爪哇集團
SEA Group

S E A HOLDINGS LIMITED
爪哇控股有限公司*

（Incorporated in Bermuda with limited liability）
(Stock Code：251)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next pages issued by Asian Growth Properties Limited, a 97.17%-owned subsidiary of the Company listed on the AIM Market of London Stock Exchange plc., on 19 March 2012.

At the date of this announcement, the Board of the Company comprises the following members:-

Executive Directors:-
Messrs. Lu Wing Chi *(Chairman and Managing Director)*, Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu

Non-Executive Director:-
Mr. Lam Sing Tai

Independent Non-Executive Directors:-
Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam

Hong Kong, 20 March 2012

* *For identification purpose only*

RNS Number: 6209Z
Asian Growth Properties Limited

19 March 2012

ASIAN GROWTH PROPERTIES LIMITED

Immediate Release

Results for the year ended 31 December 2011

Asian Growth Properties Limited (the "Company") (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its audited consolidated results for the year ended 31 December 2011 as follows:

Financial Highlights

- Profit attributable to the Company's shareholders of HK$1,152.5 million (£96.1 million) (2010 (restated): HK$961.2 million (£79.8 million))
- Earnings per share for profit attributable to the Company's shareholders of HK130.0 cents (10.8 pence) (2010 (restated): HK108.4 cents (9.0 pence))
- Net asset value per share attributable to the Company's shareholders as at 31 December 2011 of HK$11.9 (99.2 pence) (31 December 2010 (restated): HK$10.4 (86.5 pence))
- Geographical location of the Group's property assets were as follow:

	31 December 2011	31 December 2010
Hong Kong	HK$8,214.7 million (£685.0 million)	HK$7,340.8 million (£609.8 million)
Mainland China	HK$3,792.7 million (£316.3 million)	HK$2,980.1 million (£247.5 million)
Total	HK$12,007.4 million (£1,001.3 million)	HK$10,320.9 million (£857.3 million)

- Gearing ratio of 11.5% (31 December 2010: 10.0%)

Operational Highlights

- Gross rental income of Dah Sing Financial Centre in Hong Kong was maintained with a high level of occupancy rate.
- The hotel operation results of Crowne Plaza Hong Kong Causeway Bay were satisfactory.
- Major development projects in Chengdu and Kaifeng, Mainland China with a total site area of about 506,000 square metres and 735,000 square metres respectively for mixed use development are progressing. Site formation works for Phase I of Chengdu project and construction works for Phase I of Kaifeng project are planned to commence in this year.

Notes:

1. *Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods. The relevant exchange rates adopted are stated as follows:-*

For 31 December 2011:	*£1 = HK$11.9923; and*
For 31 December 2010:	*£1 = HK$12.0382*

2. *For Shareholders' information, the exchange rate on 16 March 2012 was £1 = HK$12.1610*

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2011, which have been approved by the Board of Directors on 19 March 2012.

The 2011 Annual Report is expected to be posted to shareholders and holders of depositary interests in late April 2012.

For further information, please contact:

Lu Wing Chi TEL: +852 2828 6363
Executive Director
Asian Growth Properties Limited

Richard Gray TEL: +44 207 459 3600
Andrew Potts
Panmure Gordon (UK) Limited
(Nominated Advisor)

If you wish to view the full announcement, please visit the Company's website at:
http://www.asiangrowth.com/html/eng/news.asp

Attached:-

1. Chairman's Review;
2. Executive Directors' Review;
3. Consolidated Income Statement;
4. Consolidated Statement of Comprehensive Income;
5. Consolidated Statement of Financial Position;
6. Consolidated Statement of Changes in Equity;
7. Consolidated Statement of Cash Flows; and
8. Notes to the Consolidated Financial Statements.

CHAIRMAN’S REVIEW

I am pleased to present the consolidated results of Asian Growth Properties Limited (“AGP” or the “Company”, together with its subsidiaries, the “Group”) for the year 2011 to the shareholders of the Company.

Results

AGP reported a profit attributable to the Company’s shareholders of HK$1,152.5 million (£96.1 million) for the year ended 31 December 2011 (2010 (restated): HK$961.2 million (£79.8 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK$1,093.5 million (£91.2 million) (2010 (restated): HK$901.9 million (£74.9 million)). By excluding the net effect of such surplus, the Group’s net profit attributable to the Company’s shareholders was HK$59.0 million (£4.9 million) (2010: HK$59.3 million (£4.9 million)).

As at 31 December 2011, the Group’s equity attributable to the Company’s shareholders amounted to HK$10,533.8 million (£878.4 million), representing an increase of HK$1,308.2 million (£112.0 million) over 31 December 2010. The net asset value per share as at 31 December 2011 was HK$11.9 (99.2 pence) as compared with HK$10.4 (86.5 pence) (restated) as at 31 December 2010.

Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting years.

Operations

During 2011, the Group has continued the development of various property projects in Hong Kong and Mainland China.

The rental income from the investment properties situated in both Hong Kong and Mainland China continue to provide stable returns to the Group. Turnover for the year was mainly from the contribution of rental income of investment properties and income from the hotel operation. Crowne Plaza Hong Kong Causeway Bay performed satisfactorily during the year and improvement of occupancy rate and room rate became the growth drivers.

For details of the Group’s operations, please refer to the Executive Directors’ Review.

Outlook

The global economy will remain complicated in the year ahead. Although the US has had some signals of recovery, the eurozone debt crisis, recession worries and downgrading of the credit rating of some European countries remain the market concerns. As unemployment remains high in major developed economies, the road to a global economic recovery is arduous.

The Mainland China's economy grew by 9.2 per cent last year. However, the Premier has cut the economic growth target this year to an eight-year low of 7.5 per cent which will enable the Central Government to face myriad challenges in the external environment. By lowering the growth target and coupled with its fiscal policy, it is expected that the Mainland China can sustain its continuing economic growth in the long run. As leadership transition among the top ranks of the party and government is scheduled in this year, it is expected that there will not be any significant changes in its macroeconomic policies. Tough regulatory measures on home purchases and relatively tight monetary supply will likely continue.

The Group's investment is mainly in Hong Kong and Mainland China and will continue to be benefit from the continuing economic growth of the Mainland China. Under the current uncertain economic environment, the Group will be very cautious and continues its conservative gearing approach in managing its development projects.

Dividend

The Board does not propose the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

Acknowledgement

The Board would like to take this opportunity to thank the executive and management team for the execution of the Board's strategy and their ongoing support.

Richard Prickett
Non-Executive Chairman
England, 19 March 2012

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the year ended 31 December 2011 amounted to HK$571.4 million (£47.6 million) (2010: HK$706.8 million (£58.7 million)). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of residential units in The Forest Hills.

Profit attributable to the Company's shareholders for the year amounted to HK$1,152.5 million (£96.1 million) (2010 (restated): HK$961.2 million (£79.8 million)), equivalent to a basic earnings per share of HK130.0 cents (10.8 pence) (2010 (restated): HK108.4 cents (9.0 pence)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK$1,093.5 million (£91.2 million) (2010 (restated): HK$901.9 million (£74.9 million)). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$59.0 million (£4.9 million) (2010: HK$59.3 million (£4.9 million)), equivalent to HK6.7 cents (0.6 pence) (2010 (restated): HK6.7 cents (0.6 pence)) per share.

As at 31 December 2011, the Group's equity attributable to the Company's shareholders amounted to HK$10,533.8 million (£878.4 million) (31 December 2010 (restated): HK$9,225.6 million (£766.4 million)). The net asset value per share attributable to the Company's shareholders as at 31 December 2011 was HK$11.9 (99.2 pence) as compared with HK$10.4 (86.5 pence) (restated) as at 31 December 2010.

For Shareholders' information, figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting years and the relevant exchange rates adopted are stated as follows:-

For 31 December 2011:	£1 = HK$11.9923; and
For 31 December 2010:	£1 = HK$12.0382

BUSINESS REVIEW

Property Investment and Development

The Group continues in focusing on the development and investment projects in Hong Kong and Mainland China. It is the Group's approach to review the project portfolios from time to time and the Group has entered into an agreement to dispose its entire interest in the 50%-owned Leiyang project to the joint venture partner in March 2012. The Group's core projects located in Hong Kong and Mainland China are listed below.

Hong Kong

The office leasing market was strong during the year. The rental income generated from Dah Sing Financial Centre, a 39-storey commercial building, has been stable and satisfactory and its occupancy rate remains at a high level of approximately 99% as at 31 December 2011.

During the year, the Group continued to sell the remaining units of the developed properties. The sale of remaining residential units and residents' car parking spaces of The Forest Hills and residential units (which are presently leased) of The Morrison are continuing.

The proposed development project at Fo Tan envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus. This project has a site area of approximately 20,092 square metres and the revised general building plan was approved by Buildings Department in October 2011. The tenancy of the existing warehouse on the site was terminated at the end of December 2011 and demolition work is targeted to commence this year.

Mainland China

Chengdu, Sichuan Province

During the year, the occupancy rate for the two 30-storey office towers of Plaza Central improved substantially and its retail podium with a gross floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long-term lease. As at 31 December 2011, the aggregate occupancy rate for the two office towers and the retail podium was approximately 89%. Leasing activities for the remaining areas of Plaza Central continue.

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres has been fully let to a furniture retailer on a medium-term lease.

The Group has acquired three pieces of land in Longquan with a total site area of about 506,000 square metres in 2010 and 2011. The Group is now preparing the master layout plan and targets to submit to the local government this year. Preliminary site works of the project will be completed and site formation works for Phase I are being planned to commence this year.

Kaifeng, Henan Province

The project in Kaifeng, to be known as "Nova City", has a site area of 735,000 square metres and it is proposed to be developed into an integrated complex in Zheng-Kai District, a new town in Kaifeng. The proposed development has a gross floor area of approximately 3,000,000 square metres envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. Master layout plans are being revised to incorporate latest government's comments for re-submission. Preliminary site works will be completed while construction works of Phase I of the project are planned to start this year.

Guangzhou, Guangdong Province

The Group still retains the ownership of the 14-storey office tower and the 3-storey shopping arcade of The Westmin Plaza Phase II. As at 31 December 2011, the occupancy rate of the office tower of about 16,100 square metres was approximately 96% with more than one-third of the total office space being leased to AIA. Leasing activities for the shopping arcade with a total gross floor area of about 26,400 square metres are in progress.

Huangshan, Anhui Province

The project in Huangshan has a site area of about 333,500 square metres comprising about 66,700 square metres of land owned by the Group and about 266,800 square metres of land leased from the local authority. An overall development plan for a hotel, serviced apartments and resort villas in the integrated resort site has been prepared and conceptual design has been completed.

Chi Shan, Nanjing, Jiangsu Province

The Group has established two 51%-owned joint venture companies to participate in the tenant relocation arrangements and excavation and infrastructure works on certain pieces of lands in Chi Shan. The Group intended to acquire such lands through land auctions and has submitted master layout plans for these lands for the government's assessment.

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is presently managed by the InterContinental Hotels Group. It has achieved satisfactory occupancy and room rates for the year under review.

WORKING CAPITAL AND LOAN FACILITIES

As at 31 December 2011, the Group's total cash balance was HK$2,008.7 million (31 December 2010: HK$1,993.5 million) and unutilised facilities were HK$620.0 million (31 December 2010: HK$830.0 million).

Gearing ratio as at 31 December 2011, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 11.5% (31 December 2010: 10.0%).

As at 31 December 2011, maturity of the Group's outstanding borrowings was as follows:

	31 December 2011 HK$' million	31 December 2010 HK$' million
Due		
Within 1 year	997.3	1,260.7
1-2 years	116.4	505.9
3-5 years	1,948.1	742.7
Over 5 years	349.3	528.8
	3,411.1	3,038.1
Less: Front-end fee	(18.8)	(10.0)
	3,392.3	3,028.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 31 December 2011 amounted to HK$3,392.3 million (31 December 2010: HK$3,028.1 million), which comprised of secured bank loans of HK$3,162.3 million (31 December 2010: HK$2,828.1 million) and unsecured bank loans of HK$230.0 million (31 December 2010: HK$200 million). The secured bank loans were secured by properties valued at HK$9,509.1 million (31 December 2010: HK$8,683.5 million) and fixed deposits of HK$0.8 million (31 December 2010: HK$264.1 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2011, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

International Financial Reporting Standards ("IFRS")

The Group has adopted IFRS and the audited consolidated financial statements accompanying this Review have been prepared in accordance with IFRS.

OUTLOOK

Although the global economic environment will be less favourable in 2012, Hong Kong remains a beneficiary from the continuing growth and development in Mainland China. Inflation in Hong Kong is affected by the quantitative easing in the US and the long term refinancing operations in Eurozone.

The liquidity in banking system has been tightened since the fourth quarter of 2011 which has led to financing activities becoming more difficult and costs of borrowing are much higher than last year. As most of the development projects of the Group are at development stage, the Group is exploring different types of long term funding to finance these projects and will manage its gearing policy carefully under the current uncertain financial market.

Hong Kong's economy is likely to show modest growth supported by robust visitor spending and healthy domestic consumption. The Group's income generating assets in Hong Kong and Mainland China continue to do well. Our prime asset, Dah Sing Financial Centre, is benefiting from the demand of office building in surrounding central business area and is almost been fully let with good quality tenants. Due to the proximity to core shopping area in Causeway Bay and shortage of hotel rooms supply, Crowne Plaza Hong Kong Causeway Bay continues to grow its income.

Demolition work of the Fo Tan project has been started and foundation work will commence this year. The development projects in Chengdu and Kaifeng, Mainland China are still at the preliminary stage and further capital injection will be required. The Group is still in a good financial position but will take a cautious and prudent approach in managing the Group's property portfolios.

On behalf of Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 19 March 2012

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	**2011**	2010
		HK$'000	*HK$'000*
			(restated)
Revenue	7	571,396	706,765
Interest income		12,358	12,713
Other income	8	33,246	21,364
Costs:			
Property and related costs	9	(66,701)	(155,533)
Staff costs		(75,562)	(64,260)
Depreciation and amortisation		(74,592)	(67,063)
Other expenses	10	(239,054)	(228,767)
		(455,909)	(515,623)
Profit from operations before fair value changes on properties		161,091	225,219
Fair value changes on investment properties		1,142,088	927,048
Profit from operations after fair value changes on properties		1,303,179	1,152,267
Share of results of jointly controlled entities		(1,314)	(1,872)
Finance costs	11	(82,710)	(80,594)
Profit before taxation	12	1,219,155	1,069,801
Income tax expense	14	(66,872)	(108,623)
Profit for the year		1,152,283	961,178
Attributable to:			
Company's shareholders		1,152,475	961,185
Non-controlling interests		(192)	(7)
		1,152,283	961,178
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders - Basic	15	130.0	108.4
Earnings per share excluding fair value changes on properties net of deferred tax - Basic	*15*	*6.7*	*6.7*

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

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit for the year	1,152,283	961,178
Other comprehensive income		
Exchange differences arising on translation of foreign operations	157,266	88,131
Share of translation differences of jointly controlled entities	1,997	734
	159,263	88,865
Total comprehensive income for the year	1,311,546	1,050,043
Total comprehensive income attributable to:		
Company's shareholders	1,308,245	1,046,562
Non-controlling interests	3,301	3,481
	1,311,546	1,050,043

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	NOTES	**31.12.2011**	31.12.2010	1.1.2010
		HK$'000	*HK$'000* (restated)	*HK$'000* (restated)
Non-current assets				
Investment properties	17	8,485,275	7,252,223	6,267,362
Property, plant and equipment	18	1,120,341	1,214,757	1,272,221
Properties for development	19	1,288,272	783,163	48,956
Interests in jointly controlled entities	20	44,574	40,499	40,613
Loans receivable	21	16,911	34,392	63,209
Other receivable	22	381,183	350,726	145,235
		11,336,556	9,675,760	7,837,596
Current assets				
Properties held for sale	23			
Completed properties		590,818	592,182	693,985
Properties under development		613,423	610,175	603,363
Other inventories		1,019	1,245	1,339
Loans receivable	21	978	1,755	3,073
Other receivable	22	-	-	192,330
Receivables, deposits and prepayments	24	132,222	126,033	246,628
Tax recoverable		2,223	453	30,718
Amounts due from non-controlling shareholders	25	1,384	1,578	2,397
Pledged bank deposits	26	785	264,103	325,318
Bank balances and cash	27	2,007,938	1,729,354	1,555,069
		3,350,790	3,326,878	3,654,220
Investment properties held for sale		-	-	245,000
		3,350,790	3,326,878	3,899,220
Current liabilities				
Payables, rental deposits and accrued charges	28	254,712	275,336	353,166
Sales deposits		-	5,682	969
Provisions	29	5,107	4,865	6,047
Tax liabilities		92,165	125,754	84,203
Amounts due to non-controlling shareholders	25	85,784	68,332	37,256
Bank borrowings - due within one year	30	996,434	1,258,898	671,685
		1,434,202	1,738,867	1,153,326
Liabilities associated with investment properties held for sale		-	-	27,200
		1,434,202	1,738,867	1,180,526
Net current assets		1,916,588	1,588,011	2,718,694
Total assets less current liabilities		13,253,144	11,263,771	10,556,290

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AS AT 31 DECEMBER 2011

	NOTES	**31.12.2011**	31.12.2010	1.1.2010
		HK$'000	*HK$'000* (restated)	*HK$'000* (restated)
Capital and reserves				
Share capital	31	345,204	345,204	345,204
Reserves		10,188,601	8,880,356	7,833,889
Equity attributable to the Company's shareholders		10,533,805	9,225,560	8,179,093
Non-controlling interests		89,116	94,682	108,360
Total equity		10,622,921	9,320,242	8,287,453
Non-current liabilities				
Bank borrowings - due after one year	30	2,395,852	1,769,227	2,126,938
Deferred taxation	32	234,371	174,302	141,899
		2,630,223	1,943,529	2,268,837
		13,253,144	11,263,771	10,556,290

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

	Attributable to the Company's shareholders							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Translation reserve** *HK$'000*	**Other reserves** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2010 as originally stated	345,204	4,836,225	162,618	766,761	1,833,985	7,944,793	108,360	8,053,153
Effect of changes in accounting policies	-	-	-	-	234,300	234,300	-	234,300
At 1 January 2010 as restated	345,204	4,836,225	162,618	766,761	2,068,285	8,179,093	108,360	8,287,453
Profit for the year	-	-	-	-	961,185	961,185	(7)	961,178
Other comprehensive income for the year	-	-	85,377	-	-	85,377	3,488	88,865
Total comprehensive income for the year	-	-	85,377	-	961,185	1,046,562	3,481	1,050,043
Acquisition of additional interest in a subsidiary	-	-	-	(391)	-	(391)	(509)	(900)
Share options issued by intermediate holding company	-	-	-	-	296	296	-	296
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(16,650)	(16,650)
At 31 December 2010	345,204	4,836,225	247,995	766,370	3,029,766	9,225,560	94,682	9,320,242
Profit for the year	-	-	-	-	1,152,475	1,152,475	(192)	1,152,283
Other comprehensive income for the year	-	-	155,770	-	-	155,770	3,493	159,263
Total comprehensive income for the year	-	-	155,770	-	1,152,475	1,308,245	3,301	1,311,546
Disposal of interest in a subsidiary	-	-	-	-	-	-	1,933	1,933
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(10,800)	(10,800)
At 31 December 2011	345,204	4,836,225	403,765	766,370	4,182,241	10,533,805	89,116	10,622,921

Other reserves comprise (i) a discount on acquisition/assumption of certain assets and liabilities from the intermediate holding company, S E A Holdings Limited ("SEA") and the excess of the consideration over the market closing price of the shares issued for the acquisition. The amounts attributable to those assets and liabilities derecognised in subsequent years will be recognised in profit or loss; and (ii) the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	HK$'000	*HK$'000*
Operating activities		
Profit before taxation	1,219,155	1,069,801
Adjustments for:		
Interest expenses	76,575	75,181
Reversal of write-down of properties held for sale	(2,350)	(34,455)
Depreciation and amortisation	74,592	67,063
Fair value changes on investment properties	(1,142,088)	(927,048)
Fair value adjustment on other receivable	517	7,914
Share of results of jointly controlled entities	1,314	1,872
Interest income	(12,358)	(12,713)
Write-off/loss on disposal of property, plant and equipment	20,041	143
Share options expense	-	296
Operating cash flows before movements in working capital	235,398	248,054
Decrease in properties held for sale	22,395	143,956
Decrease in other inventories	226	94
Decrease (increase) in receivables, deposits and prepayments	756	(24,035)
Increase (decrease) in payables, rental deposits and accrued charges	9,986	(47,643)
(Decrease) increase in sales deposits	(5,682)	4,713
Cash generated from operations	263,079	325,139
Interest paid	(74,151)	(72,421)
Tax paid	(54,230)	(11,482)
Net cash from operating activities	134,698	241,236
Investing activities		
Net proceeds received on disposal of investment properties	-	217,800
Refund of tender deposits	-	149,500
Acquisition of and additional costs on properties for development	(472,420)	(720,936)
Interest received	11,442	11,811
Receipt of repayments of loans receivable	18,258	30,135
Decrease in pledged bank deposits	263,318	61,215
Purchase of property, plant and equipment	(9,593)	(5,014)
Proceeds on disposals of property, plant and equipment	832	-
Increase in other receivable	(30,219)	(49,047)
Loan to a jointly controlled entity	(2,566)	(250)
Net cash used in investing activities	(220,948)	(304,786)

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	HK$'000	*HK$'000*
Financing activities		
Draw down of bank loans	1,177,409	933,815
Repayments of bank loans	(839,015)	(732,608)
Payment of front-end fee	(12,487)	-
Advance from non-controlling shareholders	13,772	29,103
Repayments from non-controlling shareholders	194	819
Acquisition of additional interest in a subsidiary	-	(900)
Dividends paid to non-controlling shareholders	(10,800)	(16,650)
	----------------	----------------
Net cash from financing activities	329,073	213,579
	----------------	----------------
Net increase in cash and cash equivalents	242,823	150,029
Cash and cash equivalents at beginning of the year	1,729,354	1,555,069
Effect of foreign exchange rate changes	35,761	24,256
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Cash and cash equivalents at end of the year represented by bank balances and cash	2,007,938	1,729,354
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1. GENERAL

The Company is a public limited company incorporated in the British Virgin Islands ("B.V.I.") with limited liability and its shares are admitted for trading on the AIM market of London Stock Exchange plc. ("AIM"). The Company's immediate holding company is Charm Action Holdings Limited, a company incorporated in the B.V.I.. One of the Company's intermediate holding companies is S E A Holdings Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company consider that the Company's ultimate holding company is JCS Limited. Both SEA and JCS Limited are companies incorporated in Bermuda as exempted companies with limited liability. The addresses of the registered office and principal place of business of the Company are Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, B.V.I. and 25th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 39.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board ("the IASB") and the IFRS Interpretations Committee of IASB.

IFRSs (Amendments)	Improvements to IFRSs 2010
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
IAS 24 (Revised 2009)	Related Party Disclosures
IAS 32 (Amendments)	Classification of Rights Issues
IFRIC 14 (Amendments)	Prepayments of Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

Except for amendments to IAS 12 titled "*Deferred Tax: Recovery of Underlying Assets*" ("IAS 12") as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

The Group has applied amendments to IAS 12 in advance of their mandatory effective date, which is annual periods beginning on or after 1 January 2012. Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *"Investment Property"* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

As a result, certain investment properties of the Group that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred taxes in respect of such properties. The application of the amendments has resulted in the Group's deferred tax liabilities being decreased by HK$234,300,000 and HK$371,250,000 as at 1 January 2010 and 31 December 2010 respectively, with the corresponding adjustment recognised in retained profits. In addition, the application has resulted in the Group's income tax expense for the year ended 31 December 2010 and 31 December 2011 being reduced by HK$136,950,000 and HK$156,750,000 respectively and the profit for the year ended 31 December 2010 and 31 December 2011 increased by the same amount. The basic earnings per share for the year ended 31 December 2010 and 31 December 2011 has increased by HK15.5 cents and HK17.7 cents respectively.

New and revised IFRSs issued but not yet effective

Except as disclosed below, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Group.

Amendments to IFRS 7 Disclosures - Transfer of Financial Assets

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures for the current year. However, if the Group enters into transfers of financial assets in the future, disclosures regarding those transfers may be affected.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

New and revised IFRSs issued but not yet effective - continued

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 "*Financial Instruments: Recognition and Measurement"* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the Group's financial statements for the annual period beginning 1 January 2015 but that the application of IFRS 9 may not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 "*Consolidated and Separate Financial Statements"* that deal with consolidated financial statements and SIC - Int 12 "*Consolidation - Special Purpose Entities"* has been withdrawn upon the issuance of IFRS 10. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

New and revised IFRSs issued but not yet effective - continued

IFRS 11 replaces IAS 31 "*Interests in Joint Ventures*" and SIC - Int 13 *"Jointly Controlled Entities - Non-Monetary Contributions by Venturers"*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. However, the application of these standards may not have significant impact on amounts reported in the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of the standard may not have significant impact on amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1 January 2010 onwards).

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "*Impairment of Assets"* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment properties that are classified as held for sale are measured at their fair values at the end of the reporting period. Other non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits received under current liabilities.

Rental income is recognised on a straight-line basis over the term of the relevant lease. In the event that lease incentives are provided to enter into operating leases, such incentives are recognised as an asset. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Hotel operation and other service income are recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at costs, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Leasehold land and building held for use in the supply of services, or for administrative purpose and other property, plant and equipment other than crockery, utensils and linens are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than crockery, utensils and linens, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Initial expenditure incurred for crockery, utensils and linens is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is recognised in profit or loss when incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Properties under development

When buildings are in the course of development held for use in the supply of services or for administrative purposes, the amortisation of prepaid lease payments, where the leasehold land is classified as operating leases, provided during the construction period is included as part of the cost of the building under construction. Buildings under construction are carried at cost, less any identified impairment losses. Cost comprises development costs including attributable borrowing costs, prepaid lease payments and directly attributable costs capitalised during the development period. Depreciation of buildings commences when they are available for use (i.e. when they are in the condition necessary for them to be capable of operating in the manner intended by management).

When leasehold land is intended for sale in the ordinary course of business after completion of development, the leasehold land component is included within the carrying amount of the properties and is classified under current assets.

Properties for development

Properties for development represents consideration and other direct costs for acquisition of leasehold interest in land held for future development.

Properties for development are stated at cost and amortised to profit or loss on a straight-line basis over the term of the relevant lease until the commencement of development, upon which the remaining carrying value of the properties will be transferred to the appropriate categories according to the management's intention of use of the properties after completion of development.

Inventories

Properties held for sale

Completed properties for sale in the ordinary course of business are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

Other inventories

Other inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are all classified as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including loans receivable, other receivable, loans to jointly controlled entities, amounts due from non-controlling shareholders, bank deposits and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly with the exception of loans receivable, other receivable and trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including payables, amounts due to non-controlling shareholders and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligation are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and are discounted to present value where the effect of the time value of money is material.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity (translation reserve) and will be reclassified from equity to profit or loss on disposal of the foreign operation.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interest as appropriate).

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted under the share option scheme of holding company at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in retained profits.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained profits.

At the time when the share options are exercised, forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised will continue to be held in retained profits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with IAS 40 "*Investment Property*", such properties are presumed to be recovered through sale, unless the presumption is rebutted. This presumption is rebutted if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group’s accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Deferred taxes

As disclosed in note 2, the Group has adopted amendments to IAS 12 which include a presumption that the carrying value of investment properties will be recovered through sale for the purposes of measuring deferred taxes. This presumption may be overcome if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time rather than through sale. For the Group's properties located in the People's Republic of China ("PRC"), the Group's business model is to recover those assets through use rather than sale and therefore the presumption has been overcome.

Key sources of estimation uncertainty

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

Income tax

No deferred tax asset has been recognised in respect of tax losses and deductible temporary differences of HK$89,988,000 and nil (2010: HK$399,866,000 and HK$4,188,000) respectively as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Impairment of property, plant and equipment

The Group performs a review annually to determine whether hotel property with aggregate carrying amount of HK$1,029,655,000 (2010: HK$1,083,173,000) has any indication of impairment by considering the recoverable amount of hotel building which has been determined based on value in use. The calculation of value in use requires an estimation of future profit generated from hotel operating cash flows discounted to arrive at the present value of the asset. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Fair value of investment properties

Investment properties with carrying amount of HK$8,485,275,000 (2010: HK$7,252,223,000) are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have used a method of valuation which involves certain assumption of market conditions. In relying on the valuation report or making their own valuation, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

Valuation of properties for development

The Group performs a review annually to determine whether properties for development with aggregate carrying amount of HK$1,288,272,000 (2010: HK$783,163,000) has any indication of impairment by considering the recoverable amounts of the properties which has been determined based on the current market price of properties of comparable location. In case the recoverable amounts of the properties are less than the carrying amount, material adjustment for impairment loss may result.

Valuation of properties held for sale

Management's assessment of properties held for sale with aggregate carrying amount of HK$1,204,241,000 (2010: HK$1,202,357,000) is based on an estimation of the net realisable value of these properties which involves, inter-alia, considerable analyses of the recent transacted prices of the respective properties held for sale, the current market price of properties of comparable standard and location, the estimated costs to complete the development, where appropriate, and a forecast of future sales based on available market data and statistics. If the actual net realisable values of the properties held for sale are (more) less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material adjustment for (reversal of) write-down of the properties held for sale may result.

Impairment of other receivable

In determining whether there is any impairment loss on the carrying amount of the other receivable of HK$381,183,000 (2010: HK$350,726,000) in relation to cost incurred on certain pieces of land as detailed in note 22, the Group takes into consideration objective evidences in the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss, which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, may arise.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 30, net of cash and cash equivalents and equity attributable to the Company's shareholders, comprising issued capital, retained profits and reserves.

The directors of the Company review the capital structure periodically and maintain a low gearing. The Group's net debt to the total funds employed for financing the Group's principal assets, the properties (presented as investment properties, hotel property, properties for development and properties held for sale in the consolidated statement of financial position) at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
Bank borrowings	3,392,286	3,028,125
Pledged bank deposits	(785)	(264,103)
Bank balances and cash	(2,007,938)	(1,729,354)
Net debt	1,383,563	1,034,668
Total carrying value of properties	12,007,443	10,320,916
Net debt to total funds employed	11.5%	10.0%

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, who are the executive directors of the Company for the purposes of resource allocation and assessment of segment performance is mainly focused on the property development, property investment and hotel operation.

Property investment and development activities are in Hong Kong and the PRC whereas the hotel operation is in Hong Kong.

The following is an analysis of the Group's revenue and results by reportable segment:

Segment revenues and results

For the year ended 31 December 2011

	Property development	**Property investment**	**Hotel operation**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE					
External sales	57,509	280,405	233,482	-	571,396
Inter-segment sales	-	601	-	(601)	-
Total	57,509	281,006	233,482	(601)	571,396
SEGMENT RESULTS					
Segment (loss) profit	(3,357)	1,274,424	28,187		1,299,254
Interest income					12,358
Corporate expenses					(8,433)
Share of results of jointly controlled entities					(1,314)
Finance costs					(82,710)
Profit before taxation					1,219,155

For the year ended 31 December 2010

	Property development	Property investment	Hotel operation	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE					
External sales	263,896	266,736	176,133	-	706,765
Inter-segment sales	-	816	-	(816)	-
Total	263,896	267,552	176,133	(816)	706,765
SEGMENT RESULTS					
Segment profit (loss)	105,214	1,044,159	(6,979)		1,142,394
Interest income					12,713
Corporate expenses					(2,840)
Share of results of jointly controlled entities					(1,872)
Finance costs					(80,594)
Profit before taxation					1,069,801

6. SEGMENT INFORMATION - continued

Segment revenues and results - continued

Inter-segment sales are at mutually agreed terms.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies described in note 3.

The Group does not allocate interest income, corporate expenses, share of results of jointly controlled entities and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision maker.

Other segment information

The following amounts are included in the measurement of segment profit or loss.

For the year ended 31 December 2011

	Property development	**Property investment**	**Hotel operation**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amortisation and depreciation				
- Properties for development	15,084	-	-	15,084
- Depreciation of property, plant and equipment	932	949	57,627	59,508
Increase in fair value of investment properties	-	1,142,088	-	1,142,088
Fair value adjustment on other receivable	517	-	-	517
Reversal of write-down of properties held for sale	2,350	-	-	2,350
Write-off/loss on disposal of property, plant and equipment	-	63	19,978	20,041
	========	========	========	========

For the year ended 31 December 2010

	Property development	Property investment	Hotel operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amortisation and depreciation				
- Properties for development	4,608	-	-	4,608
- Depreciation of property, plant and equipment	162	833	61,460	62,455
Increase in fair value of investment properties	-	927,048	-	927,048
Fair value adjustment on other receivable	7,914	-	-	7,914
Reversal of write-down of properties held for sale	34,455	-	-	34,455
Loss on disposal of property, plant and equipment	-	143	-	143
	========	========	========	========

6. SEGMENT INFORMATION - continued

Geographical information

The Group operates in two principal geographical areas, Hong Kong (country of domicile) and PRC.

The Group's revenue from external customers by geographical location of properties is detailed below.

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	456,963	608,867
PRC	114,433	97,898
	571,396	706,765

No single customer contributes over 10% of the total revenue of the Group (2010: Nil).

The Group's information about its non-current assets, which exclude financial assets, by geographical location are detailed below.

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	7,560,132	6,710,505
PRC	3,334,738	2,539,818
	10,894,870	9,250,323

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision maker in the resource allocation and assessment of performance.

7. REVENUE

The following is an analysis of the Group's revenue from its major business activities.

	2011	2010
	HK$'000	*HK$'000*
Sale of properties	57,509	263,896
Renting of investment properties	280,405	266,736
Hotel operation	233,482	176,133
	571,396	706,765

8. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Included in other income is:		
Net exchange gain	13,176	-
Rental income from properties held for sale temporarily leased	13,447	12,015
	=========	=========

9. PROPERTY AND RELATED COSTS

	2011	2010
	HK$'000	*HK$'000*
Changes in properties held for sale	25,264	149,471
Reversal of write-down of properties held for sale	(2,350)	(34,455)
Selling and marketing expenses	2,822	8,657
Direct operating expenses of investment properties	40,965	31,860
	----------------	----------------
	66,701	155,533
	=========	=========

10. OTHER EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Included in other expenses are:		
Management fees paid to a related company (Note 38)	127,331	117,461
Hotel operating expenses	59,741	51,982
Legal and professional fees	6,178	5,274
(Reversal) provision of tax penalty (Note 14)	(17,000)	17,000
	=========	=========

11. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within 5 years	41,510	39,601
Bank borrowings not wholly repayable within 5 years	35,065	35,580
	----------------	----------------
	76,575	75,181
Front end fee	3,684	4,109
Other charges	2,451	1,304
	----------------	----------------
	82,710	80,594
	=========	=========

12. PROFIT BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	2,150	1,892
Directors' emoluments (Note 13)	2,750	2,995
Fair value adjustment on other receivable	517	7,914
Write-off/loss on disposal of property, plant and equipment	20,041	143
Net exchange losses	-	4,360
Crediting:		
Interest income from second mortgage loans	1,523	3,018
Interest earned on bank deposits	10,009	8,908
Imputed interest income on loans to jointly controlled entities	826	787
	12,358	12,713
Gross rental income from investment properties	280,405	266,736
Less: Direct operating expenses	(40,965)	(31,860)
Net rental income	239,440	234,876

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors are as follows:

	Lu Wing Chi	**Lambert Lu**	**David Andrew Runciman**	**Donald Ian Fletcher**	**Richard Öther Prickett**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2011						
Fee	249	249	-	249	501	1,248
Other emoluments						
Salaries and other benefits	-	-	1,320	-	-	1,320
Retirement benefits scheme contribution	25	25	132	-	-	182
Total emoluments	274	274	1,452	249	501	2,750
2010						
Fee	239	239	-	239	482	1,199
Other emoluments						
Salaries and other benefits	-	-	1,320	-	-	1,320
Retirement benefits scheme contribution	24	24	132	-	-	180
Share-based payment expenses	-	-	296	-	-	296
Total emoluments	263	263	1,748	239	482	2,995

14. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
		(restated)
The charge comprises:		
Current tax		
Hong Kong Profits Tax	14,718	38,432
PRC Enterprise Income Tax	5,417	31
	20,135	38,463
(Over) underprovision in prior years		
Hong Kong Profits Tax	(5,543)	41,974
Deferred tax	52,280	28,186
	66,872	108,623

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC Enterprise Income Tax is calculated at the rates applicable to the respective group entities.

During the preceding year, the Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on two group entities for the years of assessments 2002/2003 to 2008/2009. Estimated assessments for the years of assessment 2003/2004 and 2004/2005 were issued to the entities and against which tax reserve certificates totalling HK$8,995,000 were purchased. During the year, a settlement proposal was agreed with the IRD for giving up the tax losses, arising from provision for loss on certain previously owned properties held as trading assets by the relevant entity, available for offset against future assessable profits. Additional tax liability of HK$36,793,000 was payable on the agreed additional assessable profits for the years of assessments 2003/2004 to 2009/2010. Tax of HK$5,501,000 overprovided up to the year of assessment 2010/2011 and estimated penalty of HK$17,000,000 provided in the preceding year are reversed in the current year's financial statements.

Details of deferred taxation are set out in note 32.

14. INCOME TAX EXPENSE - continued

The income tax expense for the year can be reconciled from profit before taxation per the consolidated income statement as follows:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit before taxation	1,219,155	1,069,801
	=========	=========
Tax charge at Hong Kong income tax rate of 16.5%	201,161	176,517
Tax effect of share of results of jointly controlled entities	217	309
Tax effect of expenses not deductible for tax purpose	20,869	22,356
Tax effect of income not taxable for tax purpose	(163,422)	(143,338)
Tax effect of tax losses not recognised	-	1,175
Utilisation of tax losses previously not recognised	(3,958)	(722)
Utilisation of deductible temporary differences not previously recognised	(691)	(471)
Effect of different tax rates of subsidiaries operated in other jurisdiction	18,821	10,655
(Over) underprovision of current tax in respect of prior years, net	(5,543)	41,974
Others	(582)	168
	----------------	----------------
Income tax expense for the year	66,872	108,623
	=========	=========

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the Company's shareholders is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Earnings for the purpose of basic earnings per share	1,152,475	961,185

	2011	2010
Number of ordinary shares for the purpose of basic earnings per share	886,347,812	886,347,812

No diluted earnings per share is presented as the Company did not have any potential ordinary share in issue during both years or at the end of each reporting period.

For the purpose of assessing the performance of the Group, the directors are of the view that the profit for the year should be adjusted for the fair value changes on properties recognised in profit or loss and the related deferred taxation in arriving at the "adjusted profit attributable to the Company's shareholders". A reconciliation of the adjusted earnings is as follows:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit attributable to the Company's shareholders as shown in the consolidated income statement	1,152,475	961,185
Fair value changes on investment properties	(1,142,088)	(927,048)
Deferred tax thereon	48,626	25,179
Adjusted profit attributable to the Company's shareholders	59,013	59,316
Basic earnings per share excluding fair value changes on properties net of deferred tax	HK6.7 cents	HK6.7 cents

The denominators used in the calculation of adjusted earnings per share are the same as those detailed above.

16. DIVIDENDS

No dividend was paid, declared or proposed during the reported period. The directors do not recommend the payment of any final dividend.

17. INVESTMENT PROPERTIES

	Hong Kong	PRC		
	Medium-term lease	Long lease	Medium-term lease	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	4,670,000	1,387,258	210,104	6,267,362
Fair value changes	830,000	79,820	17,228	927,048
Exchange adjustments	-	50,105	7,708	57,813
At 31 December 2010	5,500,000	1,517,183	235,040	7,252,223
Fair value changes	950,000	172,758	19,330	1,142,088
Exchange adjustments	-	78,898	12,066	90,964
At 31 December 2011	6,450,000	1,768,839	266,436	8,485,275

All of the Group's property interests are held under operating leases to earn rentals and/or for capital appreciation purpose. These properties are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of investment properties at the end of the reporting periods was arrived at on the basis of valuation carried out at those dates by Savills Valuation and Professional Services Limited ("Savills"), a firm of Chartered Surveyors not connected with the Group. Savills, recognised by The Hong Kong Institute of Surveyors, has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The valuation, which conforms to the appropriate sections of both the current Practice Statements, and United Kingdom Practices Statements contained in the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors in the United Kingdom (the "Red Book"), was arrived at on the basis of capitalisation of net income.

18. PROPERTY, PLANT AND EQUIPMENT

	Land in Hong Kong under medium-term lease and hotel building	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Crockery, utensils and linens	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2010	1,116,051	46,746	34,215	2,054	81,976	3,214	1,284,256
Exchange adjustments	-	-	76	60	43	-	179
Additions	-	-	2,544	1,462	-	1,008	5,014
Disposals	-	-	(981)	-	-	-	(981)
At 31 December 2010	1,116,051	46,746	35,854	3,576	82,019	4,222	1,288,468
Exchange adjustments	-	-	119	169	145	-	433
Additions	-	-	2,203	2,673	3,888	829	9,593
Disposals/write-off	(12,793)	(1,957)	(3,603)	-	(8,824)	-	(27,177)
Adjustment on finalisation of construction costs	(13,531)	(5,614)	(588)	-	(4,039)	-	(23,772)
At 31 December 2011	1,089,727	39,175	33,985	6,418	73,189	5,051	1,247,545
DEPRECIATION							
At 1 January 2010	4,697	779	2,426	510	3,623	-	12,035
Exchange adjustments	-	-	28	17	14	-	59
Provided for the year	28,181	4,674	8,682	516	20,402	-	62,455
Eliminated on disposals	-	-	(838)	-	-	-	(838)
At 31 December 2010	32,878	5,453	10,298	1,043	24,039	-	73,711
Exchange adjustments	-	-	81	168	40	-	289
Provided for the year	27,732	4,040	8,375	832	18,529	-	59,508
Eliminated on disposals/write-off	(538)	(326)	(1,737)	-	(3,703)	-	(6,304)
At 31 December 2011	60,072	9,167	17,017	2,043	38,905	-	127,204
CARRYING VALUES							
At 31 December 2011	1,029,655	30,008	16,968	4,375	34,284	5,051	1,120,341
At 31 December 2010	1,083,173	41,293	25,556	2,533	57,980	4,222	1,214,757

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

Leasehold land	Over the lease terms ranging from 42 years to 45.5 years
Completed hotel building	40 years
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

19. PROPERTIES FOR DEVELOPMENT

	2011	2010
	HK$'000	*HK$'000*
COST		
At 1 January	789,806	50,846
Addition	472,420	720,936
Exchange adjustments	48,370	18,024
At 31 December	1,310,596	789,806
AMORTISATION		
At 1 January	(6,643)	(1,890)
Provided for the year	(15,084)	(4,608)
Exchange adjustments	(597)	(145)
At 31 December	(22,324)	(6,643)
CARRYING VALUE		
At 31 December	1,288,272	783,163

The carrying amount represents the Group's interest in certain pieces of lands located in the PRC to be held for future development.

The carrying amount is amortised on a straight-line basis over the lease term of 40 to 70 years of the leasehold land.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2011	2010
	HK$'000	*HK$'000*
Cost of unlisted investments in jointly controlled entities	3,994	3,875
Share of post-acquisition reserves	(3,012)	(3,695)
	982	180
Loans to jointly controlled entities	43,592	40,319
	44,574	40,499

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES - continued

As at 31 December 2011 and 2010, the Group had interests in the following significant jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation/ operation	Class of equity interest	Effective percentage of equity interest held by the Group	Principal activity
Hong Kong Lawdion (Property) Limited	Incorporated	Hong Kong	Ordinary shares	50	Investment holding
Leiyang Shunhua Real Estate Development Ltd.#	Established	PRC	Registered capital	50	Property development

\# English translation of the entity's official name.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	2011	2010
	HK$'000	*HK$'000*
Current assets	169,471	98,071
Non-current assets	4,816	4,662
Current liabilities	104,760	59,318
Non-current liabilities	68,545	43,235
Income recognised in profit or loss	25,845	19,915
Expenses recognised in profit or loss	27,159	21,787
Other comprehensive income	1,997	734

Loans to jointly controlled entities are unsecured, interest-free and with no fixed repayment terms. As it is the Group's intention not to demand repayment within one year, the amounts are classified as non-current assets.

On application of IAS 39 "*Financial Instruments - Recognition and Measurement*", the fair value of the loans advanced to jointly controlled entities is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount and the fair value of the advances, determined on initial recognition, deemed to be capital contributed to jointly controlled entities, is included as part of the cost investments in jointly controlled entities.

21. LOANS RECEIVABLE

	2011	2010
	HK$'000	*HK$'000*
Second mortgage loans	17,877	36,100
Unsecured loans	12	47
	17,889	36,147
Analysed for reporting purposes:		
Current assets	978	1,755
Non-current assets	16,911	34,392
	17,889	36,147

The loans bear interest at Hong Kong Prime Rate and are repayable by monthly installments over a period of 20 years or as stipulated in the respective agreements.

The second mortgage loans are secured by the leasehold properties of the borrowers.

The effective interest rate of the loans receivable is 5.0% (2010: 5.0%) per annum.

Loans receivable balances which are past due at the end of the reporting period are minimal and are not considered impaired. In determining the recoverability of the loans receivable, the Group considers, among other factors, any change in value of the properties securing the loans.

The concentration of credit risk is limited due to the customer base being large and unrelated. No single loan receivable is individually material.

22. OTHER RECEIVABLE

At 31 December 2011, the Group had incurred a total amount of HK$396,583,000 (2010: HK$364,895,000) for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of the PRC. The amount, together with further costs to complete the work, are wholly refundable from the relevant PRC local government either by deduction against the consideration payable if the Group is successful in bidding for the lands or out of the proceeds received by the relevant PRC local government from the other successful tenderer. The directors estimate that the amount will be recovered by 31 December 2013 based on their best estimate of the latest development of the time schedule for auction of the relevant lands. The balance is carried at amortised cost based on an effective interest rate of 2% per annum.

23. PROPERTIES HELD FOR SALE

Properties under development are expected to be realised in more than twelve months after the end of the reporting period.

24. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	9,246	9,698
Accrued income, deposits and prepayments	122,976	116,335
	----------------	----------------
	132,222	126,033
	=========	=========

Trade receivables mainly comprise of rental receivable from tenants for the use of the Group's properties and receivable from corporate customers and travel agents. No credit is allowed to tenants. Rentals are payable upon presentation of demand notes. Average credit period of 30 days is allowed to corporate customers and travel agents.

Receivables from sale of properties are payable according to the payment terms of each individual contract and have to be fully settled before the transfer of legal title of the related properties to the customers.

All trade receivables at the end of the reporting period are aged less than 60 days. The Group does not hold any collateral over these balances.

Before granting credit to any customer, the Group uses an internal credit assessment system to assess the potential customers' credit quality and defines credit limit by customer. Trade receivables of HK$1,370,000 (2010: HK$4,790,000) at the end of the reporting period which are past due but are not considered impaired as these debtors have good repayment history.

25. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The balances are unsecured, interest-free and repayable on demand.

26. PLEDGED BANK DEPOSITS

The deposits carry fixed interest rate of 0.1% (2010: rates ranging from 0.1% to 0.4%) per annum and are pledged to secure short-term bank borrowings.

27. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits which carry fixed interest rates ranging from 0.1% to 2.8% (2010: 0.1% to 1.2%) per annum with an original maturity period of three months or less.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollars	101	13,196
United States dollars	51,109	3,954
Renminbi	770,357	354,200

28. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	2,022	2,294
Rental deposits	83,930	73,429
Other payables, other deposits and accrued charges	168,760	199,613
	254,712	275,336

Included in other payables, other deposits and accrued charges is an aggregate amount of HK$85,986,000 (2010: HK$94,743,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of the lands as detailed to in note 22.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK$60,701,000 (2010: HK$50,934,000).

29. PROVISIONS

	2011	2010
	HK$'000	*HK$'000*
At 1 January	4,865	6,047
Exchange adjustments	242	179
Reversed during the year	-	(1,361)
At 31 December	5,107	4,865

The provisions represent the outstanding compensation payable to the former owners for possession of their properties for redevelopment by the Group. The compensation is either settled in cash or an equivalent value of the Group's properties in other locations or the redeveloped properties as agreed between the relevant parties and the Group. The compensation payable is estimated by the directors based on the relevant PRC statutory requirements.

30. BANK BORROWINGS

	2011	2010
	HK$'000	*HK$'000*
Secured	3,181,131	2,838,167
Unsecured	230,000	200,000
	3,411,131	3,038,167
Less: Front-end fee	(18,845)	(10,042)
	3,392,286	3,028,125
Analysed for reporting purpose as:		
Current liabilities	996,434	1,258,898
Non-current liabilities	2,395,852	1,769,227
	3,392,286	3,028,125

The bank borrowings are repayable as follows:

	2011	2010
On demand or within one year	997,279	1,260,719
More than one year, but not exceeding two years	116,388	505,914
More than two years, but not exceeding five years	1,948,075	742,694
More than five years	349,389	528,840
	3,411,131	3,038,167
Less: Amounts due for settlement within 12 months shown under current liabilities	(997,279)	(1,260,719)
Amounts due for settlement after 12 months	2,413,852	1,777,448

30. BANK BORROWINGS - continued

The effective interest rates of these variable-rate borrowings range from 1.4% to 7.5% (2010: 0.7% to 5.9%) per annum.

All bank borrowings are denominated in the functional currencies of the relevant group entities and carry interest at floating rates, the principal amounts of which are analysed below:

Denominated in	Interest rates	**2011** *HK$'000*	2010 *HK$'000*
Hong Kong dollars	Hong Kong Interbank Offered Rate ("HIBOR") plus 1% to 2.5% (2010: HIBOR plus 0.45% to 1.8%)	2,809,183	2,099,183
Renminbi	95% to 110% of People's Bank of China ("PBOC") Prescribed Interest Rates (2010: 90% to 100% PBOC Prescribed Interest Rates)	601,948	938,984
		3,411,131	3,038,167

31. SHARE CAPITAL

		2011	2010
	US$'000	***HK$'000***	*HK$'000*
Authorised:			
1,300,000,000 ordinary shares of US$0.05 each	65,000	506,313	506,313
Issued and fully paid:			
886,347,812 ordinary shares of US$0.05 each	44,317	345,204	345,204

32. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation *HK$'000*	Fair value of investment properties *HK$'000*	Effective rental income *HK$'000*	Others *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 January 2010 as originally stated	24,586	352,516	14,229	7,564	(22,696)	376,199
Effect of changes in accounting policies	-	(234,300)	-	-	-	(234,300)
At 1 January 2010 as restated	24,586	118,216	14,229	7,564	(22,696)	141,899
Exchange adjustments	-	3,804	517	-	(104)	4,217
(Credit) charge to profit or loss	(2,198)	25,179	955	(3,960)	8,210	28,186
At 31 December 2010	22,388	147,199	15,701	3,604	(14,590)	174,302
Exchange adjustments	-	7,051	807	-	(69)	7,789
(Credit) charge to profit or loss	(3,032)	48,626	1,359	885	4,442	52,280
At 31 December 2011	19,356	202,876	17,867	4,489	(10,217)	234,371

For the purpose of presentation of the consolidated statement of financial position, deferred tax assets and liabilities have been offset and shown under non-current liabilities.

At 31 December 2011, the Group has unused tax losses of HK$148,831,000 (2010: HK$485,448,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$58,843,000 (2010: HK$85,582,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$89,988,000 (2010: HK$399,866,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The unrecognised tax loss at 31 December 2011 has been reduced by HK$286,031,000 as a result of settlement of the tax disputes as detailed in note 14. All the unrecognised tax losses may be carried forward indefinitely.

At 31 December 2010, the Group had deductible temporary differences in respect of depreciation of properties of HK$4,188,000. The deductible temporary differences were fully utilised in 2011 and thus became nil at 31 December 2011. No deferred tax asset had been recognised in relation to such deductible temporary difference as it was not probable that taxable profit would be available against which deductible temporary differences can be utilised.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011 *HK$'000*	2010 *HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	2,467,369	2,440,070
	=========	=========
Financial liabilities		
Financial liabilities at amortised cost	3,632,955	3,286,541
	=========	=========

(b) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations. The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall strategy remains unchanged from prior year.

<u>Market risk</u>

(i) <u>Foreign currency risk</u>

Certain subsidiaries of the Company have foreign currency denominated monetary assets, which expose the Group to foreign currency risk. The Group currently does not have a policy to hedge the foreign currency exposure. However, the management monitors the related foreign currency fluctuation closely and will consider entering into foreign exchange forward contracts to hedge significant portion of the foreign currency risk should the need arise.

The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period in the respective group entities are as follows:

	2011 *HK$'000*	2010 *HK$'000*
Hong Kong dollars	101	13,196
United States dollars	51,109	3,954
Renminbi	770,357	354,200
	=========	=========

The loans for foreign operations within the Group that form part of the Group's net investment in foreign operations, and are denominated in foreign currency, other than the functional currency of the respective foreign entities, the Hong Kong dollars and United States dollars, at the end of the reporting period amounted to HK$207,903,000 (2010: HK$184,805,000) and HK$92,704,000 (2010: HK$92,804,000) respectively.

33. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Foreign currency risk - continued

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2010: 5%) appreciation in the functional currencies of the relevant subsidiaries, Renminbi and Hong Kong dollars, relative to the foreign currencies of the relevant subsidiaries, the Hong Kong dollars, United States dollars and Renminbi. There would be an equal and opposite impact where Renminbi and Hong Kong dollars weaken 5% (2010: 5%) against the relevant currencies.

	Decrease in profit for the year		Increase in equity	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollars	5	660	10,395	9,240
United States dollars	2,555	198	4,635	4,640
Renminbi	38,518	17,710	-	-
	=======	=======	=======	=======

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

Since Hong Kong dollars are pegged to United States dollars under the Linked Exchange Rate System, management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuation between Hong Kong dollars and United States dollars.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings, loans receivable, bank balances and deposits. The directors consider that the interest rate risk on bank balances and deposits are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is performed. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and the PBOC Prescribed Interest Rates on the bank borrowings, and Hong Kong Prime Rate on the loans receivable.

The Group currently does not have an interest rate swap hedging policy. However, management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

33. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

(ii) Interest rate risk - continued

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates in relation to the Group's variable-rate bank borrowings and loans receivable at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2011 would decrease/increase by HK$16,872,000 (2010: HK$14,960,000).

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At 31 December 2011, the Group has concentration of credit risk on loans to jointly controlled entities and other receivable from two counterparties.

Although the placing of deposits are concentrated on certain banks, the credit risk on the deposits is limited because the counterparties are licensed banks.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows. As at 31 December 2011, the Group has available unutilised bank loan facilities of approximately HK$620,000,000 (2010: HK$890,000,000).

33. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk - continued

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date on which the Group can be required to pay. The table includes both interest, estimated based on interest rate at the end of the reporting period, and principal cash flows.

	Weighted average effective interest rate	Within 3 months	3 months to 6 months	6 months to 9 months	9 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31.12.2011								
Payables and deposits received	-	160,060	3,138	1,628	13,288	60,701	238,815	238,815
Amounts due to non-controlling shareholders	-	85,784	-	-	-	-	85,784	85,784
Variable rates bank borrowings	2.4	618,430	38,641	38,529	122,296	2,911,547	3,729,443	3,392,286
		864,274	41,779	40,157	135,584	2,972,248	4,054,042	3,716,885

	Weighted average effective interest rate	Within 3 months	3 months to 6 months	6 months to 9 months	9 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31.12.2010								
Payables and deposits received	-	199,102	6,024	4,397	3,056	50,934	263,513	263,513
Amounts due to non-controlling shareholders	-	68,332	-	-	-	-	68,332	68,332
Variable rates bank borrowings	2.6	489,106	761,985	29,050	41,927	2,096,185	3,418,253	3,028,125
		756,540	768,009	33,447	44,983	2,147,119	3,750,098	3,359,970

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

34. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Minimum lease payments paid under operating lease during the year are HK$895,000 (2010: HK$624,000).

At the end of the reporting period, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2011	2010
	HK$'000	*HK$'000*
Within one year	572	810
In the second to fifth years inclusive	527	932
	1,099	1,742

Leases are negotiated for the range of 1 to 2 years (2010: 1 to 3 years) with fixed monthly rentals.

The Group as lessor

Majority of the Group's investment properties were leased out under operating leases.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	HK$'000	*HK$'000*
Within one year	297,104	241,174
In the second to fifth years inclusive	561,988	394,965
Over five years	557,567	467,746
	1,416,659	1,103,885

In addition to the annual minimum lease payments, the Group is entitled to, in respect of lease, additional rental based on a specified percentage of revenue, if achieved, earned by the tenant. No such additional rental was received during the year (2010: nil).

The lease terms of the remaining leased properties range from 1 to 15 years (2010: 1 to 16 years).

35. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure banking facilities granted to the Group:

(a) Fixed charges on investment properties with an aggregate carrying value of HK$7,866,058,000 (2010: HK$6,990,154,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(b) Fixed charges on hotel properties with aggregate carrying values of HK$1,029,655,000 (2010: HK$1,083,173,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$613,423,000 (2010: HK$610,175,000).

(d) Bank deposits of HK$785,000 (2010: HK$264,103,000).

36. SHARE-BASED PAYMENTS

Share Option Scheme of the Company

The share option scheme of the Company (the "Share Option Scheme") was approved by the shareholders of SEA pursuant to a resolution passed on 27 May 2010 and by the board of directors of the Company (the "Board") on 28 May 2010. The Share Option Scheme came into effect on 16 August 2010 (the "Adoption Date") upon fulfillment of the conditions contained in the Share Option Scheme. Unless terminated earlier by the Board, the Share Option Scheme shall be valid and effective for a term of 10 years until 15 August 2020.

The purpose of the Share Option Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of any (i) director or employee of the Company or any of its affiliates; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by the Company or any of its affiliates; (iii) customer, promoter, business ally or joint-venture partner of the Company or any of its affiliates; or (iv) trustee of any trust established for the benefit of employees of the Company or any of its affiliates (together, the "Eligible Participants").

Under the Share Option Scheme, the Board (or any committee delegated by the Board) may offer to the Eligible Participants options to subscribe for shares of the Company at a price at least the highest of (i) the closing price of the share of the Company on the AIM Market on the date of grant of the option; (ii) the average of the closing price of the share of the Company on the AIM Market for the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of the Company.

36. SHARE-BASED PAYMENTS - continued

Share Option Scheme of the Company - continued

No option may be granted to an Eligible Participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant in any 12-month period, exceeding 1% of the shares of the Company then in issue. Any further grant of option exceeding such limit is subject to the approval of the shareholders of SEA in general meeting. In addition, for any grant of options to a substantial shareholder and/or an independent non-executive director of the Company or SEA or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceeding 0.1% of the shares of the Company then in issue and with an aggregate value exceeding HK$5 million (or its equivalent amount in British Pound), then the proposed grant is also subject to the approval of the shareholders of SEA in general meeting.

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10 (or its equivalent amount in British Pound or United States dollars). The period during which an option may be exercised is determined by the Board (or any committee delegated by the Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the Board (or any committee delegated by the Board) at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

No option was granted since the Adoption Date and up to 31 December 2011.

Share Award Scheme of the Company

The share award scheme of the Company (the "Share Award Scheme") was approved by the shareholders of SEA pursuant to a resolution passed on 27 May 2010 and by the Board on 28 May 2010. The Share Award Scheme came into effect on the Adoption Date upon fulfillment of the conditions contained in the Share Award Scheme. Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 15 years until 15 August 2025.

The purpose of the Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the Eligible Participants. Under the Share Award Scheme, the Board (or any committee delegated by the Board) may at its absolute discretion grant awards, which may comprise (a) new shares of the Company; (b) existing shares of the Company in issue and is listed on the AIM Market from time to time; (c) cash in lieu of the shares of the Company; or (d) a combination of (a), (b) and (c), to any Eligible Participants as it thinks fit and appropriate and subject to the terms and conditions of the Share Award Scheme. No award may be granted under the Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the Share Award Scheme and any other share award scheme of the Company and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of the Company exceed 30% of the shares of the Company in issue from time to time.

No award was granted since the Adoption Date and up to 31 December 2011.

36. SHARE-BASED PAYMENTS - continued

Share Option Scheme of SEA

SEA approved and adopted an employee share option scheme (the "SEA Share Option Scheme") on 19 August 2005 for the primary purpose of providing incentive to directors and eligible employees. The SEA Share Option Scheme shall be valid and effective for a term of 10 years until 24 August 2015.

Under the SEA Share Option Scheme, the board of directors of SEA may offer to any director or full time employee/chief executive of SEA, or any of its subsidiaries, options to subscribe for shares in SEA at a price at least the highest of (i) the nominal value of the share of SEA; (ii) the average of the closing price of the share of SEA on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of SEA on the Stock Exchange on the date of grant of the option.

No option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of SEA then in issue. Any further grant of option exceeding such limit is subject to the approval of the shareholders of SEA in general meeting. In addition, for any grant of options to a substantial shareholder and/or an independent non-executive director of SEA or its subsidiaries or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceeding 0.1% of the shares of SEA then in issue and with an aggregate value exceeding HK$5 million, then the proposed grant is also subject to the approval of the shareholders of SEA in general meeting.

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10. The period during which an option may be exercised is determined by the board of directors of SEA at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the board of directors of SEA at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

On 31 December 2008, SEA granted share options to a director of the Company entitling the holder to subscribe for 2,000,000 shares of SEA at an exercise price of HK$2.262 per share with an exercise period of 31 December 2010 to 30 December 2012. The directors determined the fair value of the share options with reference to the calculation made by an independent professional valuer to be HK$592,000. Out of these options, 1,000,000 share options have been exercised to subscribe for 1,000,000 shares of SEA in January 2011. None of these share options lapsed during the year. In addition, no options were granted during the year.

37. RETIREMENT BENEFIT PLANS

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% to 15% of relevant payroll costs per month to the scheme for members of the MPF Scheme, depending on the length of service with the Group.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the government of the PRC.

The total contribution paid to the retirement benefit schemes by the Group charged to profit or loss for the year amounted to HK$3,243,000 (2010: HK$2,705,000).

38. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with fellow subsidiaries, wholly-owned subsidiaries of SEA during the year:

(i) Rental income of HK$10,804,000 (2010: HK$9,886,000) from the renting of the Group's premises; and

(ii) Management fees of HK$127,331,000 (2010: HK$117,461,000) in respect of provision of property development management services to the Group on the Group's property portfolio.

(b) Details of loans to jointly controlled entities and interest income thereon are disclosed in the consolidated statement of financial position and notes 20 and 12 respectively.

(c) The remuneration of directors who are the Group's key management was set out in note 13.

39. PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ Registered capital	Effective % of issued share capital/registered capital held by the Company		Principal activities
			2011	2010	
Direct subsidiary					
Benefit Strong Group Limited	B.V.I./Hong Kong	1 ordinary share of HK$1	100	100	Investment holding
Indirect subsidiaries					
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	100	100	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property development and investment

39. PRINCIPAL SUBSIDIARIES - continued

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ Registered capital	Effective % of issued share capital/registered capital held by the Company 2011	2010	Principal activities
Indirect subsidiaries - continued					
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB200,000,000 registered capital	100	100	Property investment
Chengdu Yulong No. 1 Property Development Company Limited*	PRC	RMB150,000,000 registered capital	100	100	Property development
Chengdu Yulong No. 2 Property Development Company Limited*	PRC	RMB60,000,000 registered capital	100	100	Property development
Chengdu Yulong No. 3 Property Development Company Limited*	PRC	RMB300,000,000 registered capital	100	100	Property development
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	100	100	Hotel operation
Giant Well Enterprises Limited	B.V.I./Hong Kong	1 ordinary share of US$1	100	100	Investment holding
Grace Art Development Limited	Hong Kong	1 ordinary share of HK$1	100	100	Treasury services
Guangzhou Yingfat House Property Development Co., Ltd.**	PRC	US$20,110,000 registered capital	100	100	Property development and investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Financing
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited*	PRC	RMB35,000,000 registered capital	100	100	Property and tourist leisure facilities development
Kaifeng International City No. 1 Realty Development Company Limited*	PRC	US$60,800,000 registered capital	100	100	Property development
Kaifeng International City No. 5 Realty Development Company Limited*	PRC	US$22,040,000 registered capital	100	100	Property development
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	55	55	Property development
Leighton Road Hotel Management Services Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Nanjing Hushu Ecology Travel Development Co., Ltd. @	PRC	RMB100,000,000 registered capital	51	51	Property, cultural and tourism development
Nanjing Taligang Tourist Leisure Facilities Company Limited@	PRC	RMB35,000,000 registered capital	51	51	Property, cultural and tourism development

39. PRINCIPAL SUBSIDIARIES - continued

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ Registered capital	Effective % of issued share capital/registered capital held by the Company		Principal activities
			2011	2010	
Indirect subsidiaries - continued					
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	100	100	Treasury services
Shine Concord Investments Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Sino Harvest Real Estate Development (Chengdu) Company Limited*	PRC	US$3,000,000 registered capital	100	100	Property investment
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Hotel operation
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property investment

* Wholly foreign owned enterprise

** The Group is entitled to the remaining profit/asset after the PRC partner's entitlement which is the higher of a fixed sum of return or 5% of the profit generated from the related property development project

@ Sino-foreign equity joint venture

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

40. EVENT AFTER THE REPORTING PERIOD

On 7 March 2012, the Group entered into an agreement to dispose of its entire equity interest in, together with the assignment of the loans to, the jointly controlled entities to joint venture partner for a total cash consideration of HK$61,250,000. The disposal will be completed in December 2012.