	Directly beneficially owned	2,195,424,000	52.52
Desert Prince Limited*	Directly beneficially owned	601,631,712	14.39

* Power Resources Holdings Limited was deemed to have a beneficial interest in 2,797,055,712 ordinary shares of the Company by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held shares in the Company.

Save as disclosed above, as at 31 December 2011, no person, other than the Directors, whose interests are set out in the section "Directors' interests in shares of the Company and its associated corporation" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

Details of the connected transactions are set out in note 37 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Lau Chi Yung
Chairman

Hong Kong
23 March 2012

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2011, save as disclosed below.

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term and subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

On 24 September 2009, Mr. Lau Chi Yung, an executive director, was prosecuted and fined at the Eastern Magistrates' Court under the Part XV of the SFO for late filing of disclosures of his interests to the Stock Exchange of certain shares transactions which took place on various occasions during the period from 11 December 2006 to 27 November 2008. He paid a fine of HK$80,000 and the investigation costs of HK$7,499 to the Securities and Futures Commission as the penalty for such convention.

BOARD COMPOSITION AND BOARD PRACTICE

The Board is mandated to promote the success of the Company by providing leadership and supervising control of the Group's business.

Currently, the Board comprises two executive Directors and four independent non-executive Directors. The positions of chairman and managing director are held by separate individuals. The chairman provides leadership for the board and the managing director, supported by the management team, provides planning and implementation. The Board, led by Mr. Lau Chi Yung is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of annual budgets and business plans; evaluating the performance of Group; and oversight of management. The chairman ensures that the Board works effectively and discharges its responsibilities. All directors have been consulted on all major and material matters of the Company. With the support of the company secretary, the chairman seeks to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Under the Listing Rules, every listed issuer is required to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Currently, the number of independent non-executive directors represents more than one-third of the total board members.

CORPORATE GOVERNANCE REPORT

Each of the independent non-executive director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. Review will be made regularly on the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The biographical details of the Directors are set out on page 6.

The Board has scheduled regular meetings per year and meets more frequently as and when required to discuss and formulate the Group's overall business strategies, monitor financial performance and discuss the annual results, interim results and other significant matters. The Director can attend meetings in person or through other means of electronic communication. During the financial year ended 31 December 2011, the attendance of individual Director to the Board meeting is summarized below:

	Number of meetings
Executive Directors	**attended/held**
Lau Chi Yung	6/7
Lau Michael Kei Chi	7/7
Independent Non-executive Directors	
Lee Siu Man, Ervin	3/7
Wong Yim Sum	3/7
Lo Yick Wing	5/7
Tsui Ka Wah	5/7

The company secretary keeps the Board minutes of the Company for inspection by the Directors and all Directors have full access to information of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the Directors, the Directors have complied with the required standard as set out in the Model Code for the year ended 31 December 2011.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

With the assistance of the Finance Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure that preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the Listing Rules. The audit committee's terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code. Pursuant to its terms of reference, the audit committee is required, amongst other things, to consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and to approve their remuneration, to review the interim and annual financial statements, to review the Group's financial controls, internal controls and risk management system and to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response. The audit committee should meet at least twice each year and when the need arises. Details of the attendance of audit committee meetings are as follows:

Members	Number of meetings attended/held
Wong Yim Sum (*Chairman*)	2/2
Lee Siu Man, Ervin	2/2
Lo Yick Wing	2/2
Tsui Ka Wah	2/2

In the presence of the representatives of the Company's independent external auditors, the Group's draft audited consolidated financial statements for the year ended 31 December 2011 have been reviewed by the audit committee, and with recommendation to the Board for approval.

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The main responsibilities of the Remuneration Committee are to consider and recommend to the Board the Company's remuneration policy and structure and to review and determine the remuneration and compensation packages of the executive directors and senior management of the Company.

The remuneration committee set up on 16 September 2005 comprises two executive Directors and four independent non-executive Directors. Details of the attendance of the committee are as follows:

Members	Number of meetings attended/held
Tsui Ka Wah (*Chairman*)	2/2
Lau Chi Yung	2/2
Lau Michael Kei Chi	2/2
Lee Siu Man, Ervin	2/2
Wang Yim Sum	2/2
Lo Yick Wing	2/2

NOMINATION COMMITTEE

The role of nomination committee set up on 28 March 2012 is to advise on and propose to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. A newly appointed director must retire and be re-elected at the first general meeting after his appointment. At each annual general meeting, one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election.

The members of the nomination committee are:

Lau Michael Kei Chi *(Chairman)*
Lau Chi Yung
Tsui Ka Wah
Lee Sui Man, Ervin
Lo Yick Wing
Wong Yim Sum

Most nomination committee members are independent non-executive directors. During the year ended 31 December 2011, no nomination committee meeting was held.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislation and regulations.

AUDITORS' REMUNERATION

In line with the sound practice that the independence of external auditors should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditors should not have an adverse impact on their independence.

For the year ended 31 December 2011, the auditors of the Company received approximately HK$650,000 for audit service and HK$Nil for tax and consultancy services.

INVESTOR RELATIONS AND COMMUNICATION

The Company establishes different communication channels with shareholders and investors. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or special general meeting providing a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) the Company replies to enquiries from shareholders timely; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

In fact, the Company's annual general meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Group's performance. A separate resolution is proposed for each substantially separate issue at the AGM.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Chartered Accountants
Certified Public Accountants

TO THE SHAREHOLDERS OF
MULTIFIELD INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Multifield International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 20 to 89, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE 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 presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 23 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	5	**141,550**	215,354
Cost of sales		**(47,536)**	(29,145)
Gross profit		**94,014**	186,209
Other income and gains	5	**18,722**	27,575
Fair value gains on investment properties		**228,718**	534,793
(Loss)/gain on disposal of investment properties		**(1,175)**	3,481
Operating and administrative expenses		**(93,998)**	(27,671)
Finance costs	7	**(10,512)**	(7,446)
PROFIT BEFORE TAX	6	**235,769**	716,941
Income tax expense	10	**(46,410)**	(4,246)
PROFIT FOR THE YEAR		**189,359**	712,695
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		**(39,688)**	1,846
Reclassification adjustments for gains included in the consolidated statement of comprehensive income – gain on disposal		**(991)**	–
		(40,679)	1,846
Exchange differences on translation of foreign operations		**91,022**	119,747
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**50,343**	121,593
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**239,702**	834,288
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company	11	**172,435**	512,204
Non-controlling interests		**16,924**	200,491
		189,359	712,695
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**209,785**	633,275
Non-controlling interests		**29,917**	201,013
		239,702	834,288
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	13	**4.12 cents**	12.25 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**308,835**	353,855
Investment properties	16	**4,751,367**	4,125,200
Prepaid land lease payments	17	**434**	441
Club debenture		**670**	670
Available-for-sale investments	18	**1,894**	–
Total non-current assets		**5,063,200**	4,480,166
CURRENT ASSETS			
Properties held for sale	19	**281,851**	281,851
Trade receivables	20	**7,889**	6,870
Prepayments, deposits and other receivables	21	**22,230**	80,827
Available-for-sale investments	18	**235,931**	92,208
Equity investments at fair value through profit or loss	22	**187,522**	236,845
Pledged deposits	23	**17,984**	80,854
Cash and cash equivalents	23	**154,430**	221,040
Total current assets		**907,837**	1,000,495
TOTAL ASSETS		**5,971,037**	5,480,661
CURRENT LIABILITIES			
Trade payables	24	**1,416**	1,580
Other payables and accruals	25	**258,248**	234,398
Deposits received		**52,423**	48,254
Derivative financial instruments	26	**–**	2,222
Interest-bearing bank and other borrowings	27	**1,002,751**	711,905
Tax payable		**25,508**	25,704
Total current liabilities		**1,340,346**	1,024,063
NET CURRENT LIABILITIES		**(432,509)**	(23,568)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,630,691**	4,456,598

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT LIABILITIES			
Due to a director	28	**5,435**	14,821
Deferred tax liabilities	29	**615,926**	583,142
Total non-current liabilities		**621,361**	597,963
Net assets		**4,009,330**	3,858,635
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**41,804**	41,804
Reserves	32	**2,998,587**	2,828,516
Proposed final dividend	12	**20,902**	27,172
		3,061,293	2,897,492
Non-controlling interests		**948,037**	961,143
Total equity		**4,009,330**	3,858,635

Lau Chi Yung
Chairman

Lau Michael Kei Chi
Vice-Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Attributable to owners of the Company								
	Issued capital	Share premium	Contributed surplus	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Non-controlling interests	Total equity
	HK$'000 *(Note 30)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	41,804	39,116	293,372	9,156	356,370	1,539,030	20,902	761,930	3,061,680
Total comprehensive income for the year	–	–	–	1,324	119,747	512,204	–	201,013	834,288
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(1,800)	(1,800)
Final 2009 dividend declared	–	–	–	–	–	–	(20,902)	–	(20,902)
Interim 2010 dividend	–	–	–	–	–	(14,631)	–	–	(14,631)
Proposed final 2010 dividend	–	–	–	–	–	(27,172)	27,172	–	–
At 31 December 2010	41,804	39,116*	293,372*	10,480*	476,117*	2,009,431*	27,172	961,143	3,858,635
At 1 January 2011	**41,804**	**39,116**	**293,372**	**10,480**	**476,117**	**2,009,431**	**27,172**	**961,143**	**3,858,635**
Total comprehensive income for the year	**–**	**–**	**–**	**(25,988)**	**63,338**	**172,435**	**–**	**29,917**	**239,702**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(43,023)**	**(43,023)**
Final 2010 dividend declared	**–**	**–**	**–**	**–**	**–**	**–**	**(27,172)**	**–**	**(27,172)**
Interim 2011 dividend	**–**	**–**	**–**	**–**	**–**	**(18,812)**	**–**	**–**	**(18,812)**
Proposed final 2011 dividend	**–**	**–**	**–**	**–**	**–**	**(20,902)**	**20,902**	**–**	**–**
At 31 December 2011	**41,804**	**39,116***	**293,372***	**(15,508)***	**539,455***	**2,142,152***	**20,902**	**948,037**	**4,009,330**

* These reserve accounts comprise the consolidated reserves of approximately HK$2,998,587,000 (2010: HK$2,828,516,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Net cash flows from operating activities	33	**104,280**	96,459
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,252)**	(2,081)
Purchases of investment properties		**(248,511)**	(21,335)
Purchases of available-for-sale investments		**(213,947)**	(52,014)
Payment of deposits for acquisition of investment properties		**–**	(38,571)
Decrease/(increase) in pledged deposits		**62,870**	(4,007)
Proceeds from disposal of items of property, plant and equipment		**2,906**	14,397
Proceeds from disposal of investment properties		**8,555**	38,503
Proceeds from disposal of available-for-sale investments		**28,642**	–
Interest received		**3,365**	3,257
Net cash flows used in investing activities		**(357,372)**	(61,851)
CASH FLOWS FROM FINANCING ACTIVITIES			
New interest-bearing borrowings		**242,660**	34,438
Repayment of interest-bearing borrowings		**(156,307)**	(72,157)
Net change in short-term revolving loans		**204,493**	56,310
Decrease in amount due to a director		**(9,386)**	(9,559)
Dividends paid to non-controlling shareholders		**(43,023)**	(1,800)
Interest paid		**(10,380)**	(7,446)
Dividends paid		**(45,984)**	(35,533)
Net cash flows from/(used in) financing activities		**182,073**	(35,747)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(71,019)**	(1,139)
Cash and cash equivalents at beginning of the year		**221,040**	241,905
Effect of foreign exchange rate changes, net		**4,409**	(19,726)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**154,430**	221,040
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**149,030**	105,678
Non-pledged deposits with original maturity of less than three months when acquired	23	**5,400**	115,362
		154,430	221,040

STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	14	**656,622**	656,622
CURRENT ASSETS			
Due from subsidiaries	14	**363,527**	259,092
Prepayments, deposits and other receivables		**60**	537
Cash and bank balances		**82**	125
Total current assets		**363,669**	259,754
TOTAL ASSETS		**1,020,291**	916,376
CURRENT LIABILITIES			
Due to a subsidiary	14	**1,800**	1,800
Other payables and accruals	25	**29**	25
Total current liabilities		**1,829**	1,825
NET CURRENT ASSETS		**361,840**	257,929
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,018,462**	914,551
EQUITY			
Issued capital	30	**41,804**	41,804
Reserves	32	**955,756**	845,575
Proposed final dividend	12	**20,902**	27,172
Total equity		**1,018,462**	914,551

Lau Chi Yung
Chairman

Lau Michael Kei Chi
Vice-Chairman

1. CORPORATE INFORMATION

Multifield International Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the principal place of business of the Company is located at 8th Floor, Multifield House, 54 Wong Chuk Hang Road, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries were involved in the following principal activities:

- property investment;
- provision of serviced apartment and property management services; and
- trading of securities and investment holding.

In the opinion of the directors, the holding company of the Company is Lucky Speculator Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Power Resources Holdings Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Going concern

The Group had net current liabilities of approximately HK$432,509,000 at the end of the reporting period. Notwithstanding the above, the directors of the Company have prepared the financial statements on the going concern basis on the assumption that the Group will continue to operate as a going concern for the foreseeable future as Power Resources Holdings Limited has confirmed to provide necessary funds to the Group so as to enable the Group to discharge its obligations as and when they fall due.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

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

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

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

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

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

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 37 to the consolidated financial statements.

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

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 January 2012. This amendment is not expected to have a material impact on the Group's financial statements.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Impairment of non-financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Buildings	5% or over the lease terms, if shorter
Leasehold improvements	Over the lease terms
Plant and machinery	10% – 20%
Furniture, fixtures and office equipment	20% – 33 $^1/_3$%
Motor vehicles	20% – 33 $^1/_3$%
Vessels	30%

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

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

Investment properties

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

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

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

Properties under development

Properties in the course of development are classified as non-current assets and are stated at cost less accumulated amortisation and accumulated impairment loss. Cost comprises acquisition cost relating to the leasehold interests in lands and direct development costs attributable to such properties. Interests in lands are amortised over the expected useful life and are included as part of cost of properties under development.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, capitalised interest during the period of development and other direct costs attributable to such properties. Net realisable value is calculated as the estimated selling price less all costs to completion, if applicable, and costs of marketing and selling.

Leases

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

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

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

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

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

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of comprehensive income if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, the amount due to a director, derivative financial instruments and interest-bearing bank and other borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

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

Loans and borrowings

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

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments

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

Fair value of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains and losses arising from changes in fair value of derivatives are taken directly to the statement of comprehensive income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

None of the derivative financial instruments held by the Group qualifies for hedge accounting.

Cash and cash equivalents

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

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

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

Income tax

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

Revenue recognition

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

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

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

(c) government grants, subsidies from the relevant People's Republic of China (the "PRC") government authorities, in the form of return of income tax, value added tax not associating with the purchase of property, plant and equipment and various taxes, as an incentive for the investments in various cities in the PRC are recognised in the consolidated statement of comprehensive income when relevant approval has been obtained;

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

(e) income from the sale of equity investments and debt securities, on the trade date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Share-based payment transactions

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

The cost of equity-settled transactions with employees for grant after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option pricing model.

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Retirement benefits scheme

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

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

Borrowing costs

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

The functional currencies of certain overseas subsidiaries and associates are currencies other than Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at exchange rates ruling at the end of the reporting period and their statements of comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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

Judgements *(continued)*

Operating lease commitments – Group as lessor

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

Classification between investment properties and owner-occupied properties

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

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

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

Estimation uncertainty

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

Fair values of financial instruments

Financial instruments such as equity, debt and derivative instruments are carried at the statement of financial position at fair value. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the market values determined by independent financial institutions or internal or external valuation models to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgement by management, which may result in significantly different fair values and results.

Impairment of receivables

The Group's management determines the provision for impairment of receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the estimation at the end of each reporting period.

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

Estimation uncertainty *(continued)*

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of comprehensive income. For the year ended 31 December 2011, impairment losses of Nil (2010: HK$7,800,000) have been recognised for available-for-sale assets. The carrying amount of available-for-sale assets was approximately HK$237,825,000 (2010: HK$92,208,000). Further details are included in note 18 to the financial statements.

Estimation of fair value of investment properties

As described in note 16, the investment properties were revalued at the end of the reporting period on market value existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Income tax

Significant management judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account changes in tax legislation.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four (2010: four) reportable operating segments as follows:

(a) the property investment segment mainly comprises rental income from investment properties;

(b) the provision of serviced apartment and property management services segment;

(c) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding; and

(d) the corporate and others segment.

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

4. OPERATING SEGMENT INFORMATION *(continued)*

Segment liabilities exclude interest-bearing bank and other borrowings, the amount due to a director, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

There are no sales or other transactions between the operating segments during the year (2010: Nil).

Years ended 31 December 2011 and 2010

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Corporate and others		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**173,015**	146,592	**20,386**	18,143	**(51,851)**	52,841	**–**	(2,222)	**141,550**	215,354
Segment results	**129,593**	129,868	**(15,977)**	(14,109)	**(52,907)**	48,509	**(61,868)**	(2,249)	**(1,159)**	162,019
Reconciliation:										
Interest income from loans and receivables									**3,365**	3,257
Other gains									**244,075**	559,111
Finance costs									**(10,512)**	(7,446)
Profit before tax									**235,769**	716,941

4. OPERATING SEGMENT INFORMATION *(continued)*

Years ended 31 December 2011 and 2010

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Corporate and others		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**5,025,616**	4,740,095	**46,620**	105,797	**504,323**	336,538	**394,478**	298,231	**5,971,037**	5,480,661
Total assets									**5,971,037**	5,480,661
Segment liabilities	**80,114**	162,606	**17,277**	14,146	**77,963**	95	**12,855**	13,291	**188,209**	190,138
Reconciliation:										
Unallocated liabilities									**1,773,498**	1,431,888
Total liabilities									**1,961,707**	1,622,026
Other segment information:										
Depreciation and amortisation	**2,027**	2,053	**1,072**	1,155	**–**	–	**953**	991	**4,052**	4,199
Change in fair value of investment properties	**228,718**	534,793	**–**	–	**–**	–	**–**	–	**228,718**	534,793
Impairment loss recognised in the statement of comprehensive income	**47,279**	130	**–**	7,800	**–**	–	**–**	30	**47,279**	7,960
Capital expenditure*	**325,452**	23,023	**338**	393	**–**	–	**–**	–	**325,790**	23,416

* Capital expenditure consists of additions to property, plant and equipment, and investment properties.

Geographical information

(a)

	Hong Kong		Mainland China		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from sales to external customers	**(13,713)**	74,170	**155,263**	141,184	**141,550**	215,354

The revenue information above is based on the location of the customers. No customer accounted for 10% or more of the total revenue for the years ended 31 December 2011 and 2010.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

(b)	Hong Kong		Mainland China		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets	**3,919,473**	609,438	**1,141,163**	3,870,058	**5,060,636**	4,479,496

The non-current asset information above is based on the location of assets and excludes financial instruments.

5. REVENUE, OTHER INCOME AND GAINS

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Rental income from property letting	**173,015**	147,377
Serviced apartment and property management	**20,386**	18,143
Fair value (losses)/gains, net:		
Equity investments at fair value through profit or loss	**(78,390)**	41,920
Derivative financial instruments	**3,139**	(1,947)
Dividend income from listed investments	**6,199**	5,194
Interest income from available-for-sale investments	**17,201**	4,667
	141,550	215,354
Other income and gains		
Interest income from loans and receivables	**3,365**	3,257
Gain on disposal of items of property, plant and equipment	**2,899**	13,886
Fair value gains on available-for-sale investments (transfer from equity on disposal)	**991**	–
Others	**11,467**	10,432
	18,722	27,575

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Cost of services provided	**47,536**	27,004
Depreciation	**4,045**	4,190
Amortisation of prepaid land lease payments	**7**	9
Minimum lease payments under operating leases for land and buildings	**162**	77
Auditors' remuneration	**650**	688
Impairment of trade receivables*	**12**	130
Impairment of other receivables*	**–**	30
Impairment of available-for-sale investments*	**–**	7,800
Impairment loss recognised in respect of property, plant and equipment*	**47,267**	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**20,034**	18,860
Foreign exchange differences, net	**7,925**	1,724
Employee benefits expense (including directors' remuneration *(Note 8)*):		
Salaries, wages and other benefits	**18,192**	13,373
Pension scheme contributions (defined contribution scheme) *(Note)*	**202**	180
	18,394	13,553

* *Included in "Operating and administrative expenses" on the face of the consolidated statement of comprehensive income.*

Note:

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**10,512**	7,446

8. DIRECTORS' REMUNERATION

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Fees	**480**	460
Other emoluments:		
Salaries, allowances and benefits in kind	**4,238**	3,224
Pension scheme contributions	**24**	24
	4,262	3,248
	4,742	3,708

(a) Independent non-executive directors

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

	2011	2010
	HK$'000	*HK$'000*
Mr. Lee Siu Man, Ervin	**120**	120
Mr. Wong Yim Sum	**120**	120
Mr. Lo Yick Wing	**120**	120
Mr. Tsui Ka Wah (Appointed on 1 September 2010)	**120**	40
Mr. Choy Tak Ho (Retired on 28 June 2010)	**–**	60
	480	460

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

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees		Salaries, allowances and benefits in kind		Pension scheme contributions		Total remuneration	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mr. Lau Chi Yung	**–**	–	**2,444**	1,794	**12**	12	**2,456**	1,806
Mr. Lau Michael Kei Chi	**–**	–	**1,794**	1,430	**12**	12	**1,806**	1,442
	–	–	**4,238**	3,224	**24**	24	**4,262**	3,248

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,526**	1,382
Pension scheme contributions	**36**	36
	1,562	1,418

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

	Number of employees	
	2011	2010
Nil to HK$1,000,000	**3**	3

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Charge for the year	**1,548**	1,324
(Overprovision)/underprovision in prior years	**(2,618)**	874
Current tax – Mainland China		
Charge for the year	**14,696**	14,491
Deferred tax *(Note 29)*	**32,784**	(12,443)
Total tax charge for the year	**46,410**	4,246

10. INCOME TAX *(continued)*

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

Group – 2011

	Hong Kong *HK$'000*	**Elsewhere in the PRC** *HK$'000*	**Total** *HK$'000*
Profit before tax	**82,226**	**153,543**	**235,769**
Tax at the applicable tax rate	**8,869**	**38,386**	**47,255**
Adjustments in respect of current tax of prior years	**(2,618)**	**–**	**(2,618)**
Lower tax rate for specific provinces or enacted by local authority	**–**	**(22,271)**	**(22,271)**
Income not subject to tax	**(35,111)**	**(32,763)**	**(67,874)**
Expenses not deductible for tax	**6,226**	**31,341**	**37,567**
Tax losses not recognised	**24,501**	**–**	**24,501**
Tax losses utilised from prior years	**(430)**	**–**	**(430)**
Effect of PRC land appreciation tax	**–**	**31,023**	**31,023**
Others	**(743)**	**–**	**(743)**
Tax charge at the Group's effective rate	**694**	**45,716**	**46,410**

Group – 2010

	Hong Kong *HK$'000*	Elsewhere in the PRC *HK$'000*	Total *HK$'000*
Profit before tax	247,444	469,497	716,941
Tax at the applicable tax rate	40,828	117,374	158,202
Adjustments in respect of current tax of prior years	874	–	874
Lower tax rate for specific provinces or enacted by local authority	–	(2,170)	(2,170)
Income not subject to tax	(40,600)	(106,167)	(146,767)
Expenses not deductible for tax	2,343	5,431	7,774
Tax losses not recognised	784	23	807
Tax losses utilised from prior years	(438)	–	(438)
Effect of PRC land appreciation tax	–	(13,658)	(13,658)
Others	(378)	–	(378)
Tax charge at the Group's effective rate	3,413	833	4,246

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2011 includes a profit of approximately HK$149,895,000 (2010: HK$40,414,000) which has been dealt with in the financial statements of the Company (Note 32(b)).

12. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim dividend – HK0.45 cents (2010: HK0.35 cents) per ordinary share	**18,812**	14,631
Proposed final dividend – HK0.5 cents (2010: HK0.65 cents) per ordinary share	**20,902**	27,172
	39,714	41,803

The proposed final dividend for the year ended 31 December 2011 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$172,435,000 (2010: HK$512,204,000) and the weighted average number of ordinary shares of 4,180,371,092 (2010: 4,180,371,092) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted shares, at cost	**656,622**	656,622

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

14. INVESTMENTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Call Rich Investments Limited	British Virgin Islands	US$50,000	60.33 *(Note (ii))*	Investment holding
Charter Million Investment Limited	Hong Kong/ PRC	HK$2	63.06	Property investment
Conrad Shipping Limited	Hong Kong	HK$1	100	Property investment
Ever Ford Development Limited	Hong Kong/ PRC	HK$10,000	62.02 *(Note (iv))*	Property investment
Fexlink Limited	Hong Kong	HK$100	100	Property investment
Forever Richland Limited	British Virgin Islands	US$50,000	75	Investment holding
Fortune Text Holdings Limited	Hong Kong/ PRC	HK$2	63.06	Property investment
Gain Power Consultants Limited	Hong Kong	HK$1	62.02 *(Note (iv))*	Property investment
Godfrey Investments Limited	British Virgin Islands	US$1	100	Investment holding
Good Connection Investments Limited	British Virgin Islands/ PRC	US$50,000	46.20 *(Notes (i) & (iii))*	Property investment
Goodrich Properties Limited	Hong Kong	HK$10,000	100	Property investment
Grandfield Nominees Limited	Hong Kong	HK$1,000,000	100	Property investment

14. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Head Wonder International Limited	British Virgin Islands	US$10,000	63.06	Investment holding
Kiuson Development Limited	Hong Kong	HK$100	46.20 *(Notes (i) & (iii))*	Investment holding
Kiuson Development (Shanghai) Ltd. *(Note (v))*	PRC	US$10,000,000	100	Property investment
Lau & Partners Consultants Limited	Hong Kong/ PRC	HK$10,000	100	Property investment
Limitless Investment Limited	British Virgin Islands	US$2	100	Investment holding
Linkful Electronics Limited	British Virgin Islands	US$1	61.21	Investment holding
Linkful (Holdings) Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$20,000,000	61.21	Investment holding
Linkful (PRC) Investments Limited	Hong Kong	HK$2	61.21	Investment holding
Linkful Management Services Limited	Hong Kong	HK$2	61.21	Provision of management services
Linkful Properties Company Limited	Hong Kong/ PRC	HK$2	61.21	Investment holding and property investment

14. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Linkful Strategic Investment Limited	British Virgin Islands	US$1	61.21	Investment holding
Lucky River Limited	British Virgin Islands	US$1	100	Investment holding
Mark Rich Limited	Hong Kong	HK$10,000	62.02 *(Note (iv))*	Property investment
Maxlord Limited	Hong Kong	HK$10,000	100	Property investment
Multifield (Holdings) Limited	Hong Kong	HK$1,000,000	100	Investment holding, provision of management services and agency services
Multifield Hotel Serviced Apartment Management (Shanghai) Ltd. *(Note (v))*	PRC	US$200,000	100	Provision of property management and administration services
Multifield International Hotel Management Limited	Hong Kong	HK$10,000	100	Provision of property management and administration services
Multifield Investment (HK) Limited	British Virgin Islands	US$1	100	Investment holding
Multifield Investment (PRC) Limited	British Virgin Islands	US$1	100	Investment holding

14. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Multifield Management Services Limited	British Virgin Islands	US$2	100	Investment holding
Multifield Properties Holdings Limited	British Virgin Islands	US$1	100	Investment holding
Multifield Properties Limited	Hong Kong	HK$9,000	100	Investment holding
Multifield Property Agency Limited	Hong Kong	HK$2	100	Provision of property agency services
Multifield Property Management Limited	Hong Kong	HK$2	100	Provision of property management services
Multifield International Holdings (B.V.I.) Limited	British Virgin Islands	US$40	100	Investment holding
New Luck Management Limited	Hong Kong	HK$1	62.02 *(Note (iv))*	Property investment
Nichiyu Consultants Limited	British Virgin Islands	US$2	100	Investment holding
Oriental Explorer Holdings Limited	Bermuda	HK$18,000,000	61.21	Investment holding
Power Earning Limited	Hong Kong	HK$1	61.21	Property investment
Prince Properties Limited	Hong Kong	HK$10,000	100	Investment holding
Quick Profits Limited	British Virgin Islands	US$2	100	Investment holding
Quick Returns Group Limited	British Virgin Islands	US$1	100	Investment holding
Rich Returns Limited	British Virgin Islands	US$100	62.02 *(Note (iv))*	Investment holding

14. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Richwell Properties Limited	Hong Kong	Ordinary HK$110,000 Non-voting deferred HK$10,000	100	Property investment
Silver Nominees Limited	Hong Kong	HK$2	100	Property investment
Sino Yield Investments Limited	British Virgin Islands	US$3	66.7	Investment holding
Snowdon Worldwide Limited	British Virgin Islands	US$1	61.21	Investment holding
Tellink Development Limited	Hong Kong/ PRC	HK$100	100	Property investment
Triple Luck Investments Limited	British Virgin Islands	US$50,000	100	Investment holding
Verywell Properties Limited	British Virgin Islands/ Hong Kong	US$1	100	Property investment
Win Channel Enterprises Limited	Hong Kong	HK$2	66.7	Property investment
Windsor Property Management (Shanghai) Co., Ltd. *(Note (v))*	PRC	US$200,000	100	Provision of property management services
Windsor Renaissance Hotel Property Management (Shanghai) Ltd. *(Note (v))*	PRC	US$140,000	100	Provision of property management services

14. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Winner Strong Limited	Hong Kong	HK$100	100	Property investment
Wise Chance Limited	Hong Kong	HK$100	100	Property investment
Wise Success Limited	Hong Kong	HK$100	100	Property investment
珠海市世紀西海房地產投資有限公司 *(Note (vi))*	PRC	RMB10,000,000	100	Property development
珠海萬事昌酒店有限公司 *(Note (v))*	PRC	US$20,000,000	100	Property development
珠海市港豐商務服務有限公司 *(Note (v))*	PRC	HK$120,000	100	Provision of property consultant services

Except for Multifield International Holdings (B.V.I.) Limited, all subsidiaries are indirectly held by the Company.

Notes:

(i) These companies are subsidiaries of non wholly-owned subsidiaries of the Company and accordingly are accounted for as subsidiaries by virtue of the Company's control over the entities.

(ii) The Group holds a direct equity interest of 45% in this subsidiary, and an indirect equity interest of 15.33% by virtue of the Group's 61.21% interest in Oriental Explorer Holdings Limited, which holds a 25.04% equity interest in this subsidiary.

(iii) The Group holds a direct equity interest of 37% in these subsidiaries, and an indirect equity interest of 9.20% by virtue of the Group's 61.21% interest in Oriental Explorer Holdings Limited, which holds 15.02% equity interest in these subsidiaries.

(iv) The Group holds a direct equity interest of 51% in these subsidiaries, and an indirect equity interest of 11.02% by virtue of the Group's 61.21% interest in Oriental Explorer Holdings Limited, which holds 18% equity interest in these subsidiaries.

(v) These subsidiaries are registered as wholly-foreign owned enterprises under the PRC law.

(vi) This subsidiary is a limited liability company established in the PRC.

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Properties under development *HK$'000*	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Plant and machinery *HK$'000*	Total *HK$'000*
31 December 2011							
At 31 December 2010 and at 1 January 2011							
Cost	344,969	746	2,729	27,820	16,648	752	393,664
Accumulated depreciation	–	(559)	(2,729)	(24,349)	(11,420)	(752)	(39,809)
Net carrying amount	344,969	187	–	3,471	5,228	–	353,855
At 1 January 2011, net of accumulated depreciation	344,969	187	–	3,471	5,228	–	353,855
Additions	–	–	–	579	673	–	1,252
Depreciation provided during the year	–	(37)	–	(1,724)	(2,284)	–	(4,045)
Impairment	(47,267)	–	–	–	–	–	(47,267)
Disposals	–	–	–	(7)	–	–	(7)
Exchange realignment	5,000	–	–	20	27	–	5,047
At 31 December 2011, net of accumulated depreciation and impairment	302,702	150	–	2,339	3,644	–	308,835
At 31 December 2011							
Cost	349,969	746	2,619	26,112	17,417	752	397,615
Accumulated depreciation and impairment	(47,267)	(596)	(2,619)	(23,773)	(13,773)	(752)	(88,780)
Net carrying amount	302,702	150	–	2,339	3,644	–	308,835

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

Group

	Properties under development HK$'000	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Vessels HK$'000	Total HK$'000
31 December 2010								
At 1 January 2010								
Cost	336,720	746	2,748	27,881	15,984	752	2,266	387,097
Accumulated depreciation	–	(522)	(2,748)	(23,159)	(9,480)	(752)	(2,266)	(38,927)
Net carrying amount	336,720	224	–	4,722	6,504	–	–	348,170
At 1 January 2010, net of accumulated depreciation	336,720	224	–	4,722	6,504	–	–	348,170
Additions	42	–	–	516	1,523	–	–	2,081
Depreciation provided during the year	–	(37)	–	(1,763)	(2,390)	–	–	(4,190)
Disposals	–	–	–	(45)	(466)	–	–	(511)
Exchange realignment	8,207	–	–	41	57	–	–	8,305
At 31 December 2010, net of accumulated depreciation	344,969	187	–	3,471	5,228	–	–	353,855
At 31 December 2010								
Cost	344,969	746	2,729	27,820	16,648	752	–	393,664
Accumulated depreciation	–	(559)	(2,729)	(24,349)	(11,420)	(752)	–	(39,809)
Net carrying amount	344,969	187	–	3,471	5,228	–	–	353,855

Note: Included in properties under development are interests in two pieces of lands situated in the PRC.

Impairment loss

At the end of the reporting period, the Group tests whether the carrying values of properties under development have suffered any impairment in accordance with the accounting policy on impairment of non-financial assets (note 2.4). The Group assessed the recoverable amounts of two piece of lands classified as properties under development and as a result their carrying amounts were written down by approximately HK$47,267,000 (included in "Operating and administrative expenses") at 31 December 2011. The estimates of recoverable amounts were based on the assets' fair values less costs to sell, determined by reference to a professional valuation performed by B.I. Appraisals Limited, an independent firm of professional qualified valuers.

16. INVESTMENT PROPERTIES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Carrying amount at 1 January	**4,125,200**	3,480,050
Additions	**324,538**	21,335
Disposals	**(9,730)**	(35,022)
Fair value gains	**228,718**	534,793
Exchange realignment	**82,641**	124,044
Carrying amount at 31 December	**4,751,367**	4,125,200

The Group's investment properties are situated in Hong Kong and in the PRC and are held under the following lease terms:

	Hong Kong	Elsewhere in the PRC	Total
	HK$'000	*HK$'000*	*HK$'000*
Long term leases	459,900	3,583,827	4,043,727
Medium term leases	707,640	–	707,640
	1,167,540	3,583,827	4,751,367

The Group's investment properties were revalued on 31 December 2011 by B.I. Appraisals Limited, an independent firm of professional qualified valuers, on an open market value, existing use basis.

The investment properties held by the Group are leased to third parties under operating leases, further summary details of which are included in note 35 to the financial statements.

At 31 December 2011, certain of the Group's investment properties with an aggregate carrying amount of approximately HK$3,320,500,000 (2010: HK$2,675,400,000) were pledged to secure general banking facilities granted to the Group *(Note 27)*.

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Carrying amount at 1 January	**441**	450
Recognised during the year	**(7)**	(9)
Carrying amount at 31 December	**434**	441

The leasehold land is held under a long term lease and is situated in the PRC.

18. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Non-current assets		
Unlisted equity investments, at cost	**9,694**	7,800
Provision for impairment	**(7,800)**	(7,800)
	1,894	–
Current assets		
Listed debt investments, at fair value	**235,931**	92,208
	237,825	92,208

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to approximately HK$40,679,000 (2010: gross gain HK$1,846,000), of which approximately HK$991,000 (2010: Nil) was reclassified from equity to the consolidated statement of comprehensive income for the year.

At 31 December 2011, the Group's listed debt investments with a carrying value of approximately HK$225,375,000 (2010: HK$92,208,000) were pledged as a security for the Group's interest-bearing borrowings, as further details of which are disclosed in note 27 to the financial statements.

The Group's unlisted equity investments with a carrying value of approximately HK$1,894,000 (2010: Nil) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

19. PROPERTIES HELD FOR SALE

The properties held for sale are stated at the lower of cost and net realisable value, and are held under medium term leases in Hong Kong.

20. TRADE RECEIVABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**13,744**	12,713
Provision for impairment	**(5,855)**	(5,843)
	7,889	6,870

For the Group's property rental business, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 1 month	**2,327**	1,013
1 to 2 months	**759**	340
2 to 3 months	**–**	237
Over 3 months	**4,803**	5,280
	7,889	6,870

20. TRADE RECEIVABLES *(continued)*

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 January	**5,843**	5,713
Impairment losses recognised *(Note 6)*	**12**	130
At 31 December	**5,855**	5,843

At 31 December 2011, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HK$5,855,000 (2010: HK$5,843,000) with a carrying amount before provision of approximately HK$5,855,000 (2010: HK$5,843,000). The individually impaired trade receivables relate to customers that were in default of payments.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**3,085**	1,353
Less than 1 month past due	**69**	237
1 to 3 months past due	**10**	448
Over 3 months past due	**4,725**	4,832
	7,889	6,870

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

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

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

At 31 December 2011, included in the Group's prepayments, deposits and other receivables are deposits paid for acquisition of investment properties of approximately HK$3,584,000 (2010: HK$76,027,000).

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

22. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Listed equity investments, at market value		
Hong Kong	**164,965**	184,148
Elsewhere	**22,557**	52,697
	187,522	236,845

The above equity investments at 31 December 2011 and 2010 were classified as held for trading. At 31 December 2011, the Group's certain listed equity investments with an aggregate carrying amount of approximately HK$82,828,000 (2010: HK$216,829,000) were pledged to secure the Group's interest-bearing borrowings, as further detailed in note 27 to the financial statements.

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Cash and bank balances	**149,030**	105,678
Time deposits	**23,384**	196,216
	172,414	301,894
Less: Pledged deposits	**(17,984)**	(80,854)
Cash and cash equivalents	**154,430**	221,040

The deposits of approximately HK$17,984,000 (2010: HK$80,854,000) were pledged as security for banking facilities granted.

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(continued)*

At the end of the reporting period, the cash and bank balances and pledged deposits of the Group denominated in Renminbi ("RMB") amounted to approximately HK$41,720,000 (2010: HK$216,537,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

24. TRADE PAYABLES

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 1 month	**538**	1,281
1 to 2 months	**101**	2
2 to 3 months	**38**	–
Over 3 months	**739**	297
	1,416	1,580

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

25. OTHER PAYABLES AND ACCRUALS

Other payables are non-interest-bearing and repayable on demand.

Included in the Group's other payables and accruals at 31 December 2011 is deferred consideration payable of approximately HK$83,766,000 (2010: HK$81,788,000) in respect of acquisition of a subsidiary.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Forward currency contracts – RMB deliverable forward contracts	**–**	2,222

At 31 December 2010, the carrying amounts of forward currency contracts were the same as their fair values. The RMB deliverable forward contracts involving derivative financial instruments were mainly with large financial institutions in Mainland China. The deliverable forward contracts were fully settled during the year ended 31 December 2011.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group					
	2011			2010		
	Contractual interest rate *(%)*	**Maturity**	**HK$'000**	Contractual interest rate *(%)*	Maturity	HK$'000
Current liabilities						
Secured bank loans denominated in Hong Kong dollar	**HIBOR plus a range of 0.6 to 1.5**	**2012-2021**	**722,084**	HIBOR plus a range of 0.6 to 1.5	2011-2020	571,729
Secured bank loans denominated in United States dollar	**–**	**–**	**–**	2.04 to 2.56	2011	64,002
Secured short term loans denominated in Hong Kong dollar	**–**	**–**	**–**	0.75 to 2.50	2011	21,000
Secured short term loans denominated in Euro	**1.23 to 1.99**	**2012**	**6,004**	1.65 to 1.72	2011	6,150
Secured short term loans denominated in Japanese Yen	**1.10**	**2012**	**29,292**	1.17	2011	23,445
Secured short term loans denominated in United States dollar	**1.07 to 1.19**	**2012**	**245,371**	0.95 to 1.25	2011	25,579
			1,002,751			711,905

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

The scheduled principal repayment dates of the Group with reference to the loan agreements and ignore the effect of any repayment on demand clause are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year	**471,555**	125,283
In the second year	**56,228**	69,282
In the third to fifth years, inclusive	**152,435**	418,745
Beyond five years	**41,866**	22,421
	722,084	635,731
Other borrowings repayable within one year	**280,667**	76,174
	1,002,751	711,905

The Group's bank loans are secured by:

(i) mortgages over the Group's certain investment properties situated in Hong Kong and Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$3,320,500,000 (2010: HK$2,675,400,000);

(ii) personal guarantees given by certain directors of the Company and its subsidiaries;

(iii) corporate guarantees issued by the Company; and

(iv) the pledge of certain of the Group's deposits amounting to Nil (2010: approximately HK$65,687,000).

At 31 December 2011, the Group's short term loans with investment banks are secured by certain cash deposits and investments with an aggregate carrying amount of approximately HK$326,187,000 (2010: HK$324,204,000).

28. DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and is not repayable within one year.

29. DEFERRED TAX LIABILITIES

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

Group

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of properties *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 January 2011	**7,709**	**541,387**	**34,046**	**583,142**
Deferred tax charged to the statement of comprehensive income during the year *(Note 10)*	**1,761**	**31,023**	**–**	**32,784**
At 31 December 2011	**9,470**	**572,410**	**34,046**	**615,926**
At 1 January 2010	6,494	555,045	34,046	595,585
Deferred tax charged/(credited) to the statement of comprehensive income during the year *(Note 10)*	1,215	(13,658)	–	(12,443)
At 31 December 2010	7,709	541,387	34,046	583,142

The Group has tax losses arising in Hong Kong of approximately HK$188,966,000 (2010: HK$134,683,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

At 31 December 2011, there was no significant unrecognised deferred tax liability (2010: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries.

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

30. SHARE CAPITAL

Shares

	Number of shares		Value	
	2011	2010	**2011**	2010
			HK$'000	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**50,000,000,000**	50,000,000,000	**500,000**	500,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each	**4,180,371,092**	4,180,371,092	**41,804**	41,804

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 31 to the financial statements.

31. SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, other employees, adviser, consultant, agent, contractor, client or customer, or supplier of any member of the Group. The Scheme became effective on 27 June 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of securities available for issue under the Scheme is 400,052,632 which is equivalent to 10% of the issued share capital of the Company at the date of adoption of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 5 days from the date of the offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

31. SHARE OPTION SCHEMES *(continued)*

The exercise price of the share options is determinable by the board of directors, but may not be less than the higher of (i) the nominal value of the shares; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

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

No share options have been granted, exercised, lapsed or cancelled since the establishment of the Scheme.

32. RESERVES

(a) Group

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

(b) Company

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2010	39,116	802,254	5,594	846,964
Total comprehensive income for the year	–	–	40,414	40,414
Interim 2010 dividend	–	–	(14,631)	(14,631)
Proposed final 2010 dividend	–	–	(27,172)	(27,172)
At 31 December 2010 and 1 January 2011	39,116	802,254	4,205	845,575
Total comprehensive income for the year	–	–	149,895	149,895
Interim 2011 dividend	–	–	(18,812)	(18,812)
Proposed final 2011 dividend	–	–	(20,902)	(20,902)
At 31 December 2011	39,116	802,254	114,386	955,756

The contributed surplus of the Company originally arose as a result of the Group reorganisation in preparation for the public listing of the Company's shares and warrants on the Stock Exchange in 1998 and represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the shares of the Company issued in exchange therefor. Under the Companies Act of Bermuda, the contributed surplus may be distributed to the Company's shareholders under certain circumstances.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to net cash inflow from operating activities:

	2011 HK$'000	2010 HK$'000
Profit before tax	**235,769**	716,941
Adjustments for:		
Finance costs	**10,512**	7,446
Fair value gains on investment properties	**(228,718)**	(534,793)
Interest income	**(20,566)**	(7,924)
Dividend income from listed investments	**(6,199)**	(5,194)
Depreciation	**4,045**	4,190
Recognition of prepaid land lease payments	**7**	9
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss	**78,390**	(41,920)
Derivative financial instruments	**(3,139)**	1,947
Impairment of available-for-sale investments	**–**	7,800
Impairment of trade receivables	**12**	130
Impairment of other receivables	**–**	30
Impairment loss recognised in respect of property, plant and equipment	**47,267**	–
Gain on disposal of items of property, plant and equipment	**(2,899)**	(13,886)
Fair value gains on available-for-sale investments (transfer from equity on disposal)	**(991)**	–
Loss/(gain) on disposal of investment properties	**1,175**	(3,481)
PRC indirect taxes	**49,118**	(6,616)
	163,783	124,679
(Increase)/decrease in trade receivables	**(1,031)**	92
(Increase)/decrease in prepayments, deposits and other receivables	**(16,252)**	1,985
Increase in equity investments at fair value through profit or loss	**(28,204)**	(34,882)
Decrease in trade payables	**(164)**	(411)
Increase in other payables and accruals	**3,283**	8,298
Increase in deposits received	**4,169**	2,941
Cash generated from operations	**125,584**	102,702
Interest received	**17,157**	4,667
Dividend received from listed investments	**6,199**	5,194
Hong Kong profits tax paid	**(1,442)**	(159)
PRC taxes paid	**(43,218)**	(15,945)
Net cash flows from operating activities	**104,280**	96,459

34. CORPORATE GUARANTEES

At 31 December 2011, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK$648,426,000 (2010: HK$452,749,000), of which approximately HK$575,758,000 (2010: HK$426,326,000) was utilised. In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

35. OPERATING LEASE ARRANGEMENTS

The Group leases its investment properties and properties held for sale (notes 16 and 19 to the financial statements, respectively) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of these leases generally require the tenants to pay security deposits.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**139,619**	140,006
In the second to fifth years, inclusive	**61,978**	59,460
	201,597	199,466

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments in respect of acquisition of investment properties at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Contracted, but not provided for	**–**	218,569

At the end of the reporting period, the Company had no significant commitment.

37. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	2011	2010
	HK$'000	*HK$'000*
Short term employee benefits	**6,244**	5,066
Post-employment benefits	**60**	60
Total compensation paid to key management personnel	**6,304**	5,126

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

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

2011

Financial assets

	Group			
	Financial assets at fair value through profit or loss – held for trading	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	–	–	237,825	237,825
Trade receivables	–	7,889	–	7,889
Financial assets included in prepayments, deposits and other receivables	–	21,043	–	21,043
Equity investments at fair value through profit or loss	187,522	–	–	187,522
Pledged deposits	–	17,984	–	17,984
Cash and cash equivalents	–	154,430	–	154,430
	187,522	201,346	237,825	626,693

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Trade payables	1,416
Financial liabilities included in other payables and accruals	123,325
Deposits received	52,423
Interest-bearing bank and other borrowings	1,002,751
Due to a director	5,435
	1,185,350

38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

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

2010

Financial assets

	Group			
	Financial assets at fair value through profit or loss – held for trading	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	–	–	92,208	92,208
Trade receivables	–	6,870	–	6,870
Financial assets included in prepayments, deposits and other receivables	–	79,077	–	79,077
Equity investments at fair value through profit or loss	236,845	–	–	236,845
Pledged deposits	–	80,854	–	80,854
Cash and cash equivalents	–	221,040	–	221,040
	236,845	387,841	92,208	716,894

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	–	1,580	1,580
Financial liabilities included in other payables and accruals	–	130,689	130,689
Deposits received	–	48,254	48,254
Derivative financial instruments	2,222	–	2,222
Interest-bearing bank and other borrowings	–	711,905	711,905
Due to a director	–	14,821	14,821
	2,222	907,249	909,471

39. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group	Carrying amounts		Fair values	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Available-for-sale investments	**237,825**	92,208	**237,825**	92,208
Trade receivables	**7,889**	6,870	**7,889**	6,870
Financial assets included in prepayments, deposits and other receivables	**21,043**	79,077	**21,043**	79,077
Equity investments at fair value through profit or loss	**187,522**	236,845	**187,522**	236,845
Pledged deposits	**17,984**	80,854	**17,984**	80,854
Cash and cash equivalents	**154,430**	221,040	**154,430**	221,040
	626,693	716,894	**626,693**	716,894
Financial liabilities				
Trade payables	**1,416**	1,580	**1,416**	1,580
Financial liabilities included in other payables and accruals	**123,325**	130,689	**123,325**	130,689
Deposits received	**52,423**	48,254	**52,423**	48,254
Derivative financial instruments	**–**	2,222	**–**	2,222
Interest-bearing bank and other borrowings	**1,002,751**	711,905	**1,002,751**	711,905
Due to a director	**5,435**	14,821	**5,435**	14,821
	1,185,350	909,471	**1,185,350**	909,471

39. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Company

	Carrying amounts		Fair values	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Due from subsidiaries	**363,527**	259,092	**363,527**	259,092
Cash and cash equivalents	**82**	125	**82**	125
	363,609	259,217	**363,609**	259,217
Financial liabilities				
Due to a subsidiary	**1,800**	1,800	**1,800**	1,800
Financial liabilities included in other payables and accruals	**29**	25	**29**	25
	1,829	1,825	**1,829**	1,825

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, pledged deposits, financial assets included in prepayments, deposits and other receivables, financial liabilities included in trade payables, other payables and accruals, deposits received, derivative financial instruments, interest-bearing bank and other borrowings, and the amount due to a director approximate to their carrying amounts largely due to the short term maturities of these instruments. The fair values of listed equity investments are based on quoted market prices.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

39. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

At 31 December 2011, the Group held the following financial instruments measured at fair value:

Assets measured at fair value:

Group

At 31 December 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Available-for-sale investments:				
Debt investments	**–**	**235,931**	**–**	**235,931**
Equity investments at fair value through profit or loss	**187,522**	**–**	**–**	**187,522**
	187,522	**235,931**	**–**	**423,453**

At 31 December 2010	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments:				
Debt investments	–	92,208	–	92,208
Equity investments at fair value through profit or loss	236,845	–	–	236,845
	236,845	92,208	–	329,053

The Company did not have any financial assets measured at fair value at 31 December 2011 and 31 December 2010.

Liabilities measured at fair value:

Group

At 31 December 2010	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Derivative financial instruments	–	2,222	–	2,222

The Group did not have any financial liabilities measured at fair value at 31 December 2011.

The Company did not have any financial liabilities measured at fair value at 31 December 2011 and 31 December 2010.

During the year ended 31 December 2011 and 2010, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other interest-bearing loans, available-for-sale investments, equity investments at fair value through profit or loss, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and the sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

		Group	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
		HK$'000	***HK$'000***
2011			
Hong Kong dollar	**50**	**(532)**	**–**
United States dollar	**50**	**(110)**	**–**
Hong Kong dollar	**(50)**	**532**	**–**
United States dollar	**(50)**	**110**	**–**
2010			
Hong Kong dollar	50	(440)	–
United States dollar	50	(74)	–
Hong Kong dollar	(50)	440	–
United States dollar	(50)	74	–

* Excluding retained profits

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group's exposure to market risk for change in foreign currency exchange rates relates primarily to certain investments, certain cash and cash equivalents and certain other loans in currencies other than the functional currency of Hong Kong dollars.

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

		Group	
	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2011			
If Hong Kong dollar weakens against Renminbi	**(5)**	**2,146**	**463**
If Hong Kong dollar strengthens against Renminbi	**5**	**(2,146)**	**(463)**
If Hong Kong dollar weakens against United States dollar	**(5)**	**8,500**	**10,978**
If Hong Kong dollar strengthens against United States dollar	**5**	**(8,500)**	**(10,978)**
If Hong Kong dollar weakens against Japanese Yen	**(5)**	**1,054**	**–**
If Hong Kong dollar strengthens against Japanese Yen	**5**	**(1,054)**	**–**
2010			
If Hong Kong dollar weakens against Renminbi	(5)	10,052	–
If Hong Kong dollar strengthens against Renminbi	5	(10,052)	–
If Hong Kong dollar weakens against United States dollar	(5)	834	4,081
If Hong Kong dollar strengthens against United States dollar	5	(834)	(4,081)
If Hong Kong dollar weakens against Japanese Yen	(5)	976	–
If Hong Kong dollar strengthens against Japanese Yen	5	(976)	–

* Excluding retained profits

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise pledged deposits, cash and cash equivalents, available-for-sale investments, equity investments at fair value through profit or loss, other receivables and certain derivative instruments, arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customers bases of the Group's trade receivables are widely dispersed in different sectors and industries.

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

Liquidity risk

In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of interest-bearing bank and other borrowings and ensures compliance with relevant covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Group

	2011				
	On demand and less than 3 months	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	**1,017,176**	**–**	**–**	**–**	**1,017,176**
Trade payables	**1,416**	**–**	**–**	**–**	**1,416**
Other payables and accruals	**123,325**	**–**	**–**	**–**	**123,325**
Deposits received	**52,423**	**–**	**–**	**–**	**52,423**
	1,194,340	**–**	**–**	**–**	**1,194,340**

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Group

	2010				
	On demand and less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
Interest-bearing bank and other borrowings	723,723	–	–	–	723,723
Trade payables	1,580	–	–	–	1,580
Other payables and accruals	130,689	–	–	–	130,689
Deposits received	48,254	–	–	–	48,254
	904,246	–	–	–	904,246

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's interest-bearing bank and other borrowings based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

Group

	2011				
	On demand and less than 3 months ***HK$'000***	**3 to less than 12 months** ***HK$'000***	**1 to 5 years** ***HK$'000***	**Over 5 years** ***HK$'000***	**Total** ***HK$'000***
Interest-bearing bank and other borrowings	**322,610**	**435,733**	**215,861**	**42,972**	**1,017,176**

	2010				
	On demand and less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
Interest-bearing bank and other borrowings	122,861	85,580	491,720	23,562	723,723

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from listed equity securities classified as equity investments at fair value through profit or loss at 31 December 2011. The Group's listed investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2011	**High/low 2011**	31 December 2010	High/low 2010
Hong Kong – Hang Seng Index	**18,434**	**24,420/16,250**	23,035	24,988/18,971

The following table demonstrates the sensitivity to every 10% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

		Group	
	Carrying amount of equity investments	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
	HK$'000	***HK$'000***	***HK$'000***
2011			
Investments listed in Hong Kong and overseas	**187,522**	**18,752/**	**–**
– Held for trading		**(18,752)**	**–**
2010			
Investments listed in Hong Kong and overseas	236,845	23,684/	–
– Held for trading		(23,864)	–

* Excluding retained profits

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

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

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

The Group monitors capital using a debt-to-equity ratio, which is interest-bearing bank and other borrowings divided by the shareholders' equity. The debt-to-equity ratios at the end of the reporting periods were as follows:

Group

	2011	2010
	HK$'000	*HK$'000*
Interest-bearing bank and other borrowings	**1,002,751**	711,905
Equity attributable to owners of the Company	**3,061,293**	2,897,492
Debt-to-equity ratio	**32.76%**	24.57%

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 March 2012.

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Purpose	Group's effective holding	GA (approximately sq.ft.)	GA attributable to the Group (approximately sq.ft.)	Lease Term
1	G/F., Block 1B, Pine Villas, Nos. 118 & 118A Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories, Hong Kong	Residential	100%	1,833	1,833	For a residual term up to 30 June 2047
2	Flat B, 7/F., Rose Mansion, No. 1 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	Residential	100%	890	890	150 years from 25 December 1898
3	Multifield Centre, No. 426 Shanghai Street, Yau Ma Tei, Kowloon, Hong Kong	Commercial	100%	46,351	46,351	150 years from 25 December 1887
4	G/F., 1/F.-3/F., 5/F., Air-conditioning Plant Room on 6/F., Unit 1 on 7/F., Units 1 to 3 and 5 to 10 on 20/F.-21/F. and the roof, Multifield Plaza, No. 3 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	Commercial	100%	64,709	64,709	150 years from 25 December 1898
5	Multifield House, No. 54 Wong Chuk Hang Road, Aberdeen, Hong Kong	Industrial/ Commercial	100%	62,992	62,992	75 years from 10 May 1965 renewable for a further term of 75 years
6	Offices 1 to 3,5,6,21 to 23 and 25 to 28 on 20th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Aberdeen, Hong Kong	Commercial	100%	11,438	11,438	A term from 17 December 1991 to 30 June 2047
7	Flat B on 9/F of Tower 5 and Car Park No. 53 on Car Park Level 3, Bel-Air on the Peak of Island South, 28 Bel-Air Peak Avenue, Hong Kong	Residential	100%	1,682	1,682	50 years from 22 May 2000

PROPERTY PORTFOLIO OF THE GROUP (CONT'D)

No.	Property	Purpose	Group's effective holding	GA (approximately sq.ft.)	GA attributable to the Group (approximately sq.ft.)	Lease Term
8	Flat B on 30/F of Tower 6 and Car Park No. 58 on Car Park Level 2, Bel-Air on the Peak of Island South, Nos. 58 & 68 Bel-Air Peak Avenue, Hong Kong	Residential	100%	913	913	50 years from 22 May 2000
9	Whole of 4th, 5th, 8th and 9th Floor, Units B1 and B2 on 14th Floor and Car Parking Spaces Nos. 1-4 and 10-21, Blue Box Factory Building, No. 25 Hing Wo Street, Aberdeen, Hong Kong	Industrial	100%	81,720	81,720	75 years from 23 March 1970 renewable for a further term of 75 years
10	Flat H, 18th Floor, Block H-14, Fu Chun Yuen, Chi Fu Fa Yuen, 14 Chi Fu Road, Pok Fu Lam, Hong Kong	Residential	61.21%	518	317	75 years from 19 October 1976 renewable for a further term of 75 years
11	Flat H, 21st Floor, Block H-12, Fu Yar Yuen, Chi Fu Fa Yuen, 12 Chi Fu Road, Pok Fu Lam, Hong Kong	Residential	61.21%	518	317	75 years from 19 October 1976 renewable for a further term of 75 years
12	Flat E, 18th Floor, Block H-9, Fu Yip Yuen, Chi Fu Fa Yuen, 9 Chi Fu Road, Pok Fu Lam, Hong Kong	Residential	61.21%	518	317	75 years from 19 October 1976 renewable for a further term of 75 years
13	Units 2001, 2101 and 2 carpark spaces, Block B, Versailles de Shanghai, Lane 1, No. 123 Fahuazhen Road, Changning District, Shanghai, the PRC	Residential	63.06%	3,272	2,063	66 years from 3 June 1996 to 7 October 2062
14	Blocks 1 to 56, Windsor Park, No. 2279 Hongqiao Road, Changning District, Shanghai, the PRC	Serviced Villas	46.20%	178,956	82,678	68 years from 21 November 2000 to 27 November 2062
15	Units A to F on Level 16, Tower II, Innotect Tower, No. 239 Nanjing Road, Heping District, Tianjin, the PRC	Residential	100%	8,620	8,620	A term from 25 July 1992 to 24 July 2062

PROPERTY PORTFOLIO OF THE GROUP (CONT'D)

No.	Property	Purpose	Group's effective holding	GA (approximately sq.ft.)	GA attributable to the Group (approximately sq.ft.)	Lease Term
16	Levels 1 and 2, Block B, Versailles de Shanghai, Lane 1, No. 123 Fahuazhen Road, Changning District, Shanghai, the PRC	Commercial	63.06%	6,276	3,958	70 years from 26 February 1997 to 7 October 2062
17	Windsor Court, No. 2290 Hongqiao Road, Changning District, Shanghai, the PRC	Serviced Apartment	100%	189,518	189,518	A term from 5 April 1997 to 7 November 2062
18	Blocks 1 to 126, Windsor Place, No. 2018 Jianhe Road, Changning District, Shanghai, the PRC	Serviced Villas	62.02%	448,753	278,317	70 years from 23 June 1997 to 22 June 2067
19	The land located at Santaishi Road/ Gangqian Road, Qianshan District, Zhuhai City, Guangdong Province, the PRC	Commercial	100%	475,446	475,446	40 years from 1 January 2004 to 1 January 2044
20	The land located at Zhufeng Road, Jingan Town, Doumen District, Zhuhai City, Guangdong Province, the PRC	Commercial, exhibition centre and hotel	100%	1,215,600	1,215,600	40-50 years from 29 December 2007 to 29 December 2047 and 2057 respectively
21	Offices 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 19th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Aberdeen, Hong Kong	Commercial	61.21%	11,439	7,002	A term from 17 December 1991 to 30 June 2047
22	Car Parking Space No. P101 on 1st Floor and Nos. P201 and P202 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Aberdeen, Hong Kong	Commercial	61.21%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
23	Car Parking Space Nos. P229 and P230 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Aberdeen, Hong Kong	Commercial	100%	N/A	N/A	A term from 17 December 1991 to 30 June 2047

PROPERTY PORTFOLIO OF THE GROUP (CONT'D)

No.	Property	Purpose	Group's effective holding	GA (approximately sq.ft.)	GA attributable to the Group (approximately sq.ft.)	Lease Term
24	Multi-storey Lorry Park of G/F-LG5, Southmark, No. 11 Yip Hing Street, Aberdeen, Hong Kong	Commercial	62.02%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
25	Flat A, 12th Floor, Tower 2, Larvotto, No.8 Ap Lei Chau Praya Road, Ap Lei Chau, Hong Kong	Residential	100%	2,423	2,423	A term from 25 January 1995 to 30 June 2047
26	Flat A, 12th Floor, Tower 8, Larvotto, No.8 Ap Lei Chau Praya Road, Ap Lei Chau, Hong Kong	Residential	61.21%	1,317	806	A term from 25 January 1995 to 30 June 2047
27	Flat A, 21st Floor, Tower 8, Larvotto, No.8 Ap Lei Chau Praya Road, Ap Lei Chau, Hong Kong	Residential	100%	1,317	1,317	A term from 25 January 1995 to 30 June 2047
28	Flat B, 21st Floor, Tower 8, Larvotto, No.8 Ap Lei Chau Praya Road, Ap Lei Chau, Hong Kong	Residential	100%	1,315	1,315	A term from 25 January 1995 to 30 June 2047
29	Car Parking Space No. 1071 on 1st Floor, Larvotto, No.8 Ap Lei Chau Praya Road, Ap Lei Chau, Hong Kong	Residential	100%	N/A	N/A	A term from 25 January 1995 to 30 June 2047
30	Shop No. 2 on Ground Floor, Goldfield Building, Nos. 42, 43 and 44 Connaught Road West and Nos. 200 and 202 Wing Lok Street, Sheung Wan, Hong Kong	Commercial	62.02%	1,300	806	Terms of 999 years from 25 June 1871 and 9 April 1901 respectively
31	Units B1 and B2 on 2nd Floor, Blue Box Factory Building, No. 25 Hing Wo Street, Aberdeen, Hong Kong	Industrial	61.21%	9,080	5,558	75 years from 23 March 1970 renewable for a further term of 75 years
32	Unit 1604, Block 2, Dong Fang Ao Jin Feng, No. 39 Qingluzhong Road, Zhuhai City, Guangdong Province, the PRC	Residential	100%	2,080	2,080	A term from 30 November 1997 to 30 November 2067

PROPERTY PORTFOLIO OF THE GROUP (CONT'D)

No.	Property	Purpose	Group's effective holding	GA (approxi-mately sq.ft.)	GA attributable to the Group (approxi-mately sq.ft.)	Lease Term
33	Unit 2701, Block 3, Dong Fang Ao Jin Feng, No. 39 Qingluzhong Road, Zhuhai City, Guangdong Province, the PRC	Residential	100%	2,847	2,847	A term from 30 November 1997 to 30 November 2067
34	Car Parking Space Nos. Y201, Y211 and Y212, Basement, Dong Fang Ao Jin Feng, No. 39 Qingluzhong Road, Zhuhai City, Guangdong Province, the PRC	Residential	100%	363	363	A term from 30 November 1997 to 30 November 2067
35	House No. 97, Hua Fa Shi Ji Cheng Ban Dao Si Ji, No. 376 Changsheng Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC	Residential	100%	2,794	2,794	A term from 7 January 2005 to 7 January 2075
36	House No. 98, Hua Fa Shi Ji Cheng Ban Dao Si Ji, No. 376 Changsheng Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC	Residential	100%	2,796	2,796	A term from 7 January 2005 to 7 January 2075
37	House No. 100, Hua Fa Shi Ji Cheng Ban Dao Si Ji, No. 376 Changsheng Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC	Residential	100%	2,823	2,823	A term from 7 January 2005 to 7 January 2075
				2,842,417	2,562,609	

Note:

N/A – Not applicable