首長四方（集團）有限公司*

SHOUGANG CONCORD GRAND (GROUP) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "Board") of Shougang Concord Grand (Group) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 with comparative figures for the year ended 31 December 2010. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Continuing operations			
Revenue	3	**67,505**	57,147
Cost of sales		**(44,012)**	(31,653)
Gross profit		**23,493**	25,494
Interest income from entrusted loans receivable		**12**	307
Other income	5	**5,487**	2,590
Distribution costs and selling expenses		**(2,044)**	(928)
Administrative expenses		**(48,425)**	(37,695)
Impairment loss on finance lease receivables		**(8,225)**	(21,201)
Increase in fair value of investment properties		**65,055**	38,140
Changes in fair value of held-for-trading investments		**(10,441)**	(282)
Finance costs	6	**(2,100)**	(2,649)
Share of results of associates		**166,521**	(16,388)
Impairment loss on interests in an associate	16	**(66,994)**	–
(Loss) gain on disposal of partial interests and dilution of interests in an associate	8	**(6,883)**	1,358
Profit (loss) before tax		**115,456**	(11,254)
Income tax expense	9	**(2,062)**	(4,204)

	Notes	2011 HK$'000	2010 HK$'000
Profit (loss) for the year from continuing operations	10	**113,394**	(15,458)
Discontinued operations	7		
Profit for the year from discontinued operations		**–**	135,233
Profit for the year		**113,394**	119,775
Other comprehensive income (expense):			
Exchange gain arising on translation of foreign operations		**10,987**	11,954
Share of translation difference of an associate		**9,324**	3,778
Release of translation reserve upon disposal of partial interests in an associate		**(646)**	–
Release of translation reserve on dilution of interests in an associate		**(2,819)**	–
Release of translation reserve upon deemed disposal of subsidiaries		**–**	(10,934)
Release of special reserve upon deemed disposal of subsidiaries		**–**	21,354
		16,846	26,152
Total comprehensive income for the year		**130,240**	145,927
Profit for the year attributable to:			
Owners of the Company			
– Profit (loss) for the year from continuing operations		**113,381**	(15,421)
– Profit for the year from discontinued operations		**–**	45,269
		113,381	29,848
Non-controlling interests			
– Profit (loss) for the year from continuing operations		**13**	(36)
– Profit for the year from discontinued operations		**–**	89,963
		13	89,927
		113,394	119,775
Total comprehensive income for the year attributable to:			
Owners of the Company		**130,173**	54,325
Non-controlling interests		**67**	91,602
		130,240	145,927
Earnings (loss) per share	11		
From continuing and discontinued operations			
Basic and diluted		**HK9.84 cents**	HK2.59 cents
From continuing operations			
Basic and diluted		**HK9.84 cents**	HK(1.34) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000*
Non-current assets			
Property, plant and equipment	12	**31,677**	30,459
Investment properties	13	**74,800**	190,590
Goodwill	15	**52,935**	52,935
Interests in associates	16	**279,390**	204,888
Finance lease receivables	17	**297,505**	342,228
Restricted bank deposits		**25,926**	10,619
Available-for-sale investments	22	**5,185**	4,941
		767,418	836,660
Current assets			
Inventories	19	**2,483**	–
Amount due from an associate		**388**	396
Finance lease receivables	17	**311,149**	206,414
Entrusted loan receivables	18	**–**	235
Loan to an associate		**9,772**	–
Trade receivables	20	**128**	132
Prepayments, deposits and other receivables		**5,723**	6,284
Held-for-trading investments	21	**36,888**	15,002
Structured deposits	23	**13,580**	–
Bank balances and cash		**291,868**	308,337
		671,979	536,800
Assets classified as held for sale	14	**132,000**	–
		803,979	536,800
Current liabilities			
Other payables and accruals		**17,452**	6,504
Income received in advance		**5,947**	4,896
Rental and management fee in advance and other deposits received		**14,274**	1,210
Tax liabilities		**12,056**	10,855
Secured bank borrowings – due within one year	24	**414,350**	333,803
		464,079	357,268
Net current assets		**339,900**	179,532
Total assets less current liabilities		**1,107,318**	1,016,192

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	25	**11,522**	11,522
Retained earnings		**634,759**	520,794
Other reserves		**187,642**	171,434
Equity attributable to owners of the Company		**833,923**	703,750
Non-controlling interests		**728**	661
Total equity		**834,651**	704,411
Non-current liabilities			
Income received in advance		**4,147**	3,520
Secured bank borrowings – due after one year	24	**248,322**	295,691
Security deposits received		**18,506**	10,588
Deferred tax liabilities		**1,692**	1,982
		272,667	311,781
Total equity and liabilities		**1,107,318**	1,016,192

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital HK$'000	Share premium HK$'000	Capital contribution reserve HK$'000 (Note (a))	Contributed surplus reserve HK$'000 (Note (b))	Translation reserve HK$'000	Share options reserve HK$'000	Statutory reserve HK$'000 (Note (c))	Special reserve HK$'000 (Note (d))	Retained earnings HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests: Share options reserve of a subsidiary HK$'000	Non-controlling interests: Share of net assets of subsidiaries HK$'000	Total HK$'000
At 1 January 2010	11,514	559	445	115,576	40,834	21,976	2,879	(23,496)	438,708	608,995	33,120	255,257	897,372
Exchange difference on translation of foreign operations	–	–	–	–	10,279	–	–	–	–	10,279	–	1,675	11,954
Share of translation difference of an associate	–	–	–	–	3,778	–	–	–	–	3,778	–	–	3,778
Release upon deemed disposal of subsidiaries	–	–	–	–	(10,934)	–	–	21,354	–	10,420	–	–	10,420
Profit for the year	–	–	–	–	–	–	–	–	29,848	29,848	–	89,927	119,775
Total comprehensive income for the year	–	–	–	–	3,123	–	–	21,354	29,848	54,325	–	91,602	145,927
Exercise of share options	8	448	–	–	–	(128)	–	–	–	328	–	–	328
Partial disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	2,769	2,769
Recognition of equity-settled share-based payment	–	–	–	–	–	7,590	–	–	–	7,590	–	–	7,590
Release upon deemed disposal of subsidiaries	–	–	(445)	–	–	–	(2,879)	–	28,902	25,578	(25,578)	(384,338)	(384,338)
Release upon disposal of subsidiaries	–	–	–	–	(18,194)	–	–	–	18,194	–	–	–	–
Lapse of share options	–	–	–	–	–	(350)	–	–	350	–	–	–	–
Lapse of share options granted by subsidiaries *(Note (e))*	–	–	–	–	–	–	–	–	4,792	4,792	(7,542)	2,750	–
Non-controlling interest arising on acquisition of a subsidiary *(Note 26)*	–	–	–	–	–	–	–	–	–	–	–	27,927	27,927
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	236	236
Difference arising on dilution of interest in a subsidiary *(Note (f))*	–	–	–	–	–	–	–	2,142	–	2,142	–	4,458	6,600
At 31 December 2010 and 1 January 2011	11,522	1,007	–	115,576	25,763	29,088	–	–	520,794	703,750	–	661	704,411
Exchange difference on translation of foreign operations	–	–	–	–	10,933	–	–	–	–	10,933	–	54	10,987
Share of translation difference of an associate	–	–	–	–	9,324	–	–	–	–	9,324	–	–	9,324
Release upon disposal of partial interests in an associate	–	–	–	–	(646)	–	–	–	–	(646)	–	–	(646)
Release upon dilution of interests in an associate	–	–	–	–	(2,819)	–	–	–	–	(2,819)	–	–	(2,819)
Profit for the year	–	–	–	–	–	–	–	–	113,381	113,381	–	13	113,394
Total comprehensive income for the year	–	–	–	–	16,792	–	–	–	113,381	130,173	–	67	130,240
Lapse of share options	–	–	–	–	–	(584)	–	–	584	–	–	–	–
At 31 December 2011	11,522	1,007	–	115,576	42,555	28,504	–	–	634,759	833,923	–	728	834,651

Notes:

(a) Capital contribution reserve represents accumulated effect of imputed interest on amount due to other related party.

(b) The contributed surplus reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1991 over the nominal value of the Company's shares issued in exchange, and the transfers as mentioned in Note (g) below.

(c) As stipulated by the rules and regulations in the People's Republic of China (the "PRC", for the purpose of this announcement does not include Hong Kong, Macau and Taiwan), the subsidiaries of the Company established in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior years' losses) to a general reserve fund until the balance of the fund reaches 50% of their registered capital thereafter any further appropriation is optional and is determinable by the companies' boards of directors.

(d) Special reserve as at 1 January 2010 represented the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired by GDC Group (as defined in Note 4) from non-controlling interests during the year ended 31 December 2007. This special reserve was released to profit or loss upon the deemed disposal of Global Digital Creations Holdings Limited ("GDC") during the year ended 31 December 2010.

(e) During the year ended 31 December 2010, 920,000 share options issued by a subsidiary of the Company lapsed on the expiry of the three-month period following the dates of cessation of the respective employees and 5,423,000 share options issued by a subsidiary of the Company lapsed on the expiry dates of the respective exercise periods of the options.

(f) During the year ended 31 December 2010, the difference arising on dilution of interest in a subsidiary represents the excess of proceeds received from exercise of share options of a subsidiary over the carrying amount of non-controlling interests deemed to be disposed.

(g) A special resolution was passed by shareholders of the Company at the special general meeting of the Company held on 6 June 2008 and completed thereafter that an amount of approximately HK$425,259,000 standing to the credit of the share premium account of the Company as at 31 December 2007 be reduced, with the credit arising there from being transferred to the contributed surplus reserve of the Company. Upon the said transfer becoming effective, an amount of approximately HK$311,818,000 standing to the credit of the contributed surplus reserve of the Company has been applied to eliminate the accumulated losses of the Company as at 31 December 2007. The Company has complied with the requirements of section 46(2) of The Companies Act 1981 of Bermuda (as amended). Details of which were set out in the circular of the Company dated 9 May 2008.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit (loss) for the year		
– continuing operations	**113,394**	(15,458)
– discontinued operations	**–**	135,233
Adjustments for:		
Impairment loss on convertible loan receivable	**–**	7,519
Loss (profit) on disposal of partial interests and dilution of interests in an associate	**6,883**	(1,358)
Share-based payment expense	**–**	7,590
Depreciation of property, plant and equipment	**1,340**	13,182
Interest expenses (included in finance costs and cost of sales)	**42,515**	36,557
Allowance for bad and doubtful debts, net	**8,225**	20,182
Share of results of associates	**(166,521)**	16,465
Impairment loss on interests in an associate	**66,994**	–
Amortisation of prepaid lease payments	**–**	119
Loss (gain) on disposal of property, plant and equipment	**8**	(277)
Increase in fair value of investment properties	**(65,055)**	(38,140)
Changes in fair value of held-for-trading investments	**7,534**	41
Interest income	**(4,871)**	(5,755)
Interest income from entrusted loan receivables	**(12)**	(307)
Dividend income from held-for-trading investments	**(285)**	(392)
Gain on disposal of discontinued operations	**–**	(9,899)
Income tax expense	**2,062**	15,036
Operating cash flows before movements in working capital	**12,211**	180,338
Increase in inventories	**(2,483)**	(23,698)
Decrease in production work in progress	**–**	1,563
Increase in amounts due from customers for contract work	**–**	(462)
Decrease (increase) in amount due from an associate	**8**	(396)
Increase (decrease) in security deposits received	**7,395**	(51,704)
(Increase) decrease in finance lease receivables	**(41,144)**	356,590
Decrease (increase) in trade receivables	**4**	(62,045)
Decrease (increase) in prepayments, deposits and other receivables	**624**	(232,770)

	Notes	**2011**	2010
		HK$'000	*HK$'000*
(Increase) decrease in held-for-trading investments		**(29,329)**	7,814
Decrease in amounts due to customers for contract work		**–**	(249)
Increase in trade payables		**–**	8,086
Increase in other payables and accruals		**10,815**	35,480
Increase (decrease) in rental and management fee in advance and other deposits received		**13,064**	(38)
Increase in income received in advance		**1,273**	12,074
Cash (used in) generated from operations		**(27,562)**	230,583
Dividend received from held-for-trading investments		**285**	392
Income tax paid		**(1,670)**	(6,732)
Interest paid		**(42,515)**	(36,557)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES		**(71,462)**	187,686
INVESTING ACTIVITIES			
Purchase of structured deposits		**(13,580)**	(41,169)
Proceeds from disposal of partial interests in an associate		**24,002**	1,993
Purchases of property, plant and equipment		**(1,159)**	(154,331)
Acquisition of a subsidiary	26	**–**	(63,149)
Increase in pledged bank deposits		**–**	(42,005)
Disposal of subsidiaries	7	**–**	9,321
Proceeds from redemption of a convertible loan receivable		**–**	113,016
Withdrawal of restricted bank deposits		**11,143**	48,349
Placement of restricted bank deposits		**(25,926)**	–
Repayment from entrusted loan receivables		**247**	25,955
Interest received		**4,871**	4,109
Interest received from entrusted loan receivables		**12**	307
Proceeds from disposal of property, plant and equipment		**8**	1,859
Purchase of investment properties		**–**	(9,132)
Proceeds from disposal of investment properties		**48,845**	–
Loan to an associate		**(9,772)**	–

	2011	2010
	HK$'000	*HK$'000*
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	**38,691**	(104,877)
FINANCING ACTIVITIES		
Repayment of bank loans	**(257,662)**	(372,189)
New bank loans raised	**267,116**	209,647
Proceeds from issue of shares of a subsidiary upon exercise of its share options	**–**	6,600
Proceeds from exercise of share options	**–**	328
Capital contribution from non-controlling interests	**–**	236
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**9,454**	(155,378)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(23,317)**	(72,569)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**308,337**	372,847
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**6,848**	8,059
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**291,868**	308,337

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects:

a) HKAS 24 (as revised in 2009) has changed the definition of a related party. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has not resulted in any change in the identification of related parties as compared with previous Standard.

b) In addition, HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. The Company and its subsidiaries are government-related entities as defined in HKAS 24 (as revised in 2009). Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the PRC government that ultimately has control over the Group and (b) other entities that are controlled, jointly controlled, or significantly influenced by the PRC government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions for the current and prior years. The related party disclosures in respect of transactions and balances with the government-related entities set out in the consolidated financial statements reflect the application of HKAS 24 (as revised in 2009).

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 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. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. As at 31 December 2011, available-for-sale investments of approximately HK$5,185,000 is measured at cost less impairment.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of 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. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

The directors of the Company ("Directors") anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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 HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 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 HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 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 HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

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

HKFRS 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 HKFRS 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 five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the Directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 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 HKFRS 13 is broad, it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. The Directors are still in the progress of assessing the financial impact.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The Directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may have significant impact on the amounts of deferred tax liabilities recognised regarding the Group's investment properties. The Directors are still in the process of assessing the financial impact.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, 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.

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

Estimated impairment of finance lease receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows and fair value of the pledged assets less cost to sell. The amount of the impairment loss is measured as the difference between the asset's carrying amount and higher of the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) and the fair value of the pledged assets less cost to sell. Where the actual future cash flows or the net selling price of the pledged assets are less than expected, a material impairment loss may arise.

During the year ended 31 December 2011, impairment loss of HK$8,225,000 has been recognised for finance lease receivables (2010: HK$21,201,000). As at 31 December 2011, the carrying amount of finance lease receivables is approximately HK$608,654,000 (2010: HK$548,642,000).

Estimated impairment of goodwill and interests in associates

Determining whether goodwill and interests in associates are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and interests in associates have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of goodwill and interests in associates are approximately HK$52,935,000, net of accumulated impairment loss of HK$201,854,000 (2010: HK$52,935,000, net of accumulated impairment loss of HK$201,854,000) and HK$279,390,000, net of accumulated impairment loss of HK$66,994,000 (2010: HK$204,888,000), respectively. Details of the recoverable amount calculation are disclosed in Notes 15 and 16 respectively.

3. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2011	2010
	HK$'000	*HK$'000*
Finance lease income	**55,395**	51,350
Property leasing income	**6,491**	5,797
Sale of goods	**5,619**	–
	67,505	57,147

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("CODM"), being the Managing Director of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided, which is also the basis of organisation of the Group, is set out below.

The Group is currently organised into three operating divisions – property leasing and building management services, finance leasing and assets management where asset management segment is engaged in investment holding and trading of goods.

Upon disposal of the Grand Award Limited and its subsidiaries (the "Grand Award Group") and deemed disposal of the GDC and its subsidiaries ("GDC Group") in 2010, the operating and reportable segments, namely digital content distribution and exhibitions; deployment of digital cinema network in Asia; computer graphics ("CG") creation and production; CG training courses; films and television programme production and cultural park were discontinued.

The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in Note 7.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segment.

For the year ended 31 December 2011
Continuing operations

	Property leasing and building management services	Finance leasing	Assets management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**6,491**	**55,395**	**5,619**	**67,505**
Segment result	**69,120**	**190**	**189**	**69,499**
Other income				**2,440**
Central administration costs				**(36,586)**
Changes in fair value of held-for-trading investments				**(10,441)**
Finance costs				**(2,100)**
Share of results of associates				**166,521**
Impairment loss on interests in an associate				**(66,994)**
Loss on disposal of partial interests and dilution of interests in an associate				**(6,883)**
Profit before tax				**115,456**

For the year ended 31 December 2010
Continuing operations

	Property leasing and building management services	Finance leasing	Assets management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	5,797	51,350	–	57,147
Segment result	42,888	(1,405)	(647)	40,836
Other income				1,569
Central administration costs				(35,698)
Changes in fair value of held-for-trading investments				(282)
Finance costs				(2,649)
Share of results of associates				(16,388)
Gain on disposal of partial interests in an associate				1,358
Loss before tax				(11,254)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior years.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned (loss) incurred by each segment without allocation of central administration costs including Directors' salaries, share of results of associates, impairment loss on interests in an associate, other income, finance costs, changes in fair value of held-for-trading investments and (loss) gain on disposal of partial interests and dilution of interests in an associate. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2011	2010
	HK$'000	*HK$'000*
Segment assets		
Property leasing and building management services	**212,667**	195,849
Finance leasing	**890,104**	821,414
Assets management	**35,417**	37,046
Total segment assets	**1,138,188**	1,054,309
Interests in associates	**279,390**	204,888
Loan to an associate	**9,772**	–
Held-for-trading investments	**36,888**	15,002
Structured deposits	**13,580**	–
Other unallocated assets	**93,579**	99,261
Consolidated assets	**1,571,397**	1,373,460

	2011	2010
	HK$'000	*HK$'000*
Segment liabilities		
Property leasing and building management services	**17,618**	3,254
Finance leasing	**573,805**	501,416
Assets management	**1,624**	453
Total segment liabilities	**593,047**	505,123
Tax liabilities	**12,056**	10,855
Unallocated secured bank borrowings	**123,757**	149,091
Other unallocated liabilities	**7,886**	3,980
Consolidated liabilities	**736,746**	669,049

For the purpose of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable segments other than interests in associates, held-for-trading investments, structured deposits, loan to an associate and other unallocated corporate assets (including primarily unallocated property, plant and equipment, cash and bank balances and prepayments).

– all liabilities are allocated to reportable segments other than current tax liabilities, unallocated secured bank borrowings not for finance leasing and other unallocated liabilities.

Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The Group's revenue from continuing operations from external customers by location of the relevant subsidiary's operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**61,014**	51,350	**83,667**	82,289
Hong Kong	**6,491**	5,797	**75,745**	191,695
	67,505	57,147	**159,412**	273,984

Note:

1. Non-current assets excluded available-for-sale investments, interests in associates and other financial instruments.

Information about major customers

Revenue from three customers, each individually contributing over 10% of the total revenue of the Group from the continuing operations individually under reportable segment of finance leasing are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**11,844**	13,343
Customer B	**11,786**	N/A
Customer C	**10,197**	19,842
Customer D	**N/A**	5,727

5. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest income on bank deposits and structured deposits	**4,871**	1,303
Dividend income from held-for-trading investments	**285**	392
Others	**331**	895
	5,487	2,590

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings wholly repayable within five years	**42,515**	33,842
Other finance costs	**–**	460
	42,515	34,302
Less: Interest on bank borrowings wholly repayable within five years included in cost of sales	**(40,415)**	(31,653)
	2,100	2,649

Included in cost of sales is interest on bank borrowings wholly repayable within five years amounting to HK$40,415,000 (2010: HK$31,653,000) under the finance leasing segment.

7. DISCONTINUED OPERATIONS

(a) Disposal of subsidiaries

On 16 March 2010, a subsidiary of the Company entered into a share transfer agreement with an independent purchaser and a guarantor, pursuant to which the subsidiary agreed to sell to the purchaser the entire issued share capital of Grand Award Limited for US$1 and to assign the loan to the purchaser for an aggregate consideration of HK$247,920,000 (the "Disposal"). Grand Award Group carried out all the Group's film and television programme production. The Disposal was completed on 11 June 2010 on which date the Group passed the control of Grand Award Group to the purchaser. Details of the Disposal are set out in the announcement of the Company dated 16 March 2010.

(b) Deemed disposal of subsidiaries

On 10 December 2010, upon allotment and issue of the relevant GDC shares pursuant to its share option scheme, the Company's equity interest in GDC has been diluted and fallen below 50% and was considered as a deemed disposal of GDC. Accordingly, GDC Group ceased to be a subsidiary of the Company and became an associate of the Company on that day ("Deemed Disposal").

GDC is incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange.

The principal activities of GDC are the provision and distribution of cultural recreation content including CG creation and production, digital content distribution and exhibitions, deployment of digital cinema network in Asia, CG training courses and cultural park. Accordingly, these operations were considered as discontinued since 10 December 2010.

Analysis of profit for the year from discontinued operations
The combined results of discontinued operations from the Grand Award Group and GDC Group included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below.

The profit for the year from discontinued operations is analysed as follows:

	Year ended 31 December 2010 *HK$'000*
Profit from discontinued operations	125,334
Gain on disposal of discontinued operations	9,899
	135,233

The combined results of Grand Award Group for the period from 1 January 2010 to 10 June 2010 and the GDC Group for the period from 1 January 2010 to 9 December 2010 were as follows. No separate disclosure of the results of Grand Award Group and GDC Group has been made as the results attributed to Grand Award Group are insignificant.

	Year ended 31 December 2010 *HK$'000*
Revenue	545,129
Cost of sales	(304,200)
Gross profit	240,929
Other income	9,754
Distribution costs and selling expenses	(12,971)
Administrative expenses	(91,936)
Changes in fair value for held-for-trading investments	241
Finance costs	(2,255)
Share of results of associates	(77)
Impairment loss on convertible loan receivable	(7,519)
Profit before tax	136,166
Income tax expense	(10,832)
Profit from discontinued operations	125,334

	Year ended 31 December 2010 *HK$'000*
Profit for the year from discontinued operations included the following:	
Reversal of allowance for doubtful debts	(1,019)
Release of prepaid lease payment	119
Auditor's remuneration	1,070
Cost of inventories recognised as an expense	214,329
Research and development cost	6,391
Depreciation of property, plant and equipment	13,427
Less: amounts included in productions work in progress	(1,563)
amounts included in contract cost	(117)
	11,747
Staff costs (including Directors' remuneration)	
Salaries and allowance	50,021
Pension scheme contributions	1,286
Total staff costs	51,307
and after crediting:	
Exchange gain, net	392
Interest income	4,452
Gain on disposal of property, plant and equipment	283

The net assets of the subsidiaries at the dates of the disposal of Grand Award Group and deemed disposal of GDC Group were as follows. No separate disclosure of the net assets of Grand Award Group nor GDC Group has been made as the net assets attributed to Grand Award Group are insignificant.

	HK$'000
Property, plant and equipment	254,920
Prepaid lease payments	5,873
Investment properties	93,605
Interests in associates	21,732
Other receivables	24,121
Available-for-sale investments	32,506
Inventories	59,197
Amounts due from customers for contract work	6,257
Trade receivables	104,471
Prepayments, deposits and other receivables	329,410
Convertible loan receivable	366
Held-for-trading investments	2,639
Pledged bank deposits	44,030
Structured deposits	41,169
Bank balances and cash	245,497
Trade payables	(41,055)
Other payables and accruals	(93,113)
Income received in advance	(56,250)
Amount due to an associate	(21,114)
Tax liabilities	(16,669)
Bank borrowings – due within one year	(42,001)
Bank borrowings – due after one year	(158,621)
	836,970
Non-controlling interests	(384,338)
	452,632

The gain on disposal of subsidiaries is calculated as follows:

Cash consideration received	254,818
Fair value of residual interests in GDC Group, based on quoted market price of GDC's shares at 10 December 2010	550,136
Reclassification of translation and special reserves to profit or loss	(10,420)
Impairment loss on initial carrying amount of interests in GDC Group	(332,003)
Less: net assets attributable to GDC Group and Grand Award Group	(452,632)
Gain on disposal	9,899

Net cash inflow arising on disposal:	
Cash consideration received	254,818
Less: bank balances and cash disposed of	(245,497)
	9,321

Cash flows from discontinued operations:

	Year ended 31 December 2010 *HK$'000*
Net cash flows used in operating activities	(63,242)
Net cash flows used in investing activities	(164,787)
Net cash flows from financing activities	190,417
Effect of foreign exchange rate changes	6,138
Net cash flows	(31,474)

8. (LOSS) GAIN ON DISPOSAL OF PARTIAL INTERESTS AND DILUTION OF INTERESTS IN AN ASSOCIATE

	2011 *HK$'000*	2010 *HK$'000*
Gain on disposal of partial interests in GDC *(Note a)*	**15,417**	1,358
Loss on dilution of interests in GDC *(Note b)*	**(22,300)**	–
	(6,883)	1,358

Notes:

(a) During the year ended 31 December 2011, the Group had disposed certain of its GDC shares in the open market at total cash consideration of approximately HK$24,002,000 (2010: HK$1,993,000), resulting in a gain on partial disposal of approximately HK$15,417,000 (2010: HK$1,358,000). The gain on partial disposal is calculated based on the sales proceeds minus the carrying value attributable to the disposed interest in GDC, release of other comprehensive income upon disposal and transaction costs incurred. The Group's equity interest in GDC has been decreased from 49.84% to 47.80%.

(b) On 4 October 2011, upon allotment and issue of the relevant GDC shares pursuant to the subscription agreement entered into by GDC dated 12 July 2011, the Group's equity interest in GDC has been diluted from 47.80% to 40.78%, resulting in a loss on deemed disposal of approximately HK$22,300,000.

9. INCOME TAX EXPENSE

Continuing operations

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong		
Provision for the year	**242**	239
PRC Enterprise Income Tax ("EIT")		
Provision for the year	**2,110**	3,659
	2,352	3,898
Deferred taxation :		
Current year	**(290)**	306
	2,062	4,204

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

Under the Laws of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of certain subsidiaries of the Group operating in the PRC was either reduced from 33% to 25% or was increased from 15% to 25% progressively from 1 January 2008 onwards. For the year ended 31 December 2011, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 24% to 25% (2010: 22% to 25%).

The income tax expense for the year can be reconciled to the profit (loss) before tax from continuing operations in the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit (loss) before tax from continuing operations	**115,456**	(11,254)
Tax calculated at PRC EIT rate of 25%	**28,864**	(2,814)
Tax effect on share of results of associates	**(41,630)**	4,097
Tax effect of expenses not deductible for tax purposes	**22,563**	7,113
Tax effect of income not taxable for tax purposes	**(17,450)**	(6,599)
Tax effect of deferred tax assets not recognised	**10,636**	2,336
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(962)**	(368)
Others	**41**	439
Income tax expense for the year	**2,062**	4,204

10. PROFIT (LOSS) FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Profit (loss) for the year has been arrived at after charging:		
Staff costs, including Directors' remuneration :		
– Salaries, wages and other benefits	**25,877**	19,464
– Retirement benefit scheme contributions	**421**	(255)
– Share-based payments	**–**	7,590
Total staff costs	**26,298**	26,799
Auditor's remuneration	**1,332**	1,351
Depreciation of property, plant and equipment	**1,340**	1,435
Loss on disposal of property, plant and equipment	**8**	6
and after crediting:		
Exchange gain, net	**6**	1
Gross rent from investment properties	**6,491**	5,797
Less: direct operating expenses from investment properties that generated rental income during the year	**(754)**	(822)
	5,737	4,975

11. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**113,381**	29,848

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,152,192**	1,152,042

The calculation of diluted earnings per share from the continuing and discontinued operations for both years does not include the potential ordinary shares arising from the Company's share options because the exercise prices of these share options were higher than the average market price of the shares of the Company for both years.

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Earnings (loss)		
Profit for the year attributable to owners of the Company	**113,381**	29,848
Less: Profit for the year from discontinued operations	**–**	(45,269)
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share from continuing operations	**113,381**	(15,421)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations for the year ended 31 December 2010 is HK3.93 cents per share based on the profit for the year from the discontinued operations of HK$45,269,000 and the denominators detailed above for both basic and diluted earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Computer equipment	Other fixed assets	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2010	29,686	13,739	28,423	15,987	91,460	179,295
Exchange realignment	1,029	363	476	153	965	2,986
Additions	895	7,909	6,400	41,195	97,932	154,331
Transfer	190,357	–	–	–	(190,357)	–
Disposal of subsidiaries	(190,357)	(20,282)	(35,081)	(49,694)	–	(295,414)
Other disposals	–	(126)	(218)	(1,489)	–	(1,833)
At 31 December 2010	31,610	1,603	–	6,152	–	39,365
Exchange realignment	1,479	2	–	64	–	1,545
Additions	–	220	–	939	–	1,159
Other disposals	–	(102)	–	(130)	–	(232)
At 31 December 2011	33,089	1,723	–	7,025	–	41,837
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2010	1,469	9,809	11,619	11,702	–	34,599
Exchange realignment	146	1	–	43	–	190
Provided for the year	707	4,202	7,828	2,125	–	14,862
Eliminated on disposal of subsidiaries	–	(12,341)	(19,327)	(8,826)	–	(40,494)
Eliminated on other disposals	–	(77)	(120)	(54)	–	(251)
At 31 December 2010	2,322	1,594	–	4,990	–	8,906
Exchange realignment	59	2	–	69	–	130
Provided for the year	734	28	–	578	–	1,340
Eliminated on other disposals	–	(102)	–	(114)	–	(216)
At 31 December 2011	3,115	1,522	–	5,523	–	10,160
CARRYING VALUES						
At 31 December 2011	29,974	201	–	1,502	–	31,677
At 31 December 2010	29,288	9	–	1,162	–	30,459

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line method at the following rates per annum:

Leasehold land and buildings	Over the shorter of term of the lease of the land or 50 years
Leasehold improvements	Over the shorter of term of the lease or 5 years
Computer equipment	$33^1/_3$%
Other fixed assets	10% – 30%

The buildings are situated on land with lease term of 50 years.

13. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2010	152,450
Acquired on an acquisition of a subsidiary *(Note 26)*	84,473
Additions	9,132
Derecognised upon Deemed Disposal *(Note 7(b))*	(93,605)
Net increase in fair value recognised in profit or loss	38,140
At 31 December 2010 and 1 January 2011	190,590
Transfer to assets classified as held for sale *(Note 14)*	(132,000)
Derecognised upon disposal	(48,845)
Net increase in fair value recognised in profit or loss	65,055
At 31 December 2011	74,800

The fair values of the Group's investment properties at 31 December 2011 and 2010 have been arrived at on the basis of a valuation carried out on that date by AA Property Services Limited, an independent qualified professional valuer not connected with the Group. AA Property Services Limited is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

All of the Group's property interests held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

At 31 December 2011 and 2010, all of the Group's investment properties are located in Hong Kong and held under long leases with the lease terms of 52 to 126 years. All of the Group's investment properties have been pledged to banks to secure general banking facilities granted to the Group (Note 24).

14. ASSETS CLASSIFIED AS HELD FOR SALE

	2011	2010
	HK$'000	*HK$'000*
Leasehold land and building		
– Transfer from investment properties *(Note 13)*	**132,000**	–

On 27 May 2011, a subsidiary of the Company entered into a provisional agreement with an independent purchaser pursuant to which the subsidiary agreed to sell its entire ownership interests in the properties to the purchaser for a cash consideration of HK$132,000,000 (the "Property Disposal"), the direct transaction cost associated with the Property Disposal amounted to approximately HK$1,419,000. The properties comprised units A and B on all of the 3rd, 6th and 9th floors and all the car parking spaces on the 4th floor of Tin Fung Industrial Mansion, 63 Wong Chuk Hang Road, Aberdeen, Hong Kong. The properties are held by the Group as investment properties. The Property Disposal was completed on 1 February 2012. Details of the Property Disposal are set out in the announcement of the Company dated 27 May 2011 and the circular of the Company dated 17 June 2011.

15. GOODWILL

	HK$'000
COST	
At 1 January 2010, 31 December 2010 and 2011	254,789
IMPAIRMENT	
At 1 January 2010, 31 December 2010 and 2011	201,854
CARRYING VALUE	
At 31 December 2010 and 2011	52,935

16. INTERESTS IN ASSOCIATES

	2011	2010
	HK$'000	*HK$'000*
Cost of investments in associates		
Listed in Hong Kong	**186,613**	217,498
Unlisted	**1**	–
Share of post-acquisition results	**150,133**	(16,388)
Share of post-acquisition exchange reserve	**9,637**	3,778
	346,384	204,888
Impairment loss	**(66,994)**	–
	279,390	204,888
Fair value of listed investments in Hong Kong	**154,792**	652,080
Carrying amount of interests in associates listed in Hong Kong	**279,389**	204,888

Details of the Group's principal associate at 31 December 2011 and 2010 are as follows:

Name of entity	Form of business structure	Place of incorporation/ establishment and operation	Proportion of nominal value of issued share capital/ registered capital held by the Group		Proportion of voting power held		Principal activities
			2011	2010	**2011**	2010	
GDC	Incorporated	Bermuda/ Hong Kong	**40.78%**	49.84%	**40.78%**	49.84%	Provision and distribution of cultural recreation content including CG creation and production, digital content distribution and exhibitions, deployment of digital cinema network in Asia, CG training courses and cultural park

The carrying amount of investments in GDC Group has been tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset. During the year ended 31 December 2011, the Group recognised an impairment loss of approximately HK$66,994,000 (2010: Nil) in relation to the interests in GDC Group.

The recoverable amount of the investment in GDC Group as at 31 December 2011 has been determined on the basis of value in use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 11% and a 4% growth rate after the 5-years period. Other key assumptions for the value in use calculations relate to the estimation of cash inflow/outflows which include budgeted revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development.

The summarised financial information in respect of the Group's associates is set out below:

	2011	2010
	HK$'000	*HK$'000*
Total assets	**1,198,322**	1,032,845
Total liabilities	**(339,859)**	(460,455)
Net assets	**858,463**	572,390
The Group's share of net assets of associates	**346,384**	204,888
Revenue	**94,677**	39,238*
Profit (loss) for the year	**349,991**	(32,775)*
The Group's share of profit (loss) of associates for the year		
– continuing operations	**166,521**#	(16,388)*
– discontinued operations	**–**	(77)
	166,521	(16,465)
The Group's share of translation difference	**9,637**	3,778*

Contingent liability of GDC Group is set out in Note 27.

* Included revenue, profit or other comprehensive income of GDC Group from the date it became an associate of the Group up to 31 December 2010.

During the year ended 31 December 2011, GDC Group disposed certain of its subsidiaries and resulted in gain on disposal of discontinued operations of HK$277,329,000. The Group's share of the gain on disposal is HK$113,095,000.

17. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Note)	*(Note)*		
Variable-interest rate finance lease receivables comprise:				
Within one year	**354,865**	244,374	**311,149**	206,414
In more than one year but not more than two years	**176,684**	248,826	**157,857**	231,474
In more than two years but not more than three years	**77,679**	62,776	**68,446**	56,359
In more than three years but not more than four years	**63,785**	30,884	**60,091**	27,686
In more than four years but not more than five years	**11,432**	27,790	**11,111**	26,661
More than five years	**–**	48	**–**	48
	684,445	614,698	**608,654**	548,642
Less: Unearned finance lease income	**(75,791)**	(66,056)	**N/A**	N/A
Present value of minimum lease receipts	**608,654**	548,642	**608,654**	548,642
Analysed as:				
Current finance lease receivables (receivable within 12 months)			**311,149**	206,414
Non-current finance lease receivables (receivable after 12 months)			**297,505**	342,228
			608,654	548,642

Note: The minimum lease receipts amounts as at 31 December 2011 and 2010 are presented using the prevailing People's Bank of China Renminbi Lending Rate as at 31 December 2011 and 2010 respectively.

18. ENTRUSTED LOAN RECEIVABLES

In 2010, one of the PRC subsidiaries of the Company entered into entrusted loan arrangements with banks, in which the subsidiary acted as the entrusting parties and the banks acted as the lenders to provide funding to specified borrowers. The entrusted loans receivable are due within one year and fully repaid in 2011.

19. INVENTORIES

Inventories represent goods held for resale.

20. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**128**	132
Less: Allowance for doubtful debts	**–**	–
	128	132

The Group allows a credit period of 90 days to its trade customers.

The following is an aged analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0 – 90 days	**123**	132
91 – 180 days	**5**	–
	128	132

Included in the Group's trade receivable balance are debtors with aggregrate carrying amount of HK$5,000 (2010: Nil) which are past due as at the end of the reporting period of which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 122 days as at 31 December 2011.

21. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2011 and 2010 represented equity securities as follows:

	2011	2010
	HK$'000	*HK$'000*
Listed in the PRC	**1,703**	1,843
Listed in Hong Kong	**35,185**	13,159
	36,888	15,002

The fair values of the held-for-trading investments were determined based on the quoted market bid prices available on the relevant exchanges.

22. AVAILABLE-FOR-SALE INVESTMENTS

The investment represents equity interest in private entities established in the PRC.

The investment is measured at cost less impairment at the end of the reporting period because the range of the reasonable fair value estimates is so variable that the Directors are of the opinion that their fair values cannot be measured reliably.

23. STRUCTURED DEPOSITS

The structured deposits as at 31 December 2011 consist of principal-protected deposits of RMB1,000,000 (equivalent to approximately HK$1,235,000) and deposits of RMB 10,000,000 (equivalent to approximately HK$12,345,000) issued by banks in the PRC. The structured deposits carry interest at expected interest rate of 6% and 5.25% per annum respectively, depending on the market price of the underlying financial products invested by the banks, payable on maturity where the maturity ranges from 30 to 45 days. The structured deposits are designated at fair value through profit or loss on initial recognition as they contain non-closely related embedded derivative. The Directors consider the fair values of the structured deposits, which are based on the prices the counterparty bank would pay to redeem at 31 December 2011 approximate to their carrying values at 31 December 2011.

The structured deposits are redeemed in January and February 2012. The change in fair value up to the date of redemption is not significant.

24. SECURED BANK BORROWINGS

	2011 ***HK$'000***	2010 *HK$'000*
Secured variable-rate bank borrowings	**662,672**	629,494
Carrying amount repayable (Note):		
Within one year	**382,593**	276,712
More than one year, but not exceeding two years	**130,186**	202,637
More than two years, but not exceeding three years	**56,905**	38,707
More than three years, but not exceeding four years	**50,120**	27,686
More than four years, but not exceeding five years	**11,111**	26,661
	630,915	572,403
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**2,491**	4,127
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**29,266**	52,964
	662,672	629,494
Less: Amounts due within one year shown under current liabilities	**(414,350)**	(333,803)
Amounts due after one year	**248,322**	295,691

Note: The amounts are based on scheduled repayment dates set out in the loan agreements.

25. SHARE CAPITAL

	2011		2010	
	Number of shares	**Nominal value HK$'000**	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At 1 January	**1,152,192,469**	**11,522**	1,151,392,469	11,514
Exercise of share options *(Note)*	**–**	**–**	800,000	8
At 31 December	**1,152,192,469**	**11,522**	1,152,192,469	11,522

Note: For the year ended 31 December 2010, share option holders exercised their rights to subscribe 800,000 ordinary shares of the Company at HK$0.41 per share.

26. ACQUISITION OF A SUBSIDIARY

On 30 March 2010, the Group acquired 68% of the issued capital of 廣東時尚置業有限公司（now known as 廣東環球數碼創意產業有限公司）(Guangdong Shishang Zhiye Investment Co., Ltd., now known as Guangdong GDC Cultural Park Limited) ("Guangdong Shishang") for consideration of RMB56,060,000 (equivalent to approximately HK$63,705,000). The acquisition was completed on 20 April 2010. Details of the acquisition were set out in the announcement of the Company dated 30 March 2010.

Guangdong Shishang is a limited liability company established in the PRC on 23 March 2007. Guangdong Shishang entered into a framework agreement on 28 March 2007 (as supplemented on 3 April 2008) (the "Framework Agreement") with 珠江電影製片有限公司 (Pearl River Film Production Company Limited) ("Pearl River Film Production") to redevelop 珠影文化產業園 ("Pearl River Film Cultural Park"). Pearl River Film Production, as the landlord of the Pearl River Film Cultural Park, agreed to grant the property leasing right to Guangdong Shishang, in return for predetermined fixed monthly payment from Guangdong Shishang for a term up to 31 December 2045. Guangdong Shishang is responsible for the design, financing, construction and operation of the Pearl River Film Cultural Park and the funding of the entire construction project. Upon the expiration of the Framework Agreement, Guangdong Shishang has to return all properties to Pearl River Film Production.

The Pearl River Film Cultural Park is located at No. 352 and 354, Xin Gang Zhong Road, Guangzhou, China and the present land use right is owned by Pearl River Film Production. After the redevelopment, which is expected to be completed in the next 2 to 3 years, the Pearl River Film Cultural Park will have a commercial area, a cultural entertainment area and a film production and development area, which will be held for investment properties purpose.

The acquisition of the subsidiary is accounted for as acquisition of assets and assumption of liabilities.

The net assets of the subsidiary acquired as of the completion date of the acquisition are as follows:

	HK$'000
Net assets acquired:	
Investment properties	84,473
Prepayments, deposits and other receivables	12,305
Bank balances and cash	556
Other payables and accruals	(5,702)
	91,632
Non-controlling interests	(27,927)
Total consideration satisfied by cash	63,705
Net cash outflow arising on acquisition:	
Cash consideration paid	63,705
Bank balances and cash acquired	(556)
	63,149

This subsidiary has been disposed of during the year ended 31 December 2010 upon Deemed Disposal as set out in Note 7(b).

27. LITIGATION

GDC (previously a non-wholly-owned subsidiary of the Company and now became an associate of the Company) received an original complaint in April 2010, a first amended complaint in July 2010 and a second amended complaint in March 2011 for damages and injunctive relief, and demand for jury trial (the "Proceeding") filed with the District Court, Central District of California Western Division of the United States (the "Court") by X6D Limited, X6D USA Inc. and XpanD, Inc. (collectively, the "X6D") against, among others, GDC and its subsidiaries namely GDC Technology Limited, GDC Technology China Limited, GDC Technology (USA), LLC and GDC Technology of America LLC (collectively, the "Defendants") for copyright infringement, trademark and trade dress infringement, patent infringement, misappropriation of trade secrets and statutory unfair competition in relation to the 3D glasses sold by the Defendants. Sale of 3D glasses is not a core business of the GDC Group.

The GDC Group filed its answer and counterclaims in November 2010 and amended answers and counterclaims in January 2011 and April 2011 denying X6D's allegations, asserting various affirmative defenses and asserting eight counterclaims against X6D generally that, among others, X6D did not own any valid intellectual property rights that cover the Defendants' 3D glasses and X6D wrongfully and intentionally interfered with the Defendants' prospective business relations with their potential customers. In January 2011 and May 2011, X6D filed its answers to the counterclaims denying the Defendants' allegations and asserting various affirmative defenses.

In May 2011, X6D filed with the United States Patent & Trademark Office re-issue requested for all three of its design patents. In June 2011, the Defendants filed a motion to stay the litigation on the ground that the patent claims were in flux due to the re-issue applications, and that the same facts applied to the validity of all of X6D's intellectual property and trade secrets claims, and all claims involved common products. X6D filed its opposition to the motion in July 2011. The Court issued its order granting the stay as to the patent claims but denying the motion as to all non-patent claims in August 2011.

During the mediation on 9 March 2012, X6D and the GDC Group reached an agreement to settle the dispute out of the Court. Although the settlement agreement was not finalized prior to the date of the consolidated financial statements of the GDC Group are authorised for issuance, once the agreement is signed, all claims between X6D and the GDC Group will be resolved.

Based on the terms of the settlement agreement, no provision for any potential liability is required to be made by the GDC Group in their consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2010: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 May 2012 to Friday, 25 May 2012 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Friday, 25 May 2012 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars and transfer office of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 23 May 2012 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Group recorded profit attributable to owners of the Company of approximately HK$113,381,000 for the year ended 31 December 2011, represented an increase of approximately 3 times when compared with profits attributable to owners of the Company of approximately HK$29,848,000 for the year ended 31 December 2010. The increase was mainly attributable to profits on disposal of certain investment properties by the property leasing and building management services segment and share of profits from an associated company.

Revenue of the Group for the year ended 31 December 2011 was approximately HK$67,505,000, when compared with that of approximately HK$57,147,000 for the year of 2010, represented an increase of approximately 18%. The increase was mainly attributable to an increase in assets management income by approximately HK$5,619,000 and an increase in finance lease income by approximately HK$4,045,000, respectively, over that of the same period last year.

Cost of sales for the year ended 31 December 2011 amounted to approximately HK$44,012,000, represented an increase of approximately 39%. The increase was mainly attributed by finance leasing segment and assets management segment in line with the increase in income.

The Group made a gross profit of approximately HK$23,493,000 for the year ended 31 December 2011, representing a gross profit margin of approximately 35%. Comparing with the gross profit margin of approximately 45% for the year ended 31 December 2010, the decrease was mainly attributable to the impact on the base of comparison from once-off penalty charge received from finance leasing customers during the year of 2010.

Other income for the year ended 31 December 2011 amounted to approximately HK$5,487,000 (2010: HK$2,590,000), representing an increase of approximately 112%. The increase was mainly due to increase in interest income.

Administrative expenses for the year ended 31 December 2011 amounted to approximately HK$48,425,000 (2010: HK$37,695,000), representing an increase of approximately 28%. The increase was mainly due to the increase in compliance and professional service fee associated for the development of the finance leasing business.

For the year ended 31 December 2011, share of profits from associated companies amounted to HK$166,521,000 (2010: loss of HK$16,388,000) and impairment loss on interests in an associate amounted to HK$66,994,000 (2010: Nil).

Basic earnings per share for the year ended 31 December 2011 was HK9.84 cents (2010: HK2.59 cents).

BUSINESS REVIEW AND OUTLOOK

Property Investment and Management

During the year, revenue from the property leasing and building management services segment increased by 12% to approximately HK$6,491,000 (2010: HK$5,797,000), while the segment result recorded a profit of approximately HK$69,120,000 (2010: HK$42,888,000). The increase in revenue from the property leasing and building management services segment was mainly attributed to certain maintenance and refurbishment work carried out on the investment properties which enhanced the rental value of such properties and promoted occupancy rate. The significant growth in the results of this segment was a result of the Hong Kong property market boom, the Group recorded an increase in fair value of the Group's investment properties of approximately HK$65,055,000 (2010: fair value increase of HK$38,140,000) during the year, which included gain on disposal of certain investment properties amounting to approximately HK$4,455,000 recorded during the year.

Capturing market opportunities, the Group disposed certain of its investment properties during the year (including residential, commercial and industrial units) so as to adjust the combination and quality of the investment properties portfolio. The Group will continue to monitor market changes and seek investment opportunities. With the sale of the bulk of the Group's properties in the year of 2012, the expected income from the property leasing and building management services segment in 2012 would greatly decrease. The Group expected to receive stable cash flow from rental income and expected that the investment properties would continue to contribute stable cash return to the Group in the foreseeable future.

Finance Leasing

During the year, revenue from the finance leasing segment increased by approximately 8% to HK$55,395,000 (2010: HK$51,350,000), while the segment result recorded a profit of approximately HK$190,000 (2010: loss of HK$1,405,000). The increase in revenue from the finance leasing segment was mainly attributed to the increase in interest-bearing finance lease balances resulted from the new finance lease projects carried out during the year. The segmental results recorded profit was mainly attributed to the reduction in provision for doubtful debts made for finance lease receivables.

The Group adhered to prudent risk management policy, with the finance leasing segment continuously carrying out rigorous and regular review of its credit risk over all the existing and new finance leasing clients. During the year, provision for doubtful debts amounting to approximately HK$8,225,000 (2010: HK$21,201,000) was made towards receivables for a particular finance lease. Excluding this particular lease, over 99% of the clients (calculated based on the finance lease receivables as at the year-end date) from the finance leasing segment paid on time according to the agreed repayment schedules. The Group will continue to adopt a careful and prudent credit risk management strategy and endeavor to exercise its best efforts in the recovery of impaired receivables.

In response to the tightening of credit policies in the PRC and the changing international economic environment, the finance leasing segment adopted a prudent business development strategy. The Group proactively responded to intensifying market competition by refining industrial classification and exploring different financing methods to lower its finance costs and enhance finance leasing project yield. The Group will look for continuous and steady business expansion based on an effective risk control of its financial lease operation.

Assets Management

During the year, the assets management segment recorded revenue of approximately HK$5,619,000 (2010: Nil), while the segment results recorded a profit of approximately HK$189,000 (2010: loss of HK$647,000). The assets management segment achieved break-even and the turning into profit was attributable to stable income generated from brand management service started by the assets management segment during the year.

With the in-depth understanding of PRC economies, industries and cultures together with the well-established global investment relationship connection, assets management segment dedicated for grasping current investment opportunities and market development so as to acquire stable risk-adjusted returns. Assets management segment's investment mainly focus on industry sectors which are positioned to benefit from the strong economic growth in PRC.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

The Group aimed to maintain stable funding sources and financing is arranged to match business characteristics and cash flows. The financial leverage of the Group as at 31 December 2011 as compared to 31 December 2010 is summarized below:

HK$'000	**31 December 2011**	31 December 2010
Total borrowings		
Current borrowings	**414,350**	333,803
Non-current borrowings	**248,322**	295,691
sub-total	**662,672**	629,494
Total cash		
Bank balances and cash	**291,868**	308,337
Structured deposits	**13,580**	–
Restricted bank deposits	**25,926**	10,619
sub-total	**331,374**	318,956
Net borrowings	**331,298**	310,538
Total equity	**834,651**	704,411
Total assets	**1,571,397**	1,373,460
Financial leverage		
Net debt to total equity	**40%**	44%
Net debt to total assets	**21%**	23%
Current ratio	**173%**	150%

As at 31 December 2011, the Group had bank balances and cash of approximately HK$291,868,000 (31 December 2010: HK$308,337,000), structured deposits of approximately HK$13,580,000 (2010: Nil) and restricted bank deposits of approximately HK$25,926,000 (31 December 2010: HK$10,619,000) which were mainly denominated in Hong Kong dollars and Renminbi. The increase was mainly from net new borrowings raised of approximately HK$9,454,000, net proceeds from disposal of partial interests in an associate of approximately HK$24,002,000, net proceeds from disposal of investment properties of approximately HK$48,845,000 and netting off with net cash outflow from operating activities of approximately HK$71,462,000.

As at 31 December 2011, the Group's borrowings amounted to approximately HK$662,672,000, of which approximately HK$414,350,000 were repayable within twelve months from 31 December 2011 and approximately HK$248,322,000 were repayable after twelve months from 31 December 2011. During the year, the Group obtained new bank borrowings of approximately HK$267,116,000, which were applied for the finance leasing business. All loans bore interest at market rates.

Capital Structure

The equity attributable to owners of the Company amounted to approximately HK$833,923,000 as at 31 December 2011 (31 December 2010: HK$703,750,000). The increase was mainly due to profit attributable to owners of the Company of approximately HK$113,381,000 for the year ended 31 December 2011. The Company did not issue any new shares during the year under review. The issued share capital of the Company was HK$11,522,000 (represented by approximately 1,152 million ordinary shares).

Material Acquisition, Disposals and Significant Investment

Other than the disposal of a partial interest in an associate as disclosed in Note 8, the Group had no material acquisitions, disposals and significant investment during the year ended 31 December 2011.

Charge on Assets

As at 31 December 2011, the Group has the following charge on assets:

i) The Group's investment properties with an aggregate carrying value of approximately HK$74,800,000 were pledged to banks to secure for bank borrowings with an outstanding amount of approximately HK$31,757,000.

ii) The Group's assets classified as held for sale with an aggregate carrying value of approximately HK$132,000,000 were pledged to banks to secure for bank borrowings with an outstanding amount of approximately HK$92,000,000.

iii) The Group's finance lease receivables with a carrying value of approximately HK$536,731,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$538,915,000.

iv) There were new bank deposits of approximately HK$25,926,000 restricted for the repayment of bank borrowings, which will be released upon full settlement of the relevant bank borrowings of approximately HK$139,165,000.

Foreign Exchange Exposure

The normal operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign currency exposures. As at 31 December 2011, the Group has no significant exposure under foreign exchange.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2011.

Employees

As at 31 December 2011, the Group employed 41 (31 December 2010: 40) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employee share option scheme are also available to employee of the Group. Remuneration packages are reviewed either annually or by special increment.

During the year ended 31 December 2011, the Company and its subsidiaries have not paid or committed to pay any amount as an inducement to join or upon joining the Company and/or its subsidiaries to any individual.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2011, except for the following deviation:–

– Under the second part of code provision A.4.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

  In order to comply with the applicable laws of Bermuda, the Chairman and the Managing Director are not subject to retirement by rotation under the bye-laws of the Company. However, they will voluntarily retire and offer themselves for re-election at least once every three years in order to comply with the second part of code provision A.4.2 of the Code.

Details of the Company's compliance with the provisions of the Code during the year will be set out in the Corporate Governance Report in the Company's 2011 annual report.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Li Shaofeng
Chairman

Hong Kong, 22 March 2012

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Luo Zhenyu (Managing Director), Mr. Wang Tian (Deputy Managing Director), Mr. Yuan Wenxin (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Ms. Zhou Jianhong (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).

* *For identification purpose only*