SCMP Group Limited

南華早報集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 583)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINAL RESULTS

The Directors of SCMP Group Limited (the "Company") are pleased to announce the consolidated final results of the Company and its group of companies (the "Group") for the year ended 31 December 2011 as follows:

CONSOLIDATED BALANCE SHEET
As at 31 December 2011

	Notes	**31 December 2011** **HK$'000**	31 December 2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*3*	**544,064**	566,324
Investment properties		**1,462,550**	1,224,900
Intangible assets		**19,589**	15,690
Investment in associates		**53,870**	57,478
Available-for-sale financial assets		**190,252**	267,965
Defined benefit plan's assets		**62,429**	56,400
Deferred income tax assets		**429**	-
		2,333,183	2,188,757
Current assets			
Inventories		**26,408**	20,813
Accounts receivable	*4*	**244,224**	195,618
Prepayments, deposits and other receivables		**11,746**	11,226
Amount due from an associate		**39**	61
Short-term bank deposits		**76,117**	-
Cash and cash equivalents		**324,818**	432,663
		683,352	660,381
Total assets		**3,016,535**	2,849,138

CONSOLIDATED BALANCE SHEET (continued)
As at 31 December 2011

	Notes	**31 December 2011** ***HK$'000***	31 December 2010 *HK$'000*
EQUITY			
Capital and reserves			
Share capital	*5*	**156,095**	156,095
Reserves		**2,368,646**	2,218,491
Proposed dividend		**62,438**	62,438
		2,431,084	2,280,929
Shareholders' funds		**2,587,179**	2,437,024
Non-controlling interests		**22,785**	21,855
Total equity		**2,609,964**	2,458,879
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**214,466**	176,128
		214,466	176,128
Current liabilities			
Accounts payable and accrued liabilities	*6*	**158,737**	163,102
Amount due to associates		**2,864**	3,171
Subscriptions in advance		**24,870**	23,041
Current income tax liabilities		**5,634**	24,817
		192,105	214,131
Total liabilities		**406,571**	390,259
Total equity and liabilities		**3,016,535**	2,849,138
Net current assets		**491,247**	446,250
Total assets less current liabilities		**2,824,430**	2,635,007

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	2	**946,083**	881,082
Other income		**11,826**	8,431
Staff costs		**(364,319)**	(352,372)
Cost of production materials		**(134,160)**	(136,018)
Rental and utilities		**(19,584)**	(20,500)
Depreciation and amortisation		**(52,588)**	(56,341)
Advertising and promotion		**(29,939)**	(26,116)
Other operating expenses		**(147,927)**	(131,885)
Fair value gain on investment properties		**237,650**	198,800
Operating profit		**447,042**	365,081
Finance income		**4,471**	2,457
Share of profits of associates		**1,492**	5,763
Profit before income tax		**453,005**	373,301
Income tax expense	7	**(69,367)**	(67,307)
Profit for the year		**383,638**	305,994
Other comprehensive income			
Fair value gain arising from reclassification of leasehold properties to investment properties		**-**	13,178
Fair value (loss)/gain on available-for-sale financial assets		**(93,750)**	66,967
Currency translation difference		**(2,329)**	4,524
Income tax relating to components of other comprehensive income		**-**	(2,174)
Other comprehensive (loss)/income for the year, net of tax		**(96,079)**	82,495
Total comprehensive income for the year		**287,559**	388,489

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
Year ended 31 December 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Profit attributable to:			
Shareholders of the Company		**370,708**	294,376
Non-controlling interests		**12,930**	11,618
		383,638	305,994
Total comprehensive income attributable to:			
Shareholders of the Company		**274,629**	376,871
Non-controlling interests		**12,930**	11,618
		287,559	388,489
Earnings per share	*9*		
Basic and diluted		**23.75 cents**	18.86 cents
Dividends	*8*	**124,876**	93,657

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ADOPTION OF NEW/REVISED HKFRS

(a) Basis of preparation

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

(b) Changes in accounting policy and disclosures

(i) The following amendments to standards that are relevant to the Group are mandatory for the first time for the financial year beginning 1 January 2011.

HKFRS 7, 'Financial Instruments: Disclosure'

HKFRS 7, 'Financial Instruments: Disclosure', clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures.

HKAS 1, 'Presentation of Financial Statements'

HKAS 1, 'Presentation of Financial Statements', clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

Both of these standards were amended as a result of the third annual improvements project published by the Hong Kong Institute of Certified Public Accountants.

The amendments resulted in changes in the disclosures and presentation of the financial statements of the Group but have no impact to the Group's profit or loss and net asset.

(ii) New standards, amendments and interpretations, that are relevant to the Group, have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted.

	Applicable for accounting periods beginning on / after
HKAS 12 (amendment), 'Deferred tax: Recovery of underlying assets'	1 January 2012
HKAS 1 (amendment), 'Presentation of Financial Statements'	1 July 2012
HKFRS 9, 'Financial Instruments'	1 January 2015
HKFRS 10, 'Consolidated Financial Statements'	1 January 2013
HKFRS 12, 'Disclosure of Interests in Other Entities'	1 January 2013
HKFRS 13, 'Fair Value Measurements'	1 January 2013
HKAS 19 (amendment), 'Employee Benefits'	1 January 2013
HKAS 28 (revised 2011), 'Associates and Joint Ventures'	1 January 2013

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

2. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Managing Director and Chief Executive Officer of the Group, who reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group has three reportable segments: newspaper, magazine and property. Newspaper segment is engaged in the publication of *South China Morning Post*, *Sunday Morning Post* and other related print and digital publications. It derives its revenue mainly from advertising and sales of newspapers. Magazine segment is engaged in the publication of various magazines in Chinese language and related print and digital publications. Its revenue is derived from advertising and sales of magazines. Property segment holds various commercial and industrial properties in Hong Kong. It also owns advertising billboards for outdoor advertising. It derives revenue through leasing out its properties and billboards.

The chief operating decision-maker assesses the performance of the operating segments based on a number of measures, including earnings before interest, tax, depreciation and amortisation (EBITDA) and profit or loss after tax. The Group considers that the measurement principles for profit or loss after tax are most consistent with those used in measuring the corresponding amounts in the Group's financial statements. Hence, profit or loss after tax is used for reporting segment profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that interest in the profit or loss of an associates is accounted for on the basis of dividend received or receivable in segment profit or loss while such interest is accounted for under the equity method in the Group's consolidated financial statements.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies. Transactions between reportable segments are accounted for on arm's length basis.

Turnover consists of revenue from all of the Group's reportable segments, which comprise newspaper, magazine and property, as well as other segments whose contributions to the Group's revenue and profit or loss are below the quantitative threshold for separate disclosures. The turnover for the year ended 31 December 2011 and 2010 were HK$946,083,000 and HK$881,082,000 respectively.

Revenue from newspapers, magazines and other publications included revenue of HK$4,261,000 (2010: HK$5,286,000) arising from exchanges of goods or services with third parties.

2. REVENUE AND SEGMENT INFORMATION (continued)

Substantially all the activities of the Group are based in Hong Kong and below is segment information by reportable segments:

(a) Reportable segment profit or loss

For the year ended 31 December 2011

	Newspaper *HK$'000*	Magazine *HK$'000*	Property *HK$'000*	All other *HK$'000*	Total *HK$'000*
Total segment revenue	**779,158**	**142,151**	**32,318**	**-**	**953,627**
Inter-segment revenue	**(672)**	**(5,331)**	**(1,541)**	**-**	**(7,544)**
Revenue from external customers	**778,486**	**136,820**	**30,777**	**-**	**946,083**
Finance income	**2,964**	**12**	**-**	**1,495**	**4,471**
Depreciation and amortisation	**(45,882)**	**(1,216)**	**(5,490)**	**-**	**(52,588)**
Income tax	**(18,195)**	**(8,085)**	**(43,087)**	**-**	**(69,367)**
Reportable segment profit	**120,523**	**43,236**	**216,340**	**4,502**	**384,601**

For the year ended 31 December 2010

	Newspaper *HK$'000*	Magazine *HK$'000*	Property *HK$'000*	All other *HK$'000*	Total *HK$'000*
Total segment revenue	725,630	134,808	28,982	6	889,426
Inter-segment revenue	(772)	(6,031)	(1,541)	-	(8,344)
Revenue from external customers	724,858	128,777	27,441	6	881,082
Finance income	1,089	16	-	1,352	2,457
Depreciation and amortisation	(49,850)	(1,085)	(5,406)	-	(56,341)
Income tax	(23,735)	(7,652)	(35,920)	-	(67,307)
Reportable segment profit/(loss)	118,996	(695)	179,549	3,748	301,598

(b) Reportable segment information

For the year ended 31 December 2011

	Newspaper *HK$'000*	Magazine *HK$'000*	Property *HK$'000*	All other *HK$'000*	Total *HK$'000*
Capital expenditure	**32,290**	**1,332**	**630**	**-**	**34,252**

For the year ended 31 December 2010

	Newspaper *HK$'000*	Magazine *HK$'000*	Property *HK$'000*	All other *HK$'000*	Total *HK$'000*
Capital expenditure	11,742	3,122	917	-	15,781

2. **REVENUE AND SEGMENT INFORMATION (continued)**

(c) Reconciliation of reportable segment profit or loss to profit for the year

	For the year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Profit for reportable segments	**380,099**	297,850
Profit for all other segments	**4,502**	3,748
	384,601	301,598
Reconciling items:		
Share of profits of associates under equity method of accounting	**1,492**	5,763
Dividend received from an associate	**(2,455)**	(1,367)
	(963)	4,396
Profit for the year	**383,638**	305,994

3. **PROPERTY, PLANT AND EQUIPMENT**

	Group			
	Leasehold land and buildings	**Other fixed assets**	**Assets in progress**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2011	**317,679**	**246,259**	**2,386**	**566,324**
Additions	**-**	**10,441**	**14,338**	**24,779**
Disposals	**-**	**(36)**	**-**	**(36)**
Transfer	**-**	**11,955**	**(11,955)**	**-**
Depreciation	**(9,752)**	**(37,262)**	**-**	**(47,014)**
Translation differences	**-**	**11**	**-**	**11**
Net book value at 31 December 2011	**307,927**	**231,368**	**4,769**	**544,064**
At 31 December 2011				
Cost	**420,375**	**903,609**	**4,769**	**1,328,753**
Accumulated depreciation and impairment losses	**(112,448)**	**(672,241)**	**-**	**(784,689)**
Net book value at 31 December 2011	**307,927**	**231,368**	**4,769**	**544,064**

4. ACCOUNTS RECEIVABLE

The Group allows an average credit period of 7 to 90 days to its trade customers and an ageing analysis of accounts receivable is as follows:

	Group			
	2011		2010	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
Current	**134,640**	**54.3**	125,289	62.5
Less than 30 days past due	**21,570**	**8.7**	15,039	7.5
31 to 60 days past due	**52,352**	**21.1**	38,272	19.1
61 to 90 days past due	**29,411**	**11.9**	14,850	7.4
Over 90 days past due	**9,889**	**4.0**	6,925	3.5
Total	**247,862**	**100.0**	200,375	100.0
Less: Allowance for impairment	**(3,638)**		(4,757)	
	244,224		195,618	

5. SHARE CAPITAL

	Group and Company	
	2011	2010
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
1,560,945,596 (2010: 1,560,945,596) shares of HK$0.10 each	**156,095**	156,095

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following accounts payable by invoice date:

	Group			
	2011		2010	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
0 to 30 days	**26,302**	**76.2**	22,981	85.4
31 to 60 days	**5,489**	**15.9**	2,494	9.3
61 to 90 days	**2,158**	**6.2**	811	3.0
Over 90 days	**586**	**1.7**	622	2.3
Total accounts payable	**34,535**	**100.0**	26,908	100.0
Accrued liabilities	**124,202**		136,194	
Total accounts payable and accrued liabilities	**158,737**		163,102	

7. INCOME TAX EXPENSE

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	**34,604**	38,375
- (Over)/under provision in prior year	**(3,391)**	150
- Overseas taxation	**245**	136
Deferred income tax		
- Deferred tax with respect to fair value gain on investment properties	**39,213**	32,802
- Other deferred tax credits	**(1,776)**	(4,577)
- Under provision in prior year	**472**	421
	69,367	67,307

8. DIVIDENDS

(a) Dividends attributable to the year:

	Company	
	2011	2010
	HK$'000	*HK$'000*
Interim dividend paid, HK4 cents per share (2010: HK2 cents)	**62,438**	31,219
Final dividend proposed but not yet recognised, HK4 cents per share (2010: HK4 cents)	**62,438**	62,438
	124,876	93,657

Note: The proposed final dividend distribution of HK$62,438,000 for the year ended 31 December 2011 is to be paid out of the Company's retained profits.

(b) Dividends paid during the year:

	Company	
	2011	2010
	HK$'000	*HK$'000*
Interim dividend in respect of 2011, HK4 cents per share	**62,438**	-
Final dividend in respect of 2010, HK4 cents per share	**62,438**	-
Interim dividend in respect of 2010, HK2 cents per share	**-**	31,219
	124,876	31,219

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to shareholders of HK$370,708,000 (2010: HK$294,376,000) and 1,560,945,596 (2010: 1,560,945,596) shares in issue during the year.

As at 31 December 2011 there was 13,000,000 share options outstanding that enable the holders to subscribe for shares (2010: nil) in the Company. These share options could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the years presented.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results of the Group

The Group's consolidated operating results for the years ended 31 December 2011 and 2010 were as follows:

(HK$ millions, except per share amounts)	**For the year ended 31 December** **2011**	2010	% Change
Revenue	**946.1**	881.1	7
Staff costs	**(364.3)**	(352.4)	3
Production costs	**(134.2)**	(136.0)	(1)
Rental and utilities	**(19.6)**	(20.5)	(4)
Advertising and promotions	**(29.9)**	(26.1)	15
Other operating expenses	**(147.9)**	(131.9)	12
Operating costs before depreciation and amortisation	**(695.9)**	(666.9)	4
Depreciation and amortisation	**(52.6)**	(56.3)	(7)
Operating profit from principal activities	**197.6**	157.9	25
Other income	**11.7**	8.4	39
Fair value gain on investment properties	**237.7**	198.8	20
Operating profit	**447.0**	365.1	22
Net interest income	**4.5**	2.4	88
Share of profits of associates	**1.5**	5.8	(74)
Deferred tax on fair value changes of investment properties	**(39.2)**	(32.8)	20
Taxation	**(30.2)**	(34.5)	(12)
Profit for the year	**383.6**	306.0	25
Non-controlling interests	**(12.9)**	(11.6)	11
Profit attributable to shareholders	**370.7**	294.4	26
Earnings per share (HK cents)	**23.7**	18.9	26

Net profit for the year was $370.7 million, compared with $294.4 million in 2010. Excluding the fair value gain on investment properties (net of tax) of $198.5 million in 2011 and $166.0 million in 2010, net profit from normal operations increased 34% to $172.2 million from $128.4 million.

Revenue was $946.1 million, up 7% compared with last year. The growth was driven by higher revenues across all divisions, which was partially offset by the absence of revenue contribution from PRC magazines after the cessation of *Maxim* and *Instyle* operations last year. The operating profit from principal activities for the year increased 25% to $197.6 million as a result of revenue growth and cost savings from the cessation of the PRC magazine titles.

Staff costs increased 3% or $11.9 million mainly due to increase in headcount.

Production costs decreased 1% or $1.8 million. Increases in newsprint and other production costs were offset by the cost savings from the termination of PRC magazines operation in 2010. The average cost of 45gsm newsprint increased 22% during the year.

Advertising & promotions expenses increased 15% or $3.8 million mainly attributed to a series of marketing promotions to support the re-launch of *South China Morning Post*, *Classified Post* and *Jiu Jik*. Other operating expenses increased 12% or $16.0 million, mainly due to increase in contributor fees, news services expense and volume discount to support revenue growth.

FINANCIAL REVIEW BY BUSINESS

Newspaper Publishing

Net profit of the division grew 1% to $120.5 million as compared with last year. Revenue grew 7% or $53.6 million mainly driven by higher revenues from both display advertising and recruitment services.

Revenue from advertising and marketing services grew 9%. Growth in display advertisements in the newspaper are mainly contributed from sectors of overseas property, fashion & branded goods, telecommunication and watches & jewelry. The tightened real estate policies by the governments in Hong Kong and China have led to investors moving their investments to overseas properties. Fashion and watches and jewelry have remained as the top two highest revenue drivers largely due to the booming luxury retail markets contributed by the high spending from the Mainland tourists.

Revenue from customized publishing increased threefold this year. We have rolled out new titles or increased frequency of *Faces*, *Good Eating*, *Luxehomes*, *Luxehomes Annual*, *Women of our Time*, *XXIV Chinese* and *Paris Shopping Guide*, leading to a 34% growth in revenue from style/glossy magazines. Revenue generated from *Post Magazine* grew 19% due to higher advertising volume. Due to the decrease in the total number of IPOs in the market in 2011, our IPO revenue dropped 29%.

Recruitment revenue increased 3%, mainly driven by strong growth in online recruitment advertisements.

The unaudited second half 2011 circulation figures of *South China Morning Post* and *Sunday Morning Post* are estimated at 103,328 and 80,357, increased by 2% and 1% respectively as compared with same period last year.

Magazine Publishing

Magazine division recorded a net profit of $30.3 million in 2011, versus a $12.3 million loss last year, after the cessation of the loss-making PRC titles in 2010. The Hong Kong business continued to perform well with revenues improved by 10% or $12.4 million, driven by higher advertising revenue as the women's titles continued to benefit from the luxury goods sector. Net profit from Hong Kong titles alone improved 30% or $7.0 million year-on-year.

Property

2011 net profit of $216.3 million (2010: $179.6 million) included a revaluation gain net of deferred tax of $198.5 million (2010: $166.0 million). Rental income increased by 11% to $32.3 million in 2011 mainly due to the higher rental from advertising board, properties in the Bank of America Tower and Yau Tong.

Management continues its intention of holding all the properties for long-term investment and is pursuing different options to enhance value of the properties and discussing with relevant parties in that regard.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's short-term bank deposits with original maturity of more than three months are held in Renminbi. Cash and cash equivalents are held predominantly in Hong Kong dollars. Apart from the deposits in Renminbi, the Group has no significant exposure to foreign exchange fluctuations.

The Group had no gearing as at 31 December 2011. The ratio of current assets to current liabilities was 3.6 times.

The Group managed to maintain a very strong cash position and expects its cash and cash equivalents, cash generated from operations and funds available from external sources to be adequate to meet its working capital requirements, to finance planned capital expenditures and to pay dividends.

Operating Activities

The newspaper publishing business continued to be the major source of the Group's cash flow from operating activities. Net cash generated from operating activities for the year ended 31 December 2011 was $145.9 million, compared with $227.9 million for the same period last year. The decrease was mainly because of higher tax and staff bonus payments during the year.

Investment Activities

Net cash outflow from investing activities for the year was $116.9 million, including short-term deposits (with original maturity of longer than three months) of $76.1 million placed with local banks in Hong Kong. Capital expenditure for the year amounted to $34.3 million, compared with $15.8 million in the previous year. Major spending includes investment in the revamp of *scmp.com*, computer hardware and software upgrades and production equipment.

Financing Activities

Net cash used in financing activities was $136.9 million, which consists of $124.9 million dividend paid to the shareholders of the Company and $12.0 million paid to a non-controlling interest shareholder of a subsidiary. In 2010, the Group paid $31.2 million dividend to its shareholders and $10.8 million to the non-controlling interest shareholder.

OUTLOOK

2011 has been a year for implementing important changes, and defining our growth strategy for years to come.

The Group has been enhancing existing products and aggressively developing new consumer products with revenue driving potential. Efficiency measures were put in place to ensure that operational requirements were met without expending resources unnecessarily.

With the help of a healthy advertising market, these efforts have paid off and have resulted in a strong 2011. However, macro-economic factors remain our greatest concern. The outcome of the debt crisis in Europe is still unfolding, the US economy remains weak, and the Chinese Mainland shows some signs of slowing down, making the outlook for 2012 more uncertain.

Nevertheless, the Group remains committed to its growth strategy by strengthening its print and digital products to deepen our reader relationship and relevance and to add further value to our advertising clients.

The Group will continue to drive efficiency programmes to contain costs in an inflationary environment. In addition, we are continually evaluating possible areas of diversification, and the application of our core competencies and strengths into new related business areas. This will open up the opportunities for new revenues and new, long term growth prospects.

With all the measures and strategies we have put in place this year, and the plans we will implement in 2012, we strongly believe we have set a firm foundation for future growth.

STAFF

The Company's remuneration policy is established to attract, motivate and retain high performing individuals. Salaries of employees are maintained at competitive levels while discretionary bonuses are granted based on individual and business performance. Other employee benefits include provident fund, medical insurance and share option scheme. As at 31 December 2011, the Group had 838 employees compared with 784 as at 31 December 2010.

DIVIDEND

Directors recommend to pay a final dividend of HK4 cents (2010: HK4 cents) per share from the retained profits. This final dividend, together with the interim dividend of HK4 cents per share, will make a total dividend of HK8 cents per share for the year ended 31 December 2011. The proposed final dividend, if approved, will be paid on Friday, 29 June 2012 to shareholders whose names appear on the Register of Members of the Company on Friday, 22 June 2012.

BOOK CLOSURE

For determining the eligibility to attend and vote at the annual general meeting of the Company ("AGM") to be held on Friday, 15 June 2012, the Register of Members of the Company will be closed from Monday, 11 June 2012 to Thursday, 14 June 2012, both days inclusive. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Room no. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 June 2012 so as to qualify for attending and voting at the AGM.

For determining the entitlement to the proposed final dividend, the Register of Members of the Company will also be closed from Thursday, 21 June 2012 to Friday, 22 June 2012, both days inclusive. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Room no. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 June 2012 so as to qualify for the proposed final dividend, if approved at the AGM.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

CORPORATE GOVERNANCE

The Board of Directors and Management are committed to upholding the Group's obligations to shareholders. We regard the promotion and protection of shareholders' interests as one of our priorities and keys to success.

During the year, the Group's corporate governance practices have complied with all the code provisions of the Code on Corporate Governance Practices ("Stock Exchange Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group also adheres to the recommended best practices of the Stock Exchange Code insofar as they are relevant and practicable.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Stock Exchange Code have been applied will be included in the Company's Annual Report 2011.

AUDIT COMMITTEE

The Company established an Audit Committee in 1998 with written terms of reference. The Audit Committee currently comprises three Independent Non-executive Directors, namely Dr. the Hon. Sir David Li Kwok Po, The Hon. Ronald J. Arculli and Mr. Wong Kai Man. Two meetings were held by the Audit Committee during the year. The Audit Committee has reviewed the Group's audited final results for the year ended 31 December 2011.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee in 2000 with written terms of reference. The Remuneration Committee currently comprises two Independent Non-Executive Directors, namely Mr. Wong Kai Man and The Hon. Ronald J. Arculli, and a Non-executive Director, Mr. Kuok Khoon Ean. One meeting was held by the Remuneration Committee during the year.

NOMINATION COMMITTEE

The Company established a Nomination Committee in 2005 with written terms of reference. The Nomination Committee currently comprises two Independent Non-Executive Directors, namely The Hon. Ronald J. Arculli and Mr. Wong Kai Man, and the Non-executive Chairman, Dr. David J. Pang. One meeting was held by the Nomination Committee during the year.

STRATEGY COMMITTEE

The Company established a Strategy Committee in 2010 with written terms of reference. The Strategy Committee currently comprises the Managing Director and Chief Executive Officer, Ms. Kuok Hui Kwong, the Non-executive Chairman, Dr. David J. Pang and an Independent Non-executive Director, Dr. Fred Hu Zu Liu. One meeting was held by the Strategy Committee during the year.

On behalf of the Board
David J. PANG
Chairman

Hong Kong, 27 March 2012

As at the date of this announcement, the Board comprises:

Non-Executive Directors
Dr. David J. Pang (Chairman), Mr. Roberto V. Ongpin (Deputy Chairman),
Tan Sri Dr. Khoo Kay Peng and Mr. Kuok Khoon Ean

Independent Non-Executive Directors
The Hon. Ronald J. Arculli, Dr. Fred Hu Zu Liu, Dr. the Hon. Sir David Li Kwok Po
and Mr. Wong Kai Man

Executive Director
Ms. Kuok Hui Kwong

* *For identification purpose only*