WayTung

WAYTUNG GLOBAL GROUP LIMITED
滙通天下集團有限公司

(Incorporated in Hong Kong with limited liability)
Stock Code: 00021

Mission for Vision

Annual Report 2011

Contents

Corporate Information

DIRECTORS

Executive Director
Ms. Huang Wenxi *(Chief Executive Officer)*

Non-executive Director
Mr. Huang Shih Tsai *(Chairman)*

Independent Non-executive Directors
Mr. Cheng Hong Kei
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

AUDIT COMMITTEE
Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

REMUNERATION COMMITTEE
Mr. Cheng Hong Kei *(Chairman)*
Mr. Huang Shih Tsai
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

NOMINATION COMMITTEE
Mr. Huang Shih Tsai *(Chairman)*
Mr. Cheng Hong Kei
Mr. Lum Pak Sum

COMPANY SECRETARY
Ms. Ng Ling Ling

AUDITOR
HLB Hodgson Impey Cheng

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

LEGAL COUNSEL
Reed Smith Richards Butler

PRINCIPAL BANKS
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE
Suite 6308, 63/F.
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

WEBSITE
www.waytung.com

Directors and Senior Management Profiles

EXECUTIVE DIRECTOR

Ms. Huang Wenxi, aged 27, has been an Executive Director since 29 June 2007, is also the Chief Executive Officer of the Company. Ms. Huang holds a Bachelor's degree in Business Administration from the University of Wisconsin-Madison of the United States of America. She is a director of Waytung Global Fund Limited and was the deputy general manager in the Sheraton Hotel in Futian, Shenzhen, the PRC from 2005 to 2008. She has experience in setting up and operating one of the first 5-star international hotels in the Central Business District in Shenzhen, the PRC. Ms. Huang is the daughter of Mr. Huang Shih Tsai, the Non-executive Director and Chairman of the Group.

NON-EXECUTIVE DIRECTOR

Mr. Huang Shih Tsai, aged 60, has been the Non-executive Director since 29 June 2007. He is the chairman of the Group and the Nomination Committee of the Company and is also a member of the Remuneration Committee of the Company. Mr. Huang is the founder and chairman of the board of Great China International Investment (Groups) Limited ("Great China Groups"), which is currently involved in various businesses in property development, financial consultancy, trust management, trading, department stores, ports and logistics. The businesses of Great China Groups cover major cities nationwide. Mr. Huang is also a director of Waytung Global Fund Limited.

Mr. Huang was honoured as the pioneer for urbanisation of rural areas when he introduced the concept of "Property Acquisition for Resident Right" first in Longzhu Garden project. He developed the concept of "Removing boarder between Shenzhen and Hong Kong" in Hui Zhan Ge project and developed properties along the boarder. He was recognised as the pioneer in "Sales of Properties to non-residents" and hotel style service apartment. Through Great China International Exchange Square, he was known as the pioneer to develop the Central Business District in Shenzhen. Mr. Huang has made significant contributions to the reform and opening-up of Shenzhen.

Mr. Huang was the only Outstanding Chinese Entrepreneur as the representative to participate the 60th Anniversary of United Nation. He is the executive vice-president of the United World Chinese Association (世界華人協會), the executive vice-president of the China Enterprise Directors Association (Shenzhen) (中國企業家協會(深圳)), the vice-president of Guangdong Provincial Association of Culture (廣東省文化學會), the vice-president of Federation of Shenzhen Industries (Formerly known as Shenzhen Federation of Industrial Economics) (深圳工業總會 (前稱: 深圳市工業經濟聯合會)), the managing director of Global Foundation of Distinguished Chinese Limited (世界傑出華人基金會), and the president of Yan Huang Chinese Straits Entrepreneurs Association (炎黃海峽兩岸三地企業家交流協會).

Mr. Huang is the father of Ms. Huang Wenxi.

Directors and Senior Management Profiles

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Hong Kei, aged 57, has been an Independent Non-executive Director since 8 June 2006 and is the Chairman of the Audit Committee and Remuneration Committee of the Company, as well as a member of the Nomination Committee of the Company. Mr. Cheng studied accountancy in Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University). He is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practicing), the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is a co-founding director of Cheng & Cheng Limited and had worked as an assessor for the Hong Kong Inland Revenue Department for 12 years. He has over 30 years of experience in accounting and taxation. Mr. Cheng is also an Independent Non-executive Director of South China Holdings Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Leung Kwan, Hermann, aged 50, has been an Independent Non-executive Director since 8 June 2006 and is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Leung holds a Bachelor's degree in Social Sciences from the University of Hong Kong. He is a solicitor of the Hong Kong Special Administrative Region and is a partner of D.S. Cheung & Co., Solicitors. He is also a China-Appointed Attesting Officer. Mr. Leung has about 17 years of experience in legal work relating to civil litigation, commercial litigation, copyright and conveyancing.

Mr. Lum Pak Sum, aged 50, has been an Independent Non-executive Director since 21 August 2007 and is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Lum holds a Master's degree in Business Administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum has over 20 years of experience in financial field, the money market and capital market. Currently, Mr. Lum is also an Independent Non-executive Director of Asia Resources Holdings Limited, Bestway International Holdings Limited, Karce International Holdings Company Limited and Radford Capital Investment Limited; all of which are listed companies in Hong Kong, and an independent director of Asia Green Agriculture Corporation, which is a company trading on the Over-the-Counter Bulletin Board in the United States of America.

COMPANY SECRETARY

Ms. Ng Ling Ling, aged 39, was appointed as the company secretary of the Company since 1 June 2010. Ms. Ng holds a Master's degree in Professional Accounting from the Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association Chartered Certified Accountants. Ms. Ng has many years of experience in auditing, accounting, financial reporting and company secretarial matters in companies listed on The Stock Exchange of Hong Kong Limited.

Chairman's Statement

Dear Shareholders,

I am pleased to present the annual results of Waytung Global Group Limited (the "Company" or "Waytung Global"), together with its subsidiaries (the "Group") for the year ended 31 December 2011.

FINANCIAL REVIEW HIGHLIGHT

For the year ended 31 December 2011, the Group recorded a turnover of approximately HK$15,671,000 (2010: HK$15,524,000), representing an increase of approximately 0.9% as compared to the previous year. Loss attributable to shareholders for the year was approximately HK$23,191,000 (2010: HK$5,182,000). The Board of Directors did not recommend the payment of any dividend (2010: Nil).

BUSINESS REVIEW

The Group owns a resort located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC (the "Gold Coast Resort") which was leased to an independent third party in 2009. The leasing period will expire on 31 March 2012. On 29 March 2012, the Group has entered into an agreement to extend the leasing period of the Gold Coast Resort for a term of two years commencing from 1 April 2012. This has secured recurring income for the Group.

The acquisition of 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited*) ("Tanghai Zhongtai Xinhe") at a total consideration of RMB104,500,000 was approved by the shareholders of the Company at the extraordinary general meeting held on 13 December 2010. The major asset of Tanghai Zhongtai Xinhe consists of the right of use of 唐海縣七農場通港水庫內側2號島及3號島 (No.2 and No.3 Islands inside Tonggang Reservoir of the Seventh Farm in Tanghai Province*) at Tangshan City, Hebei Province, the PRC. This acquisition is now still under progress and is expected to be completed in the second quarter of 2012. Upon completion, the acquisition is expected to present the Group with a golden opportunity to further strengthen its property investment and business development in the PRC.

The Company has entered into a letter of intent with me on 12 September 2011 in respect of the acquisition of companies (the "Target") wholly owned directly or indirectly by myself and the principal business of which includes property development and investment. The Company is now conducting due diligence review on the financial, legal and other aspects of the Target. The Company and I intend to enter into the formal agreement as soon as possible upon the completion of the due diligence review.

MARKET REVIEW

In 2011, shadowed by the debt crisis in Europe, the growth of the global economy slowed down. Nonetheless, the Chinese economy was still capable of achieving stable, but robust, development in such an environment with a growth of 9.2% in gross domestic product in 2011. However, the central government is determined to restrain the unhealthy price hike of housing and the strict implementation of various policies and measures to curb various speculative investment demands. 2011 was a challenging year to the property investors and developers in the PRC. In the first year of the "Twelfth Five-Year Plan", regulation and control was the main theme of the Chinese property market and a series of regulatory policies were successively implemented. This had caused a significant downturn in the general property market in the second half of 2011 during which a wait-and-see sentiment prevailed over the market. Going forward, the property market in 2012 will be overcast with uncertainties. It is expected that the impact of regulatory measures on the property market last year will continue during the first half of this year; however, there is a possibility that policies may be fine-tuned in response to the market changes, and hence, market recovery is probable.

* *For identification purposes only*

Chairman's Statement

BUSINESS OUTLOOK

As the Group's revenue is mainly generated from the rental income of its property projects, the Company's business will not be affected in the short run despite the instability of the current property market. The management anticipates that, given the consideration of the macro-economic factors, weak market situation will prevail but will improve gradually after the second half of 2012. After prudent and careful analysis, we believe that the industry is currently undergoing a special period of reform and changes. We consider that this will bring us more opportunities rather than challenges. In the short term, uncertainties may still persist in the property market but the prospect of the PRC property market remains optimistic in the long run. We believe that the rapid urbanization and the increase in wealth in the PRC will continue to propel a positive demand on the property market and create an enormous room for the property industry to grow.

Looking forward, based on its solid foundation, the Group will endeavor to develop two projects on hand, namely, Gold Coast Project and Tanghai Project, in 2012. Meanwhile, the Group is proactively planning the future development of the two projects, with a view to developing them into world-class tourist resorts and thus enabling the Group to take the lead in the domestic tourist and property industry. In addition to the existing projects, the Group is also committed to seeking other investment opportunities cautiously by capitalizing on the new opportunities arising from the regulatory measures imposed on the industry. While satisfying the pre-requisite of maintaining a sound financial position, the Group will take advantage of the recession of the property industry to acquire high quality investment projects with good potential at low cost, in order to enhance investment return. The Group will continue to recruit and nurture talents, optimize its cost control system, build quality brand names, and to enhance its overall economy of scale and economic efficiency.

APPRECIATION

I would like to express my sincere appreciation to all Directors and staff for their diligence and dedication. Their unrelenting efforts and whole-hearted participation have contributed to the successful achievement of our goals. I would also like to thank our shareholders and investors for their support and trust. It is our aim to promote the name of "Waytung Global" to every corner of the country and to become a leading and respectable property developer in the PRC. I believe, with our staff's collective efforts, Waytung Global will enter the new era of the property development in the PRC with great success and through outstanding performance, create greater values for our shareholders and investors.

Huang Shih Tsai
Chairman

Hong Kong, 30 March 2012

Management Discussion and Analysis

RESULTS

For the year ended 31 December 2011, the Group recorded a turnover of approximately HK$15,671,000, representing an increase of approximately 0.9% as compared to approximately HK$15,524,000 for last year. Turnover was mainly derived from its property development and investment business under a tenancy agreement commenced since April 2009. Loss attributable to the shareholders was approximately HK$23,191,000 for the year ended 31 December 2011, representing an increase of approximately 3.5 times as compared to a loss of approximately HK$5,182,000 for last year. The increase in the loss was mainly resulted from (i) impairment loss recognised in respect of goodwill of approximately HK$14,118,000; (ii) decrease in fair value of investment properties of approximately HK$1,715,000 (2010: increase of approximately HK$2,161,000); and (iii) substantial amount of payment of approximately HK$2,534,000 charged by 汕尾市海洋與漁業局 (Administration of Ocean and Fisheries of Shanwei City*) due to an unauthorised building of protective dam by a PRC subsidiary of the Company.

THE RIGHTS ISSUE

On 26 May 2011, the Company proposed to raise approximately HK$154.6 million before expenses by way of a rights issue of 386,522,400 rights shares at the subscription price of HK$0.40 per rights share on the basis of one rights share for every two existing shares held on 20 June 2011 (the "Rights Issue"). Brilliant China Group Limited, a substantial shareholder of the Company which is wholly-owned by Ms. Huang Wenxi, an executive director of the Company, was the underwriter of the Rights Issue.

All of the conditions precedent set out in the underwriting agreement have been fulfilled and the underwriting agreement and the Rights Issue become unconditional on 8 July 2011. As a result of the over-subscription of the rights shares, the underwriter's obligations under the underwriting agreement in respect of the underwritten shares have been fully discharged.

On 18 July 2011, 386,522,400 rights shares were issued under the Rights Issue. The rights shares rank pari passu in all respects with the existing shares of the Company. Dealings in fully-paid rights shares commenced on 20 July 2011.

SHARE OPTION SCHEME

The circular containing to a summary of the principal terms of the Company's new share option scheme (the "New Scheme") dated 18 April 2011 was despatched to the shareholders of the Company. The New Scheme was approved and adopted by the shareholders at the annual general meeting of the Company held on 23 May 2011.

The purpose of the New Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and the shares for the benefit of the Company and the shareholders as a whole. The board of directors of the Company may, at its sole discretion, invite directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group to take up options to subscribe for shares in the Company. The participants need to remit HK$1 as consideration for the grant of an option.

The New Scheme is adopted for a period of 10 years commencing from 23 May 2011. The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised.

The maximum number of shares which may be granted under the New Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the New Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

* *For identification purposes only*

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the board of directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

No option was granted under the New Scheme during the period under review or outstanding as at 31 December 2011.

BUSINESS REVIEW

Property Development and Investment Business

The Gold Coast Project

After the completion of acquisition of Gold Coast Tourism Development Limited ("Gold Coast") in 2009, the Group has gradually adjusted its strategy to transform the Company from a property investor into a property investor and/or property developer. Through the Gold Coast Project, the Group has also engaged in the tourism property development business.

Gold Coast, through its wholly-owned PRC subsidiary, 海豐金麗灣度假村有限公司 (Haifeng Jinliwan Resort Company Limited*) (the "Gold Coast PRC"), owns a resort located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC (the "Gold Coast Resort").

The Group has entered into a tenancy agreement dated 10 October 2008 and two supplemental tenancy agreements dated 29 December 2008 and 9 March 2009, respectively, with an independent third party in relation to the leasing of Gold Coast Resort with a minimum monthly rental income of approximately RMB1,083,333 since April 2009 for an initial fixed term of three years.

On 29 March 2012, the Group has entered into an agreement to extend the leasing period of Gold Coast Resort for a term of two years commencing from 1 April 2012 with a fixed monthly rental income of RMB800,000. This agreement has secured recurring income for the Group.

To address water shortage problems in the 鮜門鎮 (Houmen Town*) area in the PRC where the Gold Coast Resort is located, the Gold Coast PRC completed the construction of water supply pipes connecting 鮜門鎮 (Houmen Town*) and 梅隴鎮平安洞 (Meilong Town Pinandong*), Haifeng County, Shanwei City, Guangdong Province, the PRC in March 2010 with a total cost of approximately HK$6,786,000. The Group is now assessing the business opportunity of extending the operation of the water supply pipes to supply water to the local villages near the Gold Coast Resort.

On 16 June 2010, the Gold Coast PRC had entered into a construction contract with an independent third party, 深圳市焯楠建築裝飾工程有限公司 (Shenzhen Zhuonan Construction and Decoration Company Limited*) (the "Constructor"), for the construction and renovation of Gold Coast Resort at a contract price of RMB55,000,000 (equivalent to approximately HK$68,558,000). During 2010, the Gold Coast PRC paid RMB22,500,000 (equivalent to approximately HK$28,046,000) as a prepayment of the contract sum. During the year ended 31 December 2011, a further prepayment of approximately RMB8,476,000 (equivalent to approximately HK$10,566,000) was paid to the Constructor by the Group.

Acquisition of a subsidiary ("The Tanghai Project")

The circular in relation to the acquisition of the entire equity interest of 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited*) (the "Target") pursuant to a sale and purchase agreement dated 27 September 2010 (the "Acquisition") was despatched to the shareholders of the Company on 25 November 2010. The Acquisition was approved by the shareholders at the extraordinary general meeting of the Company held on 13 December 2010. During 2010, the Target's relevant certificates, licences, corporate information, land title documents and company chop had been handed over the Group which in turn paid RMB10,000,000 (equivalent to approximately HK$12,465,000) to the vendors as deposit.

* *For identification purposes only*

Management Discussion and Analysis

During the year ended 31 December 2011, a payment of RMB50,000,000 (equivalent to approximately HK$62,325,000) was paid to the vendors by the Group as the next instalment which was required to be fully settled after receipt of documentary evidence confirming completion of the relevant formalities to register the change of equity holder to the Group as to 99.99% and the independent third party as to 0.01% as the legal owners of the Target and to change the corporate nature of the Target.

During the year ended 31 December 2011, a further payment of RMB5,000,000 (equivalent to approximately HK$6,232,500) was paid to vendors by the Group as part of the another sum of RMB44,500,000 (equivalent to approximately HK$55,469,000) which shall be paid within 12 months from the completion of the change of equity holding structure of the Target once the formalities to change the land use rights and to obtain the relevant certificates to allow the relevant land to commence development works have been gone through as agreed.

The Acquisition is still in progress and the completion of the Acquisition is expected to take place in the second quarter of 2012.

Proposed Acquisition

On 12 September 2011, the Company entered into a letter of intent (the "LOI") with Mr. Huang Shih Tsai (the "Vendor"), the non-executive director and chairman of the Company, in relation to the acquisition of the entire issued share capital of the companies which are wholly-owned by the Vendor (directly or indirectly) ("Target Companies"). The Target Companies are principally engaged in (i) the provision of management service and operation of hotel businesses for a renowned international hotel based in Shenzhen, the PRC; and (ii) companies owned two residential/commercial properties located in Huizhou, Guangdong Province, the PRC.

Pursuant to the LOI, the period for the Company to undertake a due diligence review of the financial, legal and other affairs of the Target Companies ("Due Diligence Review Period") was ended on 11 December 2011. As more time is required for the Company to complete the due diligence review, the Company and the Vendor (the "Parties") entered into the supplemental letter of intent on 8 December 2011 and a second supplemental letter of intent on 13 March 2012 to extend the Due Diligence Review Period to 13 April 2012 (or such later date as the Parties may agree). The Parties intend to sign the formal agreement as soon as possible upon completion of the due diligence review. The Company shall notify the Vendor in writing whether or not it is satisfied with the result of the due diligence review on the Target Companies.

BUSINESS OUTLOOK

During the year ended 31 December 2011, the Group has been gradually transforming from a property investor into a property investor and/or property developer through the operation of the Gold Coast Project and the acquisition of the Tanghai Project.

The Company may consider investment in new business should any opportunities arise.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, bank balances and cash of the Group amounted to approximately HK$85,000,000 (31 December 2010: HK$28,573,000). The Group's total current assets as at 31 December 2011 amounted to approximately HK$90,877,000, which comprised other receivables, held for trading investments, bank balances and cash. The Group's total current liabilities as at 31 December 2011 amounted to approximately HK$20,917,000, which mainly consisted of (i) an amount of approximately HK$11,328,000, representing the balance of consideration payable for the acquisition of Gold Coast that will only be released within seven days after Gold Coast PRC has obtained the Stated-owned Land Use Certificate in respect of the Other Property with assistance of the vendors; and (ii) land use right tax of approximately RMB3,594,000 (equivalent to approximately HK$4,480,000) provided for in relation to properties of a PRC subsidiary of the Group.

CAPITAL COMMITMENT

As at 31 December 2011, the Group had a total capital commitment of approximately HK$105,531,000, contracted for but not provided for in the financial statements, which comprised (i) approximately HK$23,000 in respect of the acquisition of plant and equipment, (ii) approximately HK$56,284,000 in respected of the investment properties under development, and (iii) approximately HK$49,224,000 in respect of the acquisition of a subsidiary.

CHARGES ON ASSETS

As at 31 December 2011, the Group had not charged any of its assets.

EMPLOYEES

As at 31 December 2011, the Group employed 22 employees (31 December 2010: 39 employees) and the related staff costs amounted to approximately HK$5,543,000 (31 December 2010: approximately HK$6,059,000). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Waytung Global Group Limited (the "Company") has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period for the year ended 31 December 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiries of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2011.

THE BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalising the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. It also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholders' value. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts formal terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

The Board currently comprises one Executive Director, namely Ms. Huang Wenxi (who is also the Chief Executive Officer of the Company); one Non-executive Director, namely Mr. Huang Shih Tsai (who is also the Chairman of the Group); and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. The Company is currently seeking right candidates for executive director so as to achieve a balance composition of executive, non-executive and independent non-executive director of the Board which can effectively exercise independent judgement.

Each director has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Details of the background and qualifications of the directors of the Company are set out on page 3 to 4 of this annual report. The Company has received, from each of the Independent Non-executive Director, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

Candidates to be nominated as directors are experienced, high calibre individuals. Under the Articles of Association of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting after his appointment and shall then be subject to re-election by the shareholders. Apart from this, every director, including the non-executive director, is subject to retirement by rotation at least once every three years.

During the financial year ended 31 December 2011, inclusive of the quarterly regular meetings according to the CG Code, the Board held a total of 9 board meetings. The attendance of each director is set out on page 15.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 23 August 2007, Ms. Huang Wenxi was designated as the Chief Executive Officer of the Company whereas Mr. Huang Shih Tsai was appointed as the Chairman of the Company on 29 June 2007. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. From 23 August 2007 onwards, the role of the Chairman and the Chief Executive Officer are segregated, with a clear division of responsibilities. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

NON-EXECUTIVE DIRECTOR

The term of office of the Non-executive director of the Company is for a period from the date of appointment up to the next annual general meeting and is subject to retirement by rotation and re-election at the Company's annual general meetings at least once every three years.

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group is in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be in a timely manner and can provide a true and fair view of the business and financial information of the Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Independent Auditor's Report attached to the Company's financial statements for the year ended 31 December 2011.

The Board has conducted a review of the effectiveness of the Group's internal control system with an aim to safeguard the shareholders' investment and the Company's assets in compliance with the provision of the CG Code. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 December 2011 are as follows:

	HK$'000
Services rendered	
Audit related services	430
Non-audit related services	156

The non-audit related services mainly consist of reviewing services and preparing accountants' report on unaudited pro forma financial information in rights issue circulars.

Corporate Governance Report

AUDITORS

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

INTERNAL CONTROL

On 27 February 2012, the Company has appointed an independent professional firm to conduct a review on the operations of the Group during the year ended 31 December 2011 on the payroll, construction contract and construction payment cycles. The review report issued by the independent professional firm has been discussed and reviewed by the Audit Committee. The review report did not reveal significant deficiencies in operations of the Group on the payroll, construction contract and construction payment cycles.

The Board, through the Audit Committee, has reviews the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management functions.

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staffs that are responsible for different aspects of the operations of the Group.

COMMUNICATION WITH SHAREHOLDER

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (http://www.waytung.com) on which comprehensive information about the Company's major businesses, financial information and announcements, annual and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholders. The chairman of the Board and members of the Audit Committee should attend the annual general meeting to answer questions.

BOARD COMMITTEES

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request. Details of these board committees, including their compositions, major responsibilities and functions, and work performed during the year ended 31 December 2011 are set out below:

Remuneration Committee

The Remuneration Committee currently comprises one non-executive director, namely Mr. Huang Shih Tsai; and three independent non-executive directors, namely Mr. Cheng Hong Kei (chairman of the Remuneration Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. It reviews and determines the policy for the remuneration of directors and senior management of the Company.

The primary responsibilities of the Remuneration Committee are:

(i) conducting regular review of the remuneration policy of Group's directors and senior management;

(ii) making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy;

(iii) making recommendation to the Board on remuneration packages of the Company's directors;

(iv) determining remuneration packages of senior management proposed by the directors of the Company that will attract, motivate and retain the competent staff;

(v) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(vi) reviewing and approving compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment or any compensation arrangements relating to dismissal or removal of director for misconduct; and

(vii) recommending the Board of the structure of long-term incentive plans for executive directors and certain senior management.

During the financial year ended 31 December 2011, two remuneration committee meetings were held to review and approve the appointment and remuneration of the directors of the Company. The attendance of each committee member is set out on page 15.

Audit Committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Cheng Hong Kei (chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the interim and annual reports in particular on its accounting policies and practices and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharge its duty to have an effective internal control system; and

(v) reviewing the report and management letter submitted by external auditors; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

For the financial year ended 31 December 2011, three audit committee meetings were held to review the financial results and the accounting principles and practices adopted by the Group for the year; the issues in relation to the change of external auditors of the Company; and also the reviewed report on reviewing the financial system and internal control procedures of the Group issued by an independent professional firm.

Nomination Committee

The Nomination Committee was established on 6 March 2012 and comprises one non-executive director, namely Mr. Huang Shih Tsai (chairman of the Nomination Committee) and two independent non-executive directors, namely Mr. Cheng Hong Kei and Mr. Lum Pak Sum.

The primary responsibilities of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the board to complement the Company's corporate strategy;

(b) identifying and nominating for approval of the Board suitably qualified candidates as additional directors or to fill Board vacancies as they arise;

(c) making recommendations to the Board with respect to the re-election by shareholders of any director under the relevant provisions in the Company's Articles of Association;

(d) assessing the independence of the candidates in the case of appointment and re-appointment of independent non-executive directors having regard to relevant guidelines or requirements of the Listing Rules in place from time to time; and

(e) assessing the independence of independent non-executive directors on an annual basis having regard to relevant guidelines or requirements of the Listing Rules in place from time to time.

No meeting was held by the Nomination Committee during the year ended 31 December 2011.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at meetings of the Board and Committees during the year ended 31 December 2011:

	Board Meeting	Meeting of Audit Committee	Meeting of Remuneration Committee
Executive Director			
Huang Wenxi	9/9	N/A	N/A
Non-executive Director			
Huang Shih Tsai	9/9	N/A	2/2
Independent Non-executive Directors			
Cheng Hong Kei	9/9	3/3	2/2
Leung Kwan, Hermann	9/9	3/3	2/2
Lum Pak Sum	9/9	3/3	2/2

Directors' Report

The Board is pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 36 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2011 are set out in the Consolidated Statement of Comprehensive Income on page 24 of this annual report.

DIVIDENDS

The Board did not recommend the payment of dividend during the year.

FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 72 of this annual report.

FIXED ASSETS

Details of movements during the year in property, plant and equipment and investment properties of the Group are set out in notes 15 and 16 respectively to the financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 27 to the financial statements.

RESERVES

Details of movement in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 27.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Director

Huang Wenxi

Non-executive Director

Huang Shih Tsai

Independent Non-executive Directors

Cheng Hong Kei
Leung Kwan, Hermann
Lum Pak Sum

In accordance with clause 103(A) of the Company's Articles of Association and with reference to the recommendations from the Nomination Committee, Ms. Huang Wenxi, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum will retire by rotation and will offer themselves for re-election at the forthcoming annual general meeting.

Save as prescribed in the Listing Rules and the respective service contracts, the term of office of each Independent Non-executive Director is for a period from the date of appointment up to the next annual general meeting and subjected to rotation pursuant to the Company's Articles of Association.

Directors' Report

SERVICE CONTRACTS OF DIRECTORS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2011, the interests and short positions of the directors, chief executive and their respective associates in the shares, underlying shares and convertible notes of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Name of Directors	**Type of interests**	**Total number of shares held**	**Approximate percentage holding of shares** %
Ms. Huang Wenxi	Corporate & Beneficial *(Note 1)*	635,801,409 (L)	54.83
Mr. Huang Shih Tsai	Beneficial *(Note 2)*	50,000,000 (L)	4.31

(L) Long Position

Notes:

1. The interest disclosed represents the 353,667,996 shares held by Ms. Huang Wenxi and 282,133,413 shares held by Brilliant China Group Limited which is 100% owned by Ms. Huang Wenxi.

2. Pursuant to an Option Deed dated 31 August 2009 entered into between Mr. Huang Shih Tsai ("Mr. Huang") and CCB International Asset Management Limited ("CCB International"), Mr. Huang granted an option to CCB International hereby CCB International may request Mr. Huang to purchase all or part of the 50,000,000 shares of the Company ("Option Share") during a three years and four months period (as extended) at the consideration of HK$0.78 (as amended) per Option Share owned by CCB International. As such, Mr. Huang is deemed to be interested in the 50,000,000 Option Shares held by CCB International under the SFO.

All the interests stated above represented long positions in the shares of the Company as at 31 December 2011, there were no short positions recorded in the register required to be kept under Section 336 of the SFO.

Save as disclosed, none of the directors, chief executive and their respective associates had any interests or short positions in any shares, underlying shares and convertible notes of the Company and its associated corporations as at 31 December 2011.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company or its subsidiaries or jointly controlled entity, a party to any arrangements that enabled any director of the Company to acquire benefits by means of the acquisition of shares in the Company or of any other body corporate.

None of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interest of the directors which had been disclosed in the foregoing paragraph on "Directors' and Chief Executive's Interests in Securities", the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of Shareholders	Type of interests	Total number of shares held	Approximate percentage holding of total issued shares
			%
Brilliant China Group Limited	Corporate *(Note)*	282,133,413 (L)	24.33

Note: Brilliant China Group Limited is 100% owned by Ms. Huang Wenxi, an executive director of the Company. By virtue of the SFO, Ms. Huang Wenxi is deemed to have interest in the 282,133,413 shares of the Company held by Brilliant China Group Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2011.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of its independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed in note 35 to the financial statements.

COMPETITION AND CONFLICTS OF INTEREST

During the year up to the date hereof, save as disclosed in note 35, none of the directors or the controlling shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined under the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of listed companies (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2011.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2011.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2011. Details of the Corporate Governance Report of the Company are set out in pages 11 to 15.

SHARE OPTION SCHEME

The Company's current share option scheme was adopted on 23 May 2011 (the "New Scheme").

The purpose of the New Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and the shares for the benefit of the Company and the shareholders as a whole. The board of directors of the Company may, at its sole discretion, invite directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group to take up options to subscribe for shares in the Company. The participants need to remit HK$1 as consideration for the grant of an option.

The New Scheme is adopted for a period of 10 years commencing on 23 May 2011. The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised.

The maximum number of shares which may be granted under the New Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the New Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the board of directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

No option was granted under the New Scheme during the period under review or outstanding as at 31 December 2011.

Directors' Report

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the remuneration committee of the Company on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives.

The emoluments of the directors of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. Details of the directors' remuneration for the year ended 31 December 2011 is set out in note 11 to the financial statements.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme for the year ended 31 December 2011 is set out in note 32 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In 2011, the Group's turnover was solely the rental income contributed from one customer which accounted for 100% (2010: 100%) of its turnover.

The Group has none major suppliers as defined under the Listing Rules.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's major customer.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Cheng Hong Kei (chairman of the audit committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Group's final result for the year ended 31 December 2011 has been reviewed by the audit committee.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by HLB Hodgson Impey Cheng, who were appointed as the Company's auditors on 20 January 2012 to fill the casual vacancy arising from the resignation of Grant Thornton Jingdu Tianhua on 17 January 2012.

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by LO & LO CPA Limited who were appointed as the Company's auditors on 15 November 2010 to fill the casual vacancy arising from the resignation of SHINEWING (HK) CPA Limited on 5 November 2010. On 1 April 2011, LO & LO CPA Limited had jointed Grant Thornton Jingdu Tianhua. The combined firm was continued to practise under the name of Grant Thornton Jingdu Tianhua and was continued to provide its audit services to the Group.

Directors' Report

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

Save as disclosed above, there has been no other change of auditors for the preceding three years.

On behalf of the Board

Huang Shih Tsai
Chairman

Hong Kong, 30 March 2012

Independent Auditor's Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF WAYTUNG GLOBAL GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Waytung Global Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 70, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditor's Report

OPINION

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

OTHER MATTER

The consolidated financial statements of the Company and of the Group for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2011.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

30 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Turnover	*7*	**15,671**	15,524
Change in fair value of held for trading investments		**(173)**	130
Change in fair value of investment properties		**(1,715)**	2,161
Impairment loss recognised in respect of goodwill		**(14,118)**	–
Gain on disposal of a subsidiary		**–**	1,101
Other operating income		**94**	76
Administrative and operating expenses		**(21,791)**	(21,402)
Loss before taxation	*9*	**(22,032)**	(2,410)
Taxation	*10*	**(1,160)**	(2,772)
Loss for the year		**(23,192)**	(5,182)
Attributable to:			
Owners of the Company		**(23,191)**	(5,182)
Non-controlling interests		**(1)**	–
		(23,192)	(5,182)
Loss per share – basic and diluted	*14*	**(2.44) HKcents**	(0.67) HKcents
Loss for the year		**(23,192)**	(5,182)
Other comprehensive income:			
Exchange differences arising on translation of foreign subsidiaries		**9,858**	5,605
Total comprehensive (loss) income for the year		**(13,334)**	423
Attributable to:			
Owners of the Company		**(13,333)**	423
Non-controlling interests		**(1)**	–
		(13,334)	423

Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	15	**3,369**	3,135
Investment properties	16	**104,280**	93,770
Goodwill	17	**–**	13,434
Prepayment for acquisition of plant and equipment		**656**	1,793
Prepayment for investment properties under development	18	**38,612**	26,687
Prepayment for acquisition of a subsidiary	19	**82,898**	13,171
Prepaid lease payment	20	**198**	187
		230,013	152,177
Current assets			
Other receivables	21	**5,209**	2,237
Held for trading investments	22	**668**	841
Bank balances and cash	23	**85,000**	28,573
		90,877	31,651
Current liabilities			
Other payables, deposit received and accrued charges	24	**20,867**	19,138
Amount due to a director	26	**–**	1,067
Tax liabilities		**50**	3,019
		20,917	23,224
Net current assets		**69,960**	8,427
Total assets less current liabilities		**299,973**	160,604
Capital and reserves			
Share capital	27	**463,827**	309,218
Share premium and reserves		**(178,781)**	(163,237)
Total equity attributable to owners of the Company		**285,046**	145,981
Non-controlling interests		**(1)**	–
Total equity		**285,045**	145,981
Non-current liability			
Deferred tax liabilities	28	**14,928**	14,623
		299,973	160,604

The consolidated financial statements on pages 24 to 70 were approved and authorised for issue by the Board of Directors on 30 March 2012 and are signed on its behalf by:

Huang Shih Tsai
Director

Huang Wenxi
Director

Statement of Financial Position

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**34**	68
Interests in subsidiaries	*29*	**231,588**	137,347
		231,622	137,415
Current assets			
Other receivables	*21*	**234**	381
Held for trading investments	*22*	**668**	841
Bank balances and cash	*23*	**59,762**	3,111
		60,664	4,333
Current liabilities			
Other payables, deposit received and accrued charges	*24*	**2,086**	909
Amount due to a subsidiary	*25*	**9,605**	9,611
		11,691	10,520
Net current assets (liabilities)		**48,973**	(6,187)
Total assets less current liabilities		**280,595**	131,228
Capital and reserves			
Share capital	*27*	**463,827**	309,218
Share premium and reserves	*30*	**(183,232)**	(177,990)
		280,595	131,228

The financial statements on pages 24 to 70 were approved and authorised for issue by the Board of Directors on 30 March 2012 and are signed on its behalf by:

Huang Shih Tsai
Director

Huang Wenxi
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2010	309,218	37,978	144	(201,782)	145,558	–	145,558
Exchange difference arising on translation of foreign subsidiaries	–	–	5,605	–	5,605	–	5,605
Loss for the year	–	–	–	(5,182)	(5,182)	–	(5,182)
Total comprehensive income (loss) for the year	–	–	5,605	(5,182)	423	–	423
At 31 December 2010 and 1 January 2011	309,218	37,978	5,749	(206,964)	145,981	–	145,981
Exchange difference arising on translation of foreign subsidiaries	–	–	9,858	–	9,858	–	9,858
Loss for the year	–	–	–	(23,191)	(23,191)	(1)	(23,192)
Total comprehensive income (loss) for the year	–	–	9,858	(23,191)	(13,333)	(1)	(13,334)
Rights shares issued	154,609	–	–	–	154,609	–	154,609
Cost attributable to issue of rights shares	–	(2,211)	–	–	(2,211)	–	(2,211)
At 31 December 2011	463,827	35,767	15,607	(230,155)	285,046	(1)	285,045

The Non-controlling interests on 31 December 2010 were amounted to HK$(113). No material effect on the consolidated statement of changes in equity.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(22,032)**	(2,410)
Adjustments for:		
Interest income	**(10)**	(57)
Change in fair value of held for trading investments	**173**	(130)
Depreciation of property, plant and equipment	**1,417**	796
Change in fair value of investment properties	**1,715**	(2,161)
Impairment loss recognised in respect of goodwill	**14,118**	–
Gain on disposal of a subsidiary	**–**	(1,101)
Loss on disposal of property, plant and equipment	**6**	271
Loss on disposal of investment properties	**–**	39
Operating cash flows before movements in working capital	**(4,613)**	(4,753)
(Increase) decrease in other receivables	**(2,965)**	1,457
Increase in other payables, deposit received and accrued charges	**1,513**	4,785
Cash (used in) generated from operations	**(6,065)**	1,489
Interest received	**10**	57
Taxation	**(4,558)**	–
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	**(10,613)**	1,546
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	**26**	–
Proceeds from disposal of a subsidiary	**–**	10
Purchase of property, plant and equipment	**(274)**	(2,132)
Prepayment for acquisition of plant and equipment	**(110)**	(1,793)
Payment for investment properties under development	**(7,106)**	(7,422)
Prepayment for investment properties under development	**(10,566)**	(26,687)
Prepayment for acquisition of a subsidiary	**(69,056)**	(13,171)
Decrease in term deposit with initial term of over three months	**–**	30,000
NET CASH USED IN INVESTING ACTIVITIES	**(87,086)**	(21,195)
FINANCING ACTIVITIES		
Proceeds from issue of rights shares	**154,609**	–
Rights issue expenses	**(2,211)**	–
Advance from a director	**37,023**	1,067
Repayment to a director	**(38,115)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	**151,306**	1,067
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**53,607**	(18,582)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**28,573**	44,506
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**2,820**	2,649
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by cash at bank and in hand	**85,000**	28,573

1. GENERAL

Waytung Global Group Limited (the "Company") is a public limited company incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporation Information" section of the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are property development and investment and investment holding.

The financial statements are presented in Hong Kong Dollars, the functional currency of the Company. The Group's major subsidiaries are operated in the People's Republic of China (the "PRC") with Renminbi ("RMB") as their functional currency.

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

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

HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs has not had any material impact on the amounts reported in the financial statements of the Group and the Company for the current or prior accounting periods except for the changes in accounting policies adopted by the Group as follows:

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 and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous Standard. Specifically, associates of the ultimate holding company of the Company are treated as related parties of the Group under the revised Standard whilst such entities were not treated as related parties of the Group under the previous Standard. The related party disclosures set out in note 35 to the consolidated financial statements have been changed to reflect the application of the revised Standard. Changes have been applied retrospectively.

Improvements to HKFRSs 2010

Improvements to HKFRSs (2010) omnibus standard introduce a number of amendments to the disclosure requirements in IFRS 7, Financial instruments: Disclosures. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

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

HK (IFRIC)-Int 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Company has not entered into transactions of this nature. However, if the Company does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (Revised)	Employee Benefits[4]
HKAS 27 (Revised)	Separate Financial Statements[4]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangement[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

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

The directors of the Company have commenced their assessments of the impact of the above new and revised standards, amendments and interpretations, but it is not yet in a position to state whether these new and revised standards, amendments and interpretations, would have a material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The principal accounting policies are set out below.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

Basis of consolidation

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Certain comparative figures of prior years have been re-presented to conform with the current year's presentation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis at their fair value or, when applicable, on the basis specified in another HKFRS.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provision, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations achieved in stages were accounted for as separate step. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rental income under operating leases of investment properties is recognised on a straight-line basis over the lease term.

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

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is recognised so as to write off the cost of items or property, plant and equipment (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Furniture and fixtures	20%
Computer equipment	33.33%
Motor vehicles	20%–30%
Machinery	10%
Leasehold improvement	20%

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. These include land held for undetermined future use and property that is being constructed or developed for future use as investment property. Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

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

Impairment of tangible assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of their tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit and loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Taxation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Retirement benefits scheme

Payments to defined contribution retirement benefit plans, including the Mandatory Provident Fund Scheme in Hong Kong and the state-managed retirement benefit scheme in the PRC, are recognised as an expense when employees have rendered services entitling them to the contributions.

The full-time employees of the Group in the PRC are covered by state-managed retirement benefit scheme under which the employees are entitled to a monthly pension based on certain formulas. (The relevant government agencies are responsible for the pension liability to these retired employees.) The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- it is part of an identified portfolio of financial instruments that the Group and the Company manage together and have a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, amounts due from related companies, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Notes to the Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's or the Company's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment take place.

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

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities, including other payables, deposit received, accrued charges, amount due to a subsidiary and amounts due to a director, are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

On derecognition of a financial asset other than in its entirety, the Group or the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group three months of maturity at included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Present obligation is disclosed as a contingent liability where it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliably. Possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or nonoccurrence of one or more future event(s) is also disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

Related party transactions

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

A person, or a close member of that person's family, is related to the Group if that person:

i. has control or joint control over the Group;

ii. has significant influence over the Group; or

iii. is a member of the key management personnel of the Group or the Group's parent.

An entity is related to the Group if any of the following conditions applies:

i. the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

iii. both entities are joint ventures of the same third party.

iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

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

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

Close members of the family of a person are those family members who may be expected to influence by, that person in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in these financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to and assessing the performance of the Group senior executive management for the purposes locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, 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 followings 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 and liabilities within the next financial year.

Allowance for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtor of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional allowance may be required.

Estimated fair value of investment properties

The investment properties were stated at fair value at the end of the reporting period based on a valuation carried out by an independent qualified valuer, as mentioned in note 16, and adopted by the directors of the Company. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In assessing the valuation, information from current prices in an active market for similar properties are considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit(s) to which goodwill has 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, an impairment loss may arise. As at 31 December 2011, the goodwill was fully impaired (2010: HK$13,434,000). Details of the impairment loss calculation are disclosed in note 17.

Income tax

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

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each reporting date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the deductible temporary differences, the asset balance will be reduced and charged to profit or loss.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (representing borrowings less cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The directors of the Company review the capital structure on a semi-annual basis and consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the new share issues and issue of new debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

THE GROUP

	2011 **HK$'000**	2010 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Held for trading investments	**668**	841
Loans and receivables (including cash and cash equivalents)	**89,604**	29,272
	90,272	30,113
Financial liabilities		
Amortised cost	**20,867**	18,902

THE COMPANY

	2011 **HK$'000**	2010 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Held for trading investments	**668**	841
Loans and receivables (including cash and cash equivalents)	**59,763**	3,237
	60,431	4,078
Financial liabilities		
Amortised cost	**11,691**	10,520

6b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include other receivables, held for trading investments, bank balances and cash, other payables, deposit received, accrued charges, amount due to a subsidiary and amount due to a director. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Currency risk

The Group's and the Company's exposure to risk resulting from changes in foreign currency exchange rates is mainly arising from financial assets and liabilities held by entities in the Group that are denominated in currencies other than their respective functional currencies.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**4,647**	10,149	**–**	–

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars against USD. The sensitivity rate of 5% is used for reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A negative number below indicates a decrease in profit or equity where the Hong Kong dollars strengthen 5% against USD. For a 5% weakening of the Hong Kong dollars against USD, there would be an equal and opposite impact on the profit or equity, and the balances below would be positive.

	Impact of USD	
	2011	2010
	HK$'000	HK$'000
Sensitivity rate	**5%**	5%
Effect on profit after tax and retained profits	**174**	381

Interest rate risk

The Group's and the Company's exposure to interest rate risk is minimal as the Group and the Company do not have any long-term interest bearing financial assets and liabilities.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Other price risk

The Group and the Company are exposed to equity price risk through investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's and the Company's equity price risk is mainly concentrated on equity securities listed on the Stock Exchange. In addition, the Group has appointed a team to monitor the price risk and will consider hedging the risk exposure should the need arise. The Group's and the Company's exposure to equity price risk is minimal as the Group and the Company do not have significant investments in listed equity securities.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period at a sensitivity rate of 5%.

If equity prices had been 5% higher/lower, post-tax profit for the year ended 31 December 2011 would increase/decrease by approximately HK$28,000 (2010: increase/decrease by approximately HK$35,000). This is mainly due to the changes in fair value of held-for-trading investments.

Credit risk

As at 31 December 2011, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

The Group's concentration of credit risk which is mainly attributable to liquid funds deposited with 8 (2010: 7) banks, representing approximately 97% (2010: 95%) of the Group's gross monetary assets at the end of the reporting period, is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flow.

The maturity of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

	At 31st December 2011					
	Weighted average effective interest rate	**Within 1 year HK$'000**	**Within 2–5 years HK$'000**	**Over 5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Total carrying amount HK$'000**
Non-derivative financial liabilities						
Other payables, deposit received and accrued charges	**–**	**20,867**	**–**	**–**	**20,867**	**20,867**

	At 31st December 2010					
	Weighted average effective interest rate	Within 1 year HK$'000	Within 2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Other payables, deposit received and accrued charges	–	19,138	–	–	19,138	19,138
Amount due to a director	–	1,067	–	–	1,067	1,067
Total		20,205	–	–	20,205	20,205

6c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The carrying amounts of financial assets and financial liabilities reported in the Group's and the Company's statements of financial position approximate their fair values due to their immediate or short-term maturities.

6. FINANCIAL INSTRUMENTS (Continued)

6c. Fair value (Continued)

Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 based on the degree to which the fair value is observable. There were no financial instruments that were measured subsequent to initial recognition at fair value grouped into Level 2 and 3 at the end of the reporting period (2010: Nil) and there were no transfers between Levels 1 and 2 in both years.

Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

THE GROUP AND THE COMPANY

	HK$'000
As at 31 December 2011	
Financial assets	
Held for trading investments – listed equity securities	**668**
As at 31 December 2010	
Financial assets	
Held for trading investments – listed equity securities	841

7. TURNOVER

	2011 **HK$'000**	2010 HK$'000
Rental income	**15,671**	15,524

8. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of allocating resources to segments and assessing their performance focuses on the nature of business.

The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 3. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of segment profit/(loss). The segment profit/(loss) is measured consistently with the Group's profit/(loss) except that administrative and operating expenses, dividend income from held for trading investments, change in fair value of held for trading investments and directors' remuneration under the heading of unallocated other operating income and unallocated expenses are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION (Continued)

For management purposes, the Group's reportable segment is as follows:

Property development and investment:
Development of property or investment in property to generate rental income.

Segment revenue and results

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

For the year ended 31 December 2011:

	Property development and investment HK$'000
Segment revenue	**15,671**
Segment loss	**(13,478)**
Unallocated other operating income	**21**
Unallocated expenses	**(8,575)**
Loss before taxation	**(22,032)**

For the year ended 31 December 2010:

	Property development and investment HK$'000
Segment revenue	15,524
Segment profit	6,905
Unallocated other operating income	1,291
Unallocated expenses	(10,606)
Loss before taxation	(2,410)

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the current year (2010: Nil).

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2011 **HK$'000**	2010 HK$'000
Property development and investment	**233,942**	153,021
Total segment assets	**233,942**	153,021
Unallocated assets	**86,948**	30,807
Consolidated assets	**320,890**	183,828

Segment liabilities

	2011 **HK$'000**	2010 HK$'000
Property development and investment	**17,814**	18,511
Total segment liabilities	**17,814**	18,511
Unallocated liabilities	**18,031**	19,336
Consolidated liabilities	**35,845**	37,847

For the purposes of monitoring segment performance and allocating resources to segment:

- all assets are allocated to reportable segment other than unallocated assets including bank balances and cash and certain unallocated head office and corporate assets; and
- all liabilities are allocated to reportable segment other than income tax liabilities, deferred tax liabilities and unallocated liabilities including certain unallocated head office and corporate liabilities.

8. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2011:

	Property development and investment HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	**86,907**	**205**	**87,112**
Depreciation of property, plant and equipment	**1,168**	**249**	**1,417**
Impairment loss recognised in respect of goodwill	**14,118**	**–**	**14,118**
Loss on disposal of property, plant and equipment	**5**	**1**	**6**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:			
Interest income	**4**	**6**	**10**
Taxation	**1,160**	**–**	**1,160**

For the year ended 31 December 2010:

	Property development and investment HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	50,359	846	51,205
Depreciation of property, plant and equipment	658	138	796
Loss on disposal of property, plant and equipment	54	217	271
Loss on disposal of investment properties	39	–	39
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:			
Interest income	16	41	57
Taxation	2,772	–	2,772

8. SEGMENT INFORMATION (Continued)

Geographical information

The Group operates in two principal geographical areas – The People's Republic of China (excluding Hong Kong) (the "PRC") and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**15,671**	15,524	**229,153**	150,895
Hong Kong	**–**	–	**860**	1,282
	15,671	15,524	**230,013**	152,177

Information about major customers

Revenue of approximately HK$15,671,000 (2010: HK$15,524,000), attributable to property development and investment segment, is derived from a single external customer.

Certain comparative figures have been represented to conform with the change of resources allocation in the current year.

9. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	2011 HK$'000	2010 HK$'000
Directors' remuneration *(Note 11)*	**1,172**	1,688
Other staff costs	**5,157**	5,747
Retirement benefit scheme contributions (excluding directors' remuneration)	**386**	312
Total staff costs	**6,715**	7,747
Auditor's remuneration	**457**	443
Depreciation of property, plant and equipment	**1,417**	796
Impairment loss recognised in respect of goodwill	**14,118**	–
Loss on disposal of property, plant and equipment	**6**	271
Loss on disposal of investment properties	**–**	39
Minimum lease rentals in respect of rented premises	**2,274**	1,866
Net foreign exchange loss	**566**	908
Dividend income from held for trading investments	**(21)**	(19)
Interest income	**(10)**	(57)
Gross rental income from investment properties	**(15,671)**	(15,524)
Direct operating expenses from investment properties that generated rental income during the year	**2,267**	2,966
	(13,404)	(12,558)

10. TAXATION

	2011 HK$'000	2010 HK$'000
Current tax:		
Hong Kong Profits Tax		
– provision for the year	**1,589**	1,539
– under-provision in prior years	**–**	1,481
	1,589	3,020
PRC Enterprise Income Tax		
– over-provision in prior years	**–**	(1,645)
	1,589	1,375
Deferred tax	**(429)**	1,397
	1,160	2,772

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2010: 25%).

10. TAXATION (Continued)

The tax for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000
Loss before taxation	**(22,032)**	(2,410)
Notional tax on loss before taxation	**(6,053)**	(926)
Tax effect of expenses not deductible for tax purpose	**248**	1,736
Tax effect of income not taxable for tax purpose	**(255)**	(346)
Under-provision in prior year	**56**	703
Utilisation of tax losses previously not recognised	**–**	(35)
Tax effect of tax losses not recognised	**7,164**	1,640
Tax charge for the year	**1,160**	2,772

11. DIRECTORS' REMUNERATION

	2011 HK$'000	2010 HK$'000
Directors' fees:		
Executive directors	**150**	210
Non-executive directors	**150**	210
Independent non-executive directors	**450**	450
Other emoluments:		
Salaries and other benefits	**410**	801
Retirement benefit scheme contributions	**12**	17
Total emoluments	**1,172**	1,688

There was no arrangement under which directors waived or agreed to waive any emoluments in the year ended 31 December 2011 and the year ended 31 December 2010. No emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office in both years.

11. DIRECTORS' REMUNERATION (Continued)

The remuneration of each director of the Company for the year are set out as follows:

	2011 HK$'000	2010 HK$'000
Directors' fees of executive directors:		
Huang Wenxi	**150**	150
Cheung Chung Leung Richard	**–**	60
	150	210
Directors' fees of non-executive directors:		
Huang Shih Tsai	**150**	150
Chan I Siu, Fair	**–**	60
	150	210
Directors' fees of independent non-executive directors:		
Cheng Hong Kei	**150**	150
Leung Kwan, Hermann	**150**	150
Lum Pak Sum	**150**	150
	450	450
Salaries and other benefits of executive directors:		
Huang Wenxi	**410**	390
Cheung Chung Leung Richard	**–**	411
	410	801
Retirement benefit scheme contributions of executive directors:		
Huang Wenxi	**12**	12
Cheung Chung Leung Richard	**–**	5
	12	17
	1,172	1,688

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2010: two) was director of the Company, whose emoluments are set out in note 11.

The emoluments of the remaining four (2010: three) highest paid individuals were as follows:

	2011 HK$'000	2010 HK$'000
Salaries, allowances and benefits	**2,036**	2,664
Retirement benefit scheme contributions	**78**	17
	2,114	2,681

Their emoluments were within the following bands:

	2011 No. of employees	2010 No. of employees
Nil to HK$1,000,000	**4**	2
HK$1,000,001 to HK$1,500,000	**–**	1

No emoluments were paid to the employees as inducement to join or upon joining the Group or as compensation for loss of office in both years.

13. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period (2010: Nil).

14. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2011 HK$'000	2010 HK$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(23,191)**	(5,182)
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	**949,892**	773,045

Diluted loss per share is same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during both years.

15. PROPERTY, PLANT AND EQUIPMENT
THE GROUP

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Total HK$'000
COST						
At 1 January 2010	790	97	543	832	399	2,661
Additions	518	299	1	569	745	2,132
Exchange alignment	42	–	26	9	–	77
Disposals	(23)	–	–	(68)	(399)	(490)
At 31 December 2010 and 1 January 2011	1,327	396	570	1,342	745	4,380
Additions	29	63	15	128	39	274
Transfer from prepayment for acquisition of plant and equipment	–	1,172	–	–	166	1,338
Exchange alignment	81	12	37	39	–	169
Disposals	(66)	(14)	(1)	(98)	–	(179)
At 31 December 2011	**1,371**	**1,629**	**621**	**1,411**	**950**	**5,982**
ACCUMULATED DEPRECIATION						
At 1 January 2010	227	67	55	115	153	617
Charge for the year	272	63	64	296	101	796
Exchange alignment	31	1	10	9	–	51
Eliminated on disposals	(11)	–	–	(15)	(193)	(219)
At 31 December 2010 and 1 January 2011	519	131	129	405	61	1,245
Charge for the year	309	469	69	344	226	1,417
Exchange alignment	54	12	17	15	–	98
Eliminated on disposals	(35)	(14)	(1)	(97)	–	(147)
At 31 December 2011	**847**	**598**	**214**	**667**	**287**	**2,613**
CARRYING VALUE						
At 31 December 2011	**524**	**1,031**	**407**	**744**	**663**	**3,369**
At 31 December 2010	808	265	441	937	684	3,135

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE COMPANY

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Leasehold improvement HK$'000	Total HK$'000
COST				
At 1 January 2010	132	42	399	573
Additions	5	19	–	24
Disposals	(21)	–	(399)	(420)
At 31 December 2010 and 1 January 2011	116	61	–	177
Disposals	(3)	–	–	(3)
At 31 December 2011	**113**	**61**	**–**	**174**
ACCUMULATED DEPRECIATION				
At 1 January 2010	50	23	153	226
Charge for the year	26	20	40	86
Eliminated on disposals	(10)	–	(193)	(203)
At 31 December 2010 and 1 January 2011	66	43	–	109
Charge for the year	23	10	–	33
Eliminated on disposals	(2)	–	–	(2)
At 31 December 2011	**87**	**53**	**–**	**140**
CARRYING VALUE				
At 31 December 2011	**26**	**8**	**–**	**34**
At 31 December 2010	50	18	–	68

16. INVESTMENT PROPERTIES
THE GROUP

	Investment properties completed (at fair value) HK$'000	Investment properties under development HK$'000	Total HK$'000
At 1 January 2010	81,189	–	81,189
Additions	–	7,422	7,422
Disposals	(39)	–	(39)
Exchange alignment	3,037	–	3,037
Net increase in fair value recognised in profit and loss	2,161	–	2,161
At 31 December 2010	86,348	7,422	93,770
At 1 January 2011	86,348	7,422	93,770
Additions	–	7,106	7,106
Exchange alignment	4,741	378	5,119
Net decrease in fair value recognised in profit or loss	(1,715)	–	(1,715)
At 31 December 2011	**89,374**	**14,906**	**104,280**

(a) The investment properties represent interests in land held under medium term leases in the PRC and buildings erected or being erected thereon.

(b) The fair value of investment properties has been arrived at on the basis of a valuation carried out by American Appraisal China Limited, an independent qualified valuer not connected with the Group. American Appraisal China Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was determined by comparison based on prices realised on actual sales or market price information of comparable properties of similar size, character and location.

(c) Investment properties under development are carried at cost as the management of the Company considers the fair value of investment properties under development cannot be reliably determined due to some construction not even started yet at 31 December 2011.

17. GOODWILL

THE GROUP

	HK$'000
COST	
At 1 January 2010	12,952
Exchange alignment	482
At 31 December 2010 and 1 January 2011	13,434
Exchange alignment	684
At 31 December 2011	**14,118**
IMPAIRMENT	
At 31 December 2010 and 1 January 2011	–
Impairment loss recognised	(14,118)
At 31 December 2011	**(14,118)**
CARRYING VALUE	
At 31 December 2011	**–**
At 31 December 2010	13,434

For the purposes of impairment testing, goodwill has been allocated to a cash generating unit (the "CGU"). The CGU including three subsidiaries, Mega Top Capital Resources Limited, Gold Coast Tourism Development Limited and 海豐金麗灣度假村有限公司 (Haifeng Jinliwan Resort Company Limited*), in property development and investment segment.

The recoverable amount of the CGU has been determined based on value in use calculation which uses cash flow projections based on financial budgets approved by the management of the Group covering a 5-year period, and a discount rate of 5.4% (2010: 5%) per annum. The cash flows for the 5-year period are assumed constant with zero growth rate.

For the year ended 31 December 2011, the directors of the Company had assessed the recoverable amount of the CGU that total impairment losses in the amount of HK$14,118,000 (2010: Nil) were recognised as the recoverable amount of the CGU are less than the carrying amount of the CGUs. The recoverable amount of the CGU are determined based on value-in-use calculations. The calculation uses cash flow projections based on financial budgets approved by directors of the Company covering a five-year period. The cash flows beyond the five-year period were extrapolated using the zero growth rate which does not exceed the long term average growth rate for the market.

* *For identification purposes only*

18. PREPAYMENT FOR INVESTMENT PROPERTIES UNDER DEVELOPMENT

THE GROUP

A construction contract dated 16 June 2010 was entered into between 深圳市焯楠建築裝飾工程有限公司 (Shenzhen Zhuonan Construction and Decoration Company Limited*) (the "Constructor") and a subsidiary of the Company for construction and renovation of Gold Coast Resort in the sum of RMB55 million (equivalent to approximately HK$68.56 million) of which initial payment of RMB22,500,000 (equivalent to approximately HK$28,046,000) was paid by the Group during 2010. During the year ended 31 December 2011, a further prepayment of approximately RMB8,476,000 (equivalent to approximately HK$10,566,000) was paid to the Constructor by the Group. Total prepayment for Investment properties under development paid at 31 December 2011 amounted to approximately RMB30,976,000 (equivalent to approximately HK$38,612,000) (2010: HK$26,687,000).

19. PREPAYMENT FOR ACQUISITION OF A SUBSIDIARY

THE GROUP

The amount comprised a prepayment of RMB65,000,000 (equivalent to approximately HK$81,023,000) and other capital outlay of approximately HK$1,875,000 paid in relation to the acquisition of the entire equity interests of 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited*) by a wholly-owned subsidiary of the Company (2010: HK$13,171,000), 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*), at a total consideration of RMB104,500,000 (equivalent to approximately HK$130,259,000) which was approved by the shareholders of the Company at the extraordinary general meeting held on 13 December 2010. Details of which were set out in the circular of the Company dated 25 November 2010.

20. PREPAID LEASE PAYMENT

THE GROUP

	2011 HK$'000	2010 HK$'000
Operating lease payment prepaid in respect of land in the PRC	**310**	270
Analysed for reporting purposes as:		
Non-current assets	**198**	187
Current assets (included in other receivables)	**112**	83
	310	270

* *For identification purposes only*

21. OTHER RECEIVABLES

THE GROUP

	2011 HK$'000	2010 HK$'000
Other receivables	**5,209**	2,244
Allowance for bad and doubtful debts	**–**	(7)
	5,209	2,237
Movement in the allowance for bad and doubtful debts:		
At 1 January	**7**	3,720
Impairment loss recognised	**–**	7
Disposal of a subsidiary	**–**	(3,685)
Amounts written off as uncollectible	**–**	(35)
Amounts recovered during the year	**(7)**	–
At 31 December	**–**	7

THE COMPANY

	2011 HK$'000	2010 HK$'000
Other receivables	**234**	388
Allowance for bad and doubtful debts	**–**	(7)
	234	381
Movement in the allowance for bad and doubtful debts:		
At 1 January	**7**	35
Impairment loss recognised	**–**	7
Amounts written off as uncollectible	**–**	(35)
Amounts recovered during the year	**(7)**	–
At 31 December	**–**	7

Allowances for bad and doubtful debts of the Group and the Company are individually impaired as the un-related entity are in the financial difficulties. The Group and the Company do not hold any collateral over these balances.

22. HELD FOR TRADING INVESTMENTS

THE GROUP AND THE COMPANY

	2011 HK$'000	2010 HK$'000
Equity securities listed in Hong Kong, at fair value	**668**	841

At the end of the reporting period, all financial assets at fair value through profit or loss are stated at fair value. Fair values of listed securities are determined with reference to quoted market bid prices.

23. BANK BALANCES AND CASH

THE GROUP

	2011 HK$'000	2010 HK$'000
Cash at bank and in hand	**85,000**	28,573

THE COMPANY

	2011 HK$'000	2010 HK$'000
Cash at bank and in hand	**59,762**	3,111

As at 31 December 2011, the Group had cash and cash equivalents amounted to approximately HK$25,232,000 (2010: HK$25,202,000) held by certain subsidiaries in the PRC; these funds are subject to exchange controls and other restrictions for general use by the Company and other subsidiaries. And cash and cash equivalents of approximately HK$4,647,000 (2010: HK$10,149,000) were denominated in US dollars.

Bank balance carry interest at floating rates based on daily bank deposit rates and placed with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

24. OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUED CHARGES

THE GROUP

	2011 HK$'000	2010 HK$'000
Deposit received	**1,141**	1,141
Other payables & accrued charges	**19,726**	17,997
	20,867	19,138

THE COMPANY

	2011 HK$'000	2010 HK$'000
Other payables & accrued charges	**2,086**	909
	2,086	909

25. AMOUNT DUE TO A SUBSIDIARY

The amount is unsecured, non-interest bearing and repayable on demand.

26. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, non-interest bearing and repayable on demand.

27. SHARE CAPITAL

	Number of shares		**Share capital**	
	2011 '000	2010 '000	**2011 HK$'000**	2010 HK$'000
Ordinary shares of HK$0.4 each				
Authorised				
At beginning of year and at end of year	**2,500,000**	2,500,000	**1,000,000**	1,000,000
Issued and fully paid				
At beginning of year	**773,045**	773,045	**309,218**	309,218
Rights shares issued (note (i))	**386,522**	–	**154,609**	–
At end of year	**1,159,567**	773,045	**463,827**	309,218

Notes:

(i) On 18 July 2011, 386,522,400 rights shares were issued, on the basis of one rights share for every two existing shares held on the record date, to the qualifying shareholders at a subscription price of HK$0.40 per rights share. The rights shares rank pari passu in all respects with the then existing shares of the Company. Details of which were set out in the circular of the Company dated 21 June 2011.

28. DEFERRED TAX LIABILITIES

THE GROUP

The following is the major deferred tax liabilities recognised and movements thereof during the current and prior years:

	Revaluation of investment properties HK$'000
At 1 January 2010	12,723
Charged to comprehensive income	1,397
Exchange alignment	503
At 31 December 2010 and 1 January 2011	14,623
Credited to comprehensive income	(429)
Exchange alignment	734
At 31 December 2011	14,928

At the end of the reporting period, the Group has unused tax losses of approximately HK$26,840,000 (2010: HK$17,644,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. Out of these tax losses, the unrecognised tax loss of HK$18,434,000 (2010: HK$10,294,000) will expire within 5 years and the remaining balance of the unrecognised tax loss may be carried forward indefinitely.

29. INTERESTS IN SUBSIDIARIES

THE COMPANY

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**68,446**	44,036
Amounts due from subsidiaries	**163,195**	93,311
	231,641	137,347
Impairment losses recognised	**(53)**	–
	231,588	137,347

The amounts due from subsidiaries are unsecured, non-interest bearing and no fixed repayment term.

In view of the operating loss position of certain subsidiaries, impairment losses were recognised with reference to their estimated recoverable amounts.

Details of the Company's subsidiaries at 31 December 2011 are set out in note 36.

30. SHARE PREMIUM AND RESERVES

THE GROUP

Movement of the group's share premium and reserves for the current and prior years are presented in the consolidated statement of change in equity on pages 27 on the consolidated financial statements.

THE COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2010	37,978	(210,001)	(172,023)
Loss for the year	–	(5,967)	(5,967)
At 31 December 2010 and 1 January 2011	37,978	(215,968)	(177,990)
Loss for the year	–	(3,031)	(3,031)
Cost attributable to issue of rights shares	(2,211)	–	(2,211)
At 31 December 2011	**35,767**	**(218,999)**	**(183,232)**

The Company has no reserve available for distribution for both years.

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

31. LOSS ATTRIBUTABLE TO EQUITY OWNERS OF COMPANY

The consolidated loss attributable to equity owners of the Company includes a loss of approximately HK$3,031,000 (2010: HK$5,967,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's loss for the year:

	2011 HK$'000	2010 HK$'000
Amount of consolidated loss attributable to equity owners dealt with the Company's financial statements	**(2,978)**	(5,889)
Impairment loss on amount due from a subsidiary recognised during the year	**(53)**	(78)
Company's loss for the year (note 30)	**(3,031)**	(5,967)

32. RETIREMENT BENEFIT SCHEME

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The Group and the employees are required to contribute 5% of the salaries to the MPF Scheme. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The Group's subsidiaries in the PRC participate in social insurance schemes operated by the relevant local government authorities in compliance with the applicable regulations of the PRC. The insurance premium is contributed by the Group on a specified proportion of the employee's salaries laid down under relevant PRC laws.

The total sum recognised as expenses in the consolidated statement of comprehensive income of approximately HK$398,000 (2010: HK$329,000) represents contributions paid and payable to these schemes by the Group at rates or amounts specified in the rules of the schemes.

33. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2011 HK$'000	2010 HK$'000
Within one year	**2,617**	2,124
In the second to fifth years inclusive	**3,563**	1,353
After five years	**7,098**	4,613
	13,278	8,090

Rentals payable represent operating lease payments for certain land and office properties. Leases are negotiated for terms of two years to fifty years and initial rentals are fixed for two to five years with adjustments fixed for every two to five years.

The Group as lessor

Property rental income earned during the year was approximately HK$15,671,000 (2010: HK$15,524,000). The properties are expected to generate rental yields of 17.5% (2010: 18%) on an ongoing basis.

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

	2011 HK$'000	2010 HK$'000
Within one year	**4,051**	15,419
In the second to fifth years inclusive	**–**	3,855
	4,051	19,274

34. CAPITAL COMMITMENTS

THE GROUP

	2011 HK$'000	2010 HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided for in the financial statements	**23**	130
Capital expenditure in respect of the investment properties under development contracted for but not provided for in the financial statements	**56,284**	42,054
Capital expenditure in respect of the acquisition of a subsidiary contracted for but not provided for in the financial statements	**49,224**	112,074

35. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The details of the remuneration of directors and other members of key management during the two years ended 31 December 2011 and 2010 were disclosed in notes 11 and 12 respectively.

The remuneration of directors and key management is determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

Amount due to a director

During the year ended 31 December 2011, Mr. Huang Shih Tsai ("Mr. Huang"), the Chairman and a Non-executive director of the Company, had provided interest-free loans to subsidiaries, 海豐金麗灣度假村有限公司 (Haifeng Jinliwan Resort Company Limited*) and 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*), of the Company in the totally amount of RMB30,446,000 (equivalent to approximately HK$37,023,000) for funding the subsidiaries working capital requirements (2010: HK$1,067,000). Details of the loan and amount outstanding at the reporting date are disclosed in note 26.

During the year ended 31 December 2011, the Group had repaid loan amount of approximately RMB31,346,000 (equivalent to approximately HK$38,115,000) to Mr. Huang based on his demand.

Other transactions with related parties

The Group has leased an office property from 大中華國際集團(中國)有限公司 (Great China International Group (China) Company Limited*) ("GCI") with a monthly rental payment of RMB28,913 since 1 February 2010 for a fixed term of three years. GCI is wholly-owned by Great China International Investment (Groups) Limited ("Great China Groups"). Mr. Huang Shih Tsai, the Chairman of the Company and a Non-executive Director of the Company, who founded Great China Groups in Hong Kong during 1980s, is the chairman of the board of Great China Groups. Ms. Huang Wenxi, an Executive Director of the Company, is also the deputy chairman of GCI. The total rentals payable by the Group to GCI during the year ended 31 December 2011 amounted to approximately HK$422,000 (2010: HK$368,000).

The Group has leased a car park space from 深圳市大中華第一太平戴維斯物業管理有限公司 (Shenzhen City Great China First Pacific Savills*) ("Savills") with a monthly rental payment of RMB1,300 since 1 July 2010. Savills is wholly-owned by Great China Groups indirectly. The total rentals paid by the Group to Savills during the year ended 31 December 2011 amounted to approximately HK$19,000 (2010: HK$18,000).

As at 31 December 2011, the rental deposit paid of approximately HK$72,000 (2010: HK$69,000) to GCI, which is unsecured and non-interest bearing, is recorded in "other receivables" disclosed in note 21. As at 31 December 2011, the rental payable of approximately HK$432,000 (2010: Nil) to GCI is recorded in "Other payables" disclosed in note 24.

* *For identification purposes only*

36. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2011 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ paid-in/registered capital	Proportion of nominal value of issued share capital/ paid-in/registered capital held by the Company Direct %	Indirect %	Principal activities
Mega Top Capital Resources Limited	Hong Kong	1 ordinary share of HK$1 each	100	–	Property investment
China Waytung Group Limited	Hong Kong	1 ordinary share of HK$1 each	100	–	Investment holding
Gold Coast Tourism Development Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100	Investment holding
海豐金麗灣度假村有限公司	PRC	US$9,549,929	–	100	Operation of resort business
Waytung Global Financial Holding Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	100	–	Inactive
Waytung Fund Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100	Inactive
China Waytung Securities Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100	Inactive
滙通天下控股(中國)有限公司	PRC	RMB50,000,000	100	–	Investment holding
滙通天下控股(天津)有限公司	PRC	RMB2,000,000	–	99.9	Inactive

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

37. EVENT AFTER THE REPORTING PERIOD

On 29 March 2012, Mega Top Capital Resources Limited, a wholly owned subsidiary of the Company, entered into an agreement to extend the leasing period of a resort for a term of two years commencing from 1 April 2012 with a fixed monthly rental of RMB800,000. This agreement has secured recurring income for the Group.

Five Years Financial Summary

	Year ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
TURNOVER	**15,671**	15,524	10,596	11,874	–
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(23,191)**	(5,182)	(2,763)	(13,026)	(5,721)

	As at 31 December				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	**320,890**	183,828	175,330	41,225	6,097
TOTAL LIABILITIES	**(35,845)**	(37,847)	(29,772)	(61,713)	(13,559)
NET ASSETS (LIABILITIES)	**285,045**	145,981	145,558	(20,488)	(7,462)

Major Investment Properties

As at 31 December 2011

Location	Type	Lease term
Jinliwan Resort Complex located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, The PRC.	Resort	Medium