CHINA TYCOON BEVERAGE HOLDINGS LIMITED
中國大亨飲品控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 209)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the "Board") of China Tycoon Beverage Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Revenue	6	**575,377**	435,766
Cost of sales		**(479,314)**	(365,741)
Gross profit		**96,063**	70,025
Other revenue and other net income	6	**8,660**	8,841
Selling and distribution costs		**(62,683)**	(12,407)
Administrative expenses		**(80,069)**	(55,248)
Impairment loss of goodwill	14	**(163,208)**	(162,179)
Impairment loss of intangible assets	13	**(88,341)**	–
Fair value loss on trading securities at fair value through profit or loss	7	**(28,604)**	–
Other operating expenses		**(75,417)**	(10,936)
Loss from operations		**(393,599)**	(161,904)
Finance costs	8	**(4,615)**	(3,851)
Loss before taxation	7	**(398,214)**	(165,755)
Income tax	9	**12,705**	(7,963)
Loss for the year		**(385,509)**	(173,718)

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Attributable to:			
Owners of the Company		**(359,410)**	(175,766)
Non-controlling interests		**(26,099)**	2,048
		(385,509)	(173,718)
Loss for the year			
Loss per share			
Basic	10	**(HK21.51 cents)**	(HK14.43 cents)
Diluted	10	**(HK21.51 cents)**	(HK14.43 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(385,509)**	(173,718)
Other comprehensive income for the year		
Revaluation surplus on leasehold buildings	**7,343**	2,358
Deferred tax charge arising from revaluation surplus on leasehold buildings	**(453)**	(418)
	6,890	1,940
Exchange differences on translation of financial statements of overseas subsidiaries	**20,806**	9,864
Other comprehensive income for the year, net of tax	**27,696**	11,804
Total comprehensive loss for the year, net of tax	**(357,813)**	(161,914)
Attributable to:		
Owners of the Company	**(333,583)**	(164,349)
Non-controlling interests	**(24,230)**	2,435
	(357,813)	(161,914)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**142,750**	186,116
Deposits for acquisition of property, plant and equipment		**25,904**	–
Prepaid land premiums		**5,003**	5,161
Intangible assets	*13*	**2,750**	92,954
Goodwill	*14*	**834**	157,820
Interests in associates		**–**	–
Loan receivable		**–**	35
		177,241	442,086
Current assets			
Trading securities		**139,727**	–
Inventories		**104,744**	84,515
Prepaid land premiums		**152**	146
Trade receivables	*11*	**92,167**	86,814
Prepayments, deposits and other receivables		**57,268**	14,192
Loan receivable		**10,062**	180
Derivative financial instruments		**843**	1,729
Pledged bank deposits		**32,847**	14,243
Cash and cash equivalents		**69,113**	234,781
		506,923	436,600
Non-current assets held for sale		**–**	22,616
		506,923	459,216
Current liabilities			
Trade payables	*12*	**52,840**	68,805
Other payables		**93,611**	105,931
Derivative financial instruments		**1,318**	223
Interest-bearing bank borrowings		**96,033**	60,783
Tax payable		**4,666**	6,825
		248,468	242,567
Net current assets		**258,455**	216,649
Total assets less current liabilities		**435,696**	658,735
Non-current liabilities			
Deferred tax liabilities		**3,828**	25,754
		3,828	25,754
Net assets		**431,868**	632,981

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Equity		
Equity attributable to owners of the Company		
Share capital	**168,641**	153,641
Reserves	**271,173**	463,056
	439,814	616,697
Non-controlling interests	**(7,946)**	16,284
Total equity	**431,868**	632,981

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Suite 1004, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are manufacturing and trading of hard and stuffed toys, manufacturing and sales of beverage products and securities investments. The Group's operations are based in Hong Kong and the People's Republic of China, excluding Hong Kong and Macau (the "PRC").

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are first effective for the current accounting period.

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

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

HKAS 24 (Revised in 2009) – Related Party Disclosures

HKAS 24 (Revised in 2009) has revised the definition of a related party. As a result, the Group has reassessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. HKAS 24 (Revised in 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because no entity within the Group is a government-related entity.

4. RESTATEMENT OF PRIOR YEAR'S FIGURES

During the course of preparing the Group's financial statements for the year ended 31 December 2011, it has come to the attention of the directors of the Company that the prior year financial statements of the Group required restatement.

The following tables disclose the adjustments that have been made in order to reconcile the adjustments stated in notes 4(a) and 4(b) to each of the line items in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position as previously reported for the year ended 31 December 2010.

The Group

Consolidated income statement

For the year ended 31 December 2010

	2010 (As previously reported) *HK$'000*	Adjustment *HK$'000*	2010 (Restated) *HK$'000*
Revenue	435,766	–	435,766
Cost of sales	(365,741)	–	(365,741)
Gross profit	70,025	–	70,025
Other revenue and other net income	8,841	–	8,841
Selling and distribution costs	(12,407)	–	(12,407)
Administrative expenses	(55,248)	–	(55,248)
Impairment loss of goodwill	–	(162,179)	(162,179)
Other operating expenses	(13,046)	2,110	(10,936)
Loss from operations	(1,835)	(160,069)	(161,904)
Finance costs	(3,851)	–	(3,851)
Loss before taxation	(5,686)	(160,069)	(165,755)
Income tax	(7,430)	(533)	(7,963)
Loss for the year	(13,116)	(160,602)	(173,718)
Attributable to:			
Owners of the Company	(14,791)	(160,975)	(175,766)
Non-controlling interests	1,675	373	2,048
Loss for the year	(13,116)	(160,602)	(173,718)
Loss per share			
Basic	(HK1.21 cents)	(HK13.22 cents)	(HK14.43 cents)
Diluted	(HK1.21 cents)	(HK13.22 cents)	(HK14.43 cents)

Consolidated statement of comprehensive income

For the year ended 31 December 2010

	2010 (As previously reported) *HK$'000*	Adjustment *HK$'000*	2010 (Restated) *HK$'000*
Loss for the year	(13,116)	(160,602)	(173,718)
Other comprehensive income for the year			
Revaluation surplus on leasehold buildings	2,358	–	2,358
Deferred tax charge arising from revaluation surplus on leasehold buildings	(418)	–	(418)
	1,940	–	1,940
Exchange differences on translation of financial statements of overseas subsidiaries	13,191	(3,327)	9,864
Other comprehensive income for the year, net of tax	15,131	(3,327)	11,804
Total comprehensive income/(loss) for the year, net of tax	2,015	(163,929)	(161,914)
Attributable to:			
Owners of the Company	(230)	(164,119)	(164,349)
Non-controlling interests	2,245	190	2,435
	2,015	(163,929)	(161,914)

Consolidated statement of financial position

As at 31 December 2010

	2010 (As previously reported) *HK$'000*	Adjustment *HK$'000*	2010 (Restated) *HK$'000*
Non-current assets			
Property, plant and equipment	186,116	–	186,116
Prepaid land premiums	5,161	–	5,161
Intangible assets	180,632	(87,678)	92,954
Goodwill	267,716	(109,896)	157,820
Interests in associates	–	–	–
Loan receivable	35	–	35
	639,660	(197,574)	442,086
Current assets			
Inventories	84,515	–	84,515
Prepaid land premiums	146	–	146
Trade receivables	86,814	–	86,814
Prepayments, deposits and other receivables	14,192	–	14,192
Loan receivable	180	–	180
Derivative financial instruments	1,729	–	1,729
Pledged bank deposits	14,243	–	14,243
Cash and cash equivalents	234,781	–	234,781
	436,600	–	436,600
Non-current assets held for sale	22,616	–	22,616
	459,216	–	459,216
Current liabilities			
Trade payables	68,805	–	68,805
Other payables	105,931	–	105,931
Derivative financial instruments	223	–	223
Interest-bearing bank borrowings	60,783	–	60,783
Tax payable	6,825	–	6,825
	242,567	–	242,567
Net current assets	216,649	–	216,649
Total assets less current liabilities	856,309	(197,574)	658,735
Non-current liabilities			
Deferred tax liabilities	47,661	(21,907)	25,754
	47,661	(21,907)	25,754
Net assets	808,648	(175,667)	632,981

	2010 (As previously reported) *HK$'000*	Adjustment *HK$'000*	2010 (Restated) *HK$'000*
Equity			
Equity attributable to owners of the Company			
Share capital	153,641	–	153,641
Reserves	627,175	(164,119)	463,056
	780,816	(164,119)	616,697
Non-controlling interests	27,832	(11,548)	16,284
Total equity	808,648	(175,667)	632,981

(a) Restatements in relation to the goodwill and intangible assets as at acquisition date

As mentioned in note 15(b), the Group acquired 82.3% of the share capital of Tycoon Beverage Group Co. Ltd. on 8 September 2010. The Group recognised the identifiable assets acquired and the liabilities assumed at fair value using the profit forecast prepared as at 30 June 2010 (the "June forecast") in the annual report 2010.

When preparing the financial statements for the year ended 31 December 2011, the management updated and revised the profit forecast and re-assessed the fair value as at acquisition date (i.e. 8 September 2010) (the "September forecast") in accordance with HKFRS 3 (revised). The Company takes into account the actual performance of the subsidiaries for the period from 30 June 2010 to 8 September 2010 to update and revise the September forecast. As a result, management revised the profit forecast and re-assessed the fair value of assets and liabilities of Tycoon Beverage Group Co. Ltd. and its subsidiaries as at the acquisition date and 31 December 2010. Intangible assets were adjusted to approximately HK$92,954,000, goodwill to approximately HK$157,820,000 and deferred tax liabilities to approximately HK$25,754,000 as at 31 December 2010. The actual result of the subsidiaries was different from the original forecast. In consideration of the actual performance of the subsidiaries, the Group recognised the excess of the carrying amounts of the CGU (as defined in note 14) (including goodwill) over the recoverable amount of the CGU, which was arrived at based on value in use calculations as mentioned in note 14, as impairment loss on goodwill amounting to approximately HK$162,179,000 for the year ended 31 December 2010.

(b) Adjustment in relation to the amortisation of intangible assets as at year ended 31 December 2010

As a result of the restatements described in (a) above, due to the adjustment made to the intangible assets, the Group has also adjusted the related amount of the amortisation of the intangible assets amounting to approximately HK$2,110,000, and the related amount of profit shared by non-controlling interests amounting to approximately HK$373,000 for the year ended 31 December 2010.

(c) The directors of the Company are of the opinion that the effect of the restatements and adjustments described above has no significant impact on the consolidated statement of financial position of the Group as at 1 January 2010.

5. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board (the chief operating decision maker) of the Company for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividend received from equity securities investments.

2. Manufacturing and trading of hard and stuffed toys: this segment derives its revenue from manufacturing and sales of hard and stuffed toys (the "Toys Segment").

3. Manufacturing and sales of beverage products: this segment derives its revenue from manufacturing and sales of beverage products (the "Beverage Segment").

In accordance with HKFRS 8, segment information disclosed in these consolidated financial statements has been prepared in a manner consistent with the information used by the Board for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of certain unallocated corporate assets and loan receivable.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated interest income, loss on early redemption of a promissory note and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

(a) Segment results, assets and liabilities

	Securities investments		Manufacturing and trading of hard and stuffed toys		Manufacturing and sales of beverage products		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
						(Restated)		(Restated)
Reportable segment revenue								
Revenue from external customers	**900**	–	**393,844**	377,998	**180,633**	57,768	**575,377**	435,766
Reportable segment loss before taxation	**(28,404)**	–	**(29,328)**	(1,407)	**(329,023)**	(145,229)	**(386,755)**	(146,636)
Other segment information:								
Depreciation	**–**	–	**(9,566)**	(10,590)	**(6,388)**	(1,547)	**(15,954)**	(12,137)
Amortisation of prepaid land premiums	**–**	–	**(152)**	(271)	–	–	**(152)**	(271)
Amortisation of intangible assets	**–**	–	**–**	–	**(5,072)**	(1,595)	**(5,072)**	(1,595)
Impairment loss of intangible assets	**–**	–	**–**	–	**(88,341)**	–	**(88,341)**	–
Impairment loss of goodwill	**–**	–	**–**	–	**(163,208)**	(162,179)	**(163,208)**	(162,179)
Impairment loss of property, plant and equipment	**–**	–	**–**	–	**(44,802)**	(5,074)	**(44,802)**	(5,074)
Impairment loss of trade receivables	**–**	–	**–**	–	**(1,982)**	–	**(1,982)**	–
Write down of inventories, net	**–**	–	**(16,988)**	(9,580)	**(23,446)**	–	**(40,434)**	(9,580)
(Loss)/gain on disposal of property, plant and equipment	**–**	–	**(88)**	977	**–**	–	**(88)**	977
Gain on disposal of non-current assets held for sale	**–**	–	**700**	1,654	**–**	–	**700**	1,654
Fair value loss on trading securities at fair value through profit or loss	**(28,604)**	–	**–**	–	**–**	–	**(28,604)**	–
Bank interest income	**–**	–	**996**	623	**112**	–	**1,108**	623
Interest income from customers	**–**	–	**111**	–	**–**	–	**111**	–
Interest expense	**(12)**	–	**(4,603)**	(3,851)	**–**	–	**(4,615)**	(3,851)
Additions to non-current segment assets	**–**	–	**2,271**	5,988	**3,183**	468,901	**5,454**	474,889
Reportable segment assets	**139,727**	–	**316,102**	320,821	**185,338**	386,121	**641,167**	706,942
Reportable segment liabilities	**–**	–	**(177,032)**	(169,305)	**(72,060)**	(91,196)	**(249,092)**	(260,501)

Note: There were no inter-segment sales in both years.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(i) Loss before taxation		
Reportable segment loss	**(386,755)**	(146,636)
Unallocated interest income	**1,644**	6
Loss on early redemption of a promissory note	**–**	(5,451)
Unallocated corporate expenses	**(13,103)**	(13,674)
Consolidated loss before taxation	**(398,214)**	(165,755)
(ii) Assets		
Reportable segment assets	**641,167**	706,942
Loan receivable	**10,062**	215
Unallocated corporate assets	**32,935**	194,145
Consolidated total assets	**684,164**	901,302
(iii) Liabilities		
Reportable segment liabilities	**249,092**	260,501
Unallocated corporate liabilities	**3,204**	7,820
Consolidated total liabilities	**252,296**	268,321

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2011	2010
	HK$'000	*HK$'000*
Beverage products	**180,633**	57,768
Hard and stuffed toys	**393,844**	377,998
Securities investments	**900**	–
	575,377	435,766

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets as specified below. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The Group's non-current assets include property, plant and equipment, prepaid land premiums, intangible assets, goodwill and interests in associates. The geographical locations of property, plant and equipment and prepaid land premiums are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangible assets specified are allocated. In the case of interests in associates, it is based on the location of operations of such associates.

	Revenue from external customers		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)
Hong Kong (place of domicile)	**14,314**	30,905	**11,600**	13,409
The PRC	**180,633**	57,768	**139,737**	428,642
United States and Canada	**274,592**	318,089	**–**	–
Japan	**105,838**	29,004	**–**	–
	575,377	435,766	**151,337**	442,051

(e) Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group is as follows:

	2011	2010
	HK$'000	*HK$'000*
The largest customer		
– revenue from manufacturing and trading of hard and stuffed toys	**225,880**	252,728
Second largest customer		
– revenue from manufacturing and trading of hard and stuffed toys	**66,740**	48,083

6. REVENUE, OTHER REVENUE AND OTHER NET INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and dividend income from the Group's securities investments.

An analysis of the Group's revenue, other revenue and other net income is as follows:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**574,477**	435,766
Dividend income	**900**	–
	575,377	435,766
Other revenue and other net income		
Other revenue		
Bank interest income	**1,508**	623
Interest income from customers	**111**	–
Interest income from loan receivable	**1,244**	6
Total interest income on financial assets not at fair value through profit or loss	**2,863**	629
Other net income		
Fair value (loss)/gain on derivative financial instruments – transactions not qualifying as hedges	**(564)**	1,506
Gain on disposal of non-current assets held for sale	**700**	1,654
Gain on disposal of property, plant and equipment	**–**	977
Mould income	**602**	554
Net foreign exchange gain	**2,965**	–
Sublet rental income	**480**	–
Reversal of allowance for impairment loss on trade receivables	**–**	603
Sundry income	**1,614**	2,918
	8,660	8,841
	584,037	444,607

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

		2011	2010
		HK$'000	*HK$'000*
			(Restated)
a)	**Staff costs**		
	Employee benefit expense (including directors' remuneration):**		
	– Wages and salaries	**168,553**	151,152
	– Other employee benefits	**2,015**	746
	– Pension schemes contributions	**15,268**	4,551
		185,836	156,449
b)	**Other items**		
	Auditors' remuneration:		
	Audit services		
	– Current year	**2,300**	750
	– Under provision in prior years	**83**	125
	– Other services	**105**	–
		2,488	875
	Cost of inventories	**475,017**	290,926
	Depreciation of property, plant and equipment*	**16,200**	12,334
	Amortisation of intangible assets***	**5,072**	1,595
	Amortisation of prepaid land premiums	**152**	271
	Impairment loss of goodwill	**163,208**	162,179
	Impairment loss of intangible assets	**88,341**	–
	Impairment loss of property, plant and equipment***	**44,802**	5,074
	Impairment loss of trade receivables***	**1,982**	–
	Net foreign exchange (gain)/loss	**(2,965)**	352
	Fair value loss on trading securities at fair value through profit or loss	**28,604**	–
	Loss on early redemption of promissory note***	**–**	5,451
	Loss/(gain) on disposal of property, plant and equipment, net	**88**	(977)
	Operating lease charges in respect of land and buildings	**14,341**	3,052

* Depreciation of approximately HK$10,520,000 (2010: HK$5,476,000) is also included in "Cost of sales" on the face of the consolidated income statement.

** Employee benefit expense of approximately HK$130,622,000 (2010: HK$116,923,000) is also included in "Cost of sales" on the face of the consolidated income statement.

*** These items are included in "Other operating expenses" on the face of the consolidated income statement.

8. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Convertible bond interest	**–**	1,326
Imputed interest on a promissory note	**–**	451
Interest on bank loans and overdrafts wholly repayable within five years	**4,615**	2,074
Total interest expense on financial liabilities not at fair value through profit or loss	**4,615**	3,851

9. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Income tax in the consolidated income statement represents:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Current – Hong Kong		
Charge for the year	**30**	47
Over provision in prior year	**(31)**	–
	(1)	47
Current – The PRC		
Charge for the year	**9,449**	6,914
Under provision in prior year	**889**	–
	10,338	6,914
Deferred tax (credit)/charge	**(23,042)**	1,002
Income tax (credit)/expense	**(12,705)**	7,963

Hong Kong Profits Tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Enterprise Income Tax in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2010: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

10. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK$359,410,000 (2010: HK$175,766,000 (restated)) and the weighted average number of 1,670,792,291 (2010: 1,217,954,801) ordinary shares in issue during the year.

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

Diluted loss per share is equal to basic loss per share for the year ended 31 December 2010 because the outstanding convertible bonds had an anti-dilutive effect on the basic loss per share for the year ended 31 December 2010.

11. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**94,190**	101,195
Less: allowance for impairment	**(2,023)**	(14,381)
	92,167	86,814

All of the trade receivables are expected to be recovered within one year.

Ageing analysis

The following is an analysis of trade receivables by age, presented based on the invoice date and net of allowance:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**42,309**	57,226
31 to 90 days	**11,131**	28,834
Over 90 days	**38,727**	754
	92,167	86,814

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

Included in the Group's trade receivables was an amount due from an associate of approximately HK$14,381,000 (before deducting the impairment loss of approximately HK$14,381,000) (2010: HK$14,381,000 before deducting the impairment loss of approximately HK$14,381,000), which was repayable on similar credit terms to those offered to the major customers of the Group. As the associate was dissolved in the year 2012, the amount due from an associate was written off during the year 2011.

12. TRADE PAYABLES

The ageing analysis of the trade payables as at 31 December 2011 is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**21,472**	24,839
31 to 90 days	**20,962**	21,980
Over 90 days	**10,406**	21,986
	52,840	68,805

The trade payables are expected to be settled within one year.

13. INTANGIBLE ASSETS

	Golf club membership	**Trademark**	**Customer relationships**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
		(Restated)	(Restated)	(Restated)
Cost				
At 1 January 2010	600	–	–	600
Acquisition of subsidiaries *(note 15(b))*	–	91,000	700	91,700
Exchange realignment	–	2,440	–	2,440
At 31 December 2010 and 1 January 2011	600	93,440	700	94,740
Exchange realignment	–	5,240	39	5,279
At 31 December 2011	**600**	**98,680**	**739**	**100,019**
Accumulated amortisation and impairment loss				
At 1 January 2010	(150)	–	–	(150)
Amortisation	–	(1,517)	(78)	(1,595)
Exchange realignment	–	(41)	–	(41)
At 31 December 2010 and 1 January 2011	(150)	(1,558)	(78)	(1,786)
Amortisation	–	(4,831)	(241)	(5,072)
Impairment loss	–	(87,938)	(403)	(88,341)
Exchange realignment	–	(2,053)	(17)	(2,070)
At 31 December 2011	**(150)**	**(96,380)**	**(739)**	**(97,269)**
Carrying amount				
At 31 December 2011	**450**	**2,300**	**–**	**2,750**
At 31 December 2010	450	91,882	622	92,954

Notes:

(a) As mentioned in the note 4 and note 15(b), the Group acquired the trademark and customer relationships through the acquisition of Tycoon Beverage Group Co. Ltd. and its subsidiaries (collectively referred to as "Tycoon Beverage Group") on 8 September 2010. The trademark and customer relationships had a finite life of 20 years and 3 years respectively. The trademark and customer relationships were valued by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group, at a fair value of approximately HK$91,000,000 (restated) and approximately HK$700,000 (restated) respectively at the acquisition date.

(b) Amortisation had been provided on a straight-line basis over the remaining useful life of 20 years and 3 years for trademark and customer relationships respectively from the date of acquisition. The amortisation charge of approximately HK$5,072,000 (2010: HK$1,595,000 (restated)) for the year ended 31 December 2011 was included in other operating expenses in the consolidated income statement.

(c) Details of impairment testing are set out in note 14.

14. GOODWILL

For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGUs") identified according to operating segments as follows:

	Beverage Segment *HK$'000* (Restated)	Toys Segment *HK$'000*	Total *HK$'000* (Restated)
Cost			
At 1 January 2010	–	–	–
Acquisition of subsidiaries *(note 15(b))*	316,702	–	316,702
Exchange realignment	6,757	–	6,757
At 31 December 2010 and 1 January 2011	323,459	–	323,459
Acquisition of subsidiaries *(note 15(a))*	–	834	834
Exchange realignment	18,140	–	18,140
At 31 December 2011	**341,599**	**834**	**342,433**
Accumulated impairment loss			
At 1 January 2010	–	–	–
Impairment loss	(162,179)	–	(162,179)
Exchange realignment	(3,460)	–	(3,460)
At 31 December 2010 and 1 January 2011	(165,639)	–	(165,639)
Impairment loss	(163,208)	–	(163,208)
Exchange realignment	(12,752)	–	(12,752)
At 31 December 2011	**(341,599)**	**–**	**(341,599)**
Carrying amount			
At 31 December 2011	**–**	**834**	**834**
At 31 December 2010	157,820	–	157,820

As mentioned in the note 4 and note 15(b), the Group acquired the Tycoon Beverage Group on 8 September 2010. The goodwill arising from the acquisition amounting to approximately HK$316,702,000 (restated) during the year 2010.

Goodwill of approximately HK$834,000 arose from the acquisition of new subsidiaries in the Toys Segment during the year 2011 as detailed in note 15(a).

The recoverable amount for the cash generating units was determined based on value in use calculations covering a detailed three-year budget plan for Toys Segment and a five-year budget plan for Beverage Segment followed by an extrapolation of expected cash flows at the estimated growth rate stated below. The growth rate reflects the long-term average growth rate for the product lines of the cash generating units.

The key assumptions used for value in use calculations were as follows:

	Toys Segment	Beverage Segment	
	2011	**2011**	2010
Growth rate	**14.13%**	**30.40%**	30.40%
Discount rate	**10.00%**	**13.24%**	12.02%

The key assumptions also included stable profit margins and management's expectations for market share, after taking into consideration market forecast and research. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

Apart from the considerations described in determining the value in use of the cash generating units above, the Group's management is not currently aware of other probable changes that would necessitate changes in its key estimates.

In late September 2011, the management had observed that due to the intense market competition faced by its beverage business, the single product line effect that the classic hawthorn fruit tea series remained as the key sales driver of the operation, the resignation of key management members of the operation, the over-expansion of the operation and the substantial increases in the operation's selling, distribution and administrative expenses, the results of the Tycoon Beverage Group had been unsatisfactory. As such, the management had undertaken various business initiatives with the view to enhance profitability of the operation including the trim down of its sales and distribution network. However, the negative impact brought by the cost cutting measures in trimming down the operation's sales and distribution network was much larger than the management had originally anticipated, resulting in a significant drop in the operation's revenue and an operating loss was incurred for the year ended 31 December 2011.

The carrying amount of the unit was determined to be higher than its recoverable amount and an impairment loss of approximately HK$251,549,000 (2010: HK$162,179,000 (restated)) was recognised and allocated to goodwill and intangible assets of approximately HK$163,208,000 (2010: HK$162,179,000 (restated)) and approximately HK$88,341,000 (2010: nil) respectively, in the consolidated income statement for the year.

In respect of the Toys Segment, no impairment loss for goodwill had been recognised as at 31 December 2011 after an impairment testing was performed as at the reporting date as the recoverable amount was higher than the carrying amount of the CGU.

15. ACQUISITION OF SUBSIDIARIES

(a) For the year ended 31 December 2011

On 7 October 2011, the Group acquired 100% of the share capital of Chongxin Co., Limited ("Chongxin"), incorporated in Hong Kong, whose principal activity is investment holding. Its subsidiary, 撫州崇信玩具製品有限公司, incorporated in the PRC on 30 June 2010, is engaged in the manufacturing and sales of toys, stationery and home electrical appliances. The consideration of the acquisition was HK$1,000,000. The acquisition was made with the aim to achieve cost savings in the toys business of the Group.

The fair value of identifiable assets and liabilities of Chongxin as at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	187
Prepayments, other receivables and deposits	851
Cash and cash equivalents	180
Trade payables	(51)
Tax payables	(16)
Other payables	(985)
Net assets acquired	166
Goodwill *(note 14)*	834
Fair value of consideration transferred	1,000

	HK$'000
Satisfied by:	
Cash	3
Loan assignment for an amount due to the vendor by Chongxin (settled by cash)	997
	1,000

No significant acquisition-related costs were incurred.

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Chongxin is as follows:

	HK$'000
Purchase consideration settled in cash	(1,000)
Cash and cash equivalents acquired	180
Net cash outflow on acquisition	(820)

Goodwill was attributable to the synergies expected to arise after the Group's acquisition of Chongxin. Goodwill was not expected to be deductible for tax purpose.

Since the acquisition date, Chongxin and its subsidiary had contributed nil revenue to the Group's revenue as their revenue had been eliminated on consolidation and posted loss after tax of approximately HK$11,000 to the Group's profit or loss. If the acquisition had occurred on 1 January 2011, the Group's revenue would have been approximately HK$575,377,000 and loss after income tax would have been approximately HK$386,118,000 for the year ended 31 December 2011. This pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is it intended to be a projection of future results.

(b) For the year ended 31 December 2010

On 8 September 2010, the Group acquired 82.3% of the share capital of Tycoon Beverage Group Co. Ltd. whose principal activity was investment holding and its subsidiaries were mainly engaged in the manufacturing and sales of beverage products. The main operating unit of Tycoon Beverage Group was Daheng (Tianjin) Foods Industry Company Limited, which was incorporated on 5 February 2010 and started trading of beverages in July 2010. The acquisition was made with the aim to diversify the Group's existing business portfolio and to broaden its source of income.

The assets and liabilities of the Tycoon Beverage Group as at the date of acquisition were as follows:

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustment *HK$'000* (Restated)	Fair value *HK$'000* (Restated)
Property, plant and equipment	57,529	(3,212)	54,317
Intangible assets:			
Trademark	–	91,000	91,000
Customer relationships	–	700	700
Trade receivables	9,247	–	9,247
Cash and cash equivalents	3,825	–	3,825
Other payables and accruals	(58,351)	–	(58,351)
Trade payables	(372)	–	(372)
Deferred tax liabilities	–	(22,122)	(22,122)
	11,878	66,366	78,244
Less: Portion attributable to the 17.7% non-controlling interests in Tycoon Beverage Group			(13,849)
Net assets acquired			64,395
Goodwill *(note 14)*			316,702
Fair value of consideration transferred			381,097

	HK$'000
Satisfied by:	
Cash	300,000
Promissory note	81,097
	381,097

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Tycoon Beverage Group is as follows:

	HK$'000
Purchase consideration settled in cash	300,000
Cash and cash equivalents acquired	(3,825)
Net cash outflow on acquisition	296,175

The Group had elected to measure the non-controlling interest in Tycoon Beverage Group at the proportionate share of the identifiable net assets.

Goodwill was attributable to the future expected profitability of the acquired business, acquisition of highly skilled workforce, non-contractual customer relationships, research and development technology and the significant synergies expected to arise after the Group's acquisition of this new beverage business. Goodwill was not expected to be deductible for tax purpose.

None of the trade receivables was impaired and it was expected that all contractual amounts could be collected.

Since the acquisition date, Tycoon Beverage Group had contributed revenue of approximately HK$57,768,000 and profit after tax of approximately HK$9,461,000 to Group's revenue and profit or loss respectively. If the acquisition had occurred on 1 January 2010, the Group's revenue would have been approximately HK$453,455,000 and loss after tax would have been approximately HK$169,530,000 (restated) for the year ended 31 December 2010. This pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is it intended to be a projection of future results.

The acquisition-related costs of approximately HK$3,890,000 had been expensed and included in other operating expenses.

The amount of approximately HK$81,097,000 represented the fair value of the promissory note (with a face value of HK$90,000,000) as at 8 September 2010 assuming an effective interest rate of 5.346% per annum. After the completion date, the Group had early redeemed the promissory note at a discount of HK$3,000,000 on the face value resulting in a loss on the derecognition of the promissory note of approximately HK$5,451,000 which was included in other operating expenses. Imputed interest incurred prior to the redemption of approximately HK$451,000 was included in finance costs for the year ended 31 December 2010.

16. COMPARATIVE FIGURES

As a result of the restatement and change in classification of prior year's figures, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed. Further details of the restatements are disclosed in note 4.

MODIFICATION TO THE INDEPENDENT AUDITOR'S REPORT

The audit opinion on the consolidated financial statements of the Company for the year ended 31 December 2011 has been modified and is extracted as follows:

"Basis for qualified opinion

Scope limitation – Sales for Beverage segment

Included in the revenue in the consolidated income statement for the year ended 31 December 2011 were sale of goods amounting to approximately HK$56,649,000 to customers of the beverage business which are now either deregistered or the Group has already ceased to conduct business with. The management of the Company explained that following the resignation of certain personnel of the beverage operation, they were unable to locate or provide certain relevant information and supporting documents for these sales transactions. As a result, we were unable to obtain sufficient appropriate audit evidence to verify the occurrence, completeness and accuracy of these sales amount for the year ended 31 December 2011. There were no other alternative audit procedures that we could perform to satisfy ourselves as to the occurrence, completeness, and accuracy of these sales transactions. We were therefore unable to satisfy ourselves as to whether these amounts were fairly stated in the financial statements.

Any adjustments to the financial statement line items affected by the adjustments found to be necessary would have a consequential effect on the Group's net assets as at 31 December 2011, its loss for the year then ended, the related elements making up the consolidated statement of changes in equity and the consolidated statement of cash flows and the related disclosures thereof in the consolidated financial statements.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's 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."

FINAL DIVIDEND

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

BUSINESS REVIEW

For the year ended 31 December 2011, the Group's revenue was HK$575,377,000 representing a 32% growth from last year (2010: HK$435,766,000) whereas gross profit of the Group was HK$96,063,000, showing an increase of 37% when compared with the previous year (2010: HK$70,025,000). Despite these increases, the Group recorded a substantial loss for the year amounted to HK$385,509,000 (2010: HK$173,718,000 (restated)) primarily as a result of the recognition of impairment losses of goodwill and intangible assets amounted to HK$163,208,000 and HK$88,341,000 respectively related to the Group's beverage division.

Toys Division

For the year 2011, the operating environment of the toys division continued to be challenging primarily due to the sluggish market conditions in the United States and Europe. Although the management managed to increase the division's revenue by 4% to HK$393,844,000 (2010: HK$377,998,000) through capturing business opportunities emerged from existing and new customers mainly due to exits of several toys manufacturers in the Pearl River Delta Region, the division recorded segment loss amounting to HK$29,328,000 (2010: HK$1,407,000) during the year. The increase in the division's segment loss was primarily the combined results of the profit margin squeeze in orders from the United States and Europe buyers, the unexpected early increase in minimum wage rate in Zhongshan City, the PRC, the rising raw material costs and the continued appreciation of Renminbi. The division has acquired a new manufacturing base in Jiangxi Province and invested in certain energy saving equipment and other automations aiming to lower the division's manufacturing costs in the medium to long term.

Beverage Division

The operating environment of the beverage division was also difficult. For the year under review, the beverage division reported a revenue of HK$180,633,000 (2010: HK$57,768,000), increased by about 2.1 times over last year. The significant increase in the division's revenue was mainly of the reasons that the beverage division became part of the Group in September 2010 with only less than four months results being included in the Group's results for the year ended 31 December 2010 whereas the full year revenue of the division was included in the Group's results for the year ended 31 December 2011; and the effort of the management in promoting the division's sales during the year 2011. Despite the significant increase in sales, the division recorded a segment loss of HK$329,023,000, increased significantly when compared to segment loss of HK$145,229,000 (restated) in last year, which was primarily the combined results of the substantial selling, distribution and administrative expenses incurred by the division to promote sales, the recognition of write down of inventories and impairment loss of property, plant and equipment amounting to HK$23,446,000 and HK$44,802,000 respectively, and the recognition of impairment losses of goodwill and intangible assets (trademark and customer relationships) of HK$163,208,000 and HK$88,341,000 respectively primarily owing to unsatisfactory operating results and worse-than-expected business outlook of the division.

The business environment in which the division was operating had become increasingly challenging mainly due to the intense competitions from other beverage manufacturers, the fact that only the classic Daheng hawthorn fruit tea series was the division's key sales driver and the resignation of key management members of the division. In addition, the slowdown of economic growth and consumer spending in the Mainland in the year 2011 also posed negative impact on the division's performance. During the last quarter of 2011, in view of the deteriorating performance of the division, and that the scale of the division was considered over-expanded in a relatively short period, the management had decided to trim down the division's sales force to cut selling and distribution costs, while at the same time imposed measures aiming to improve the division's operating efficiency and maintain its sales level. However, the management had under-estimated the negative impact brought by the cost cutting measures in trimming down the operation's sales and distribution network and the revenue of the operation had dropped significantly since then. As of 31 December 2011, the division had 7 sales offices, and about 250 distributors and 450 staff compared to 22 sales offices, and about 600 distributors and 710 staff as of 30 June 2011.

Securities Investments

The Group commenced its securities investments operation during the year and recorded revenue of HK$900,000 representing dividend received from equity securities investments. As a whole, the division reported segment loss of HK$28,404,000 primarily comprised unrealised loss of HK$28,604,000 recognised for holdings of listed equity securities measured at fair values at year end. During the year, the Hong Kong stock market was very volatile largely caused by the continuation of the European sovereign debt crisis, the slow recovery of the United States economy, and the financial tightening measures imposed by the Chinese government on its banking and property sector. Investor confidence and market sentiments were weak for a large part of the year and put pressure on prices of listed securities invested by the Group. The Group's securities portfolio at the year end comprised mainly listed equity securities in mining and resources company, hotel and entertainment company, industrial materials company and financial services company. As at 31 December 2011, the Group's securities portfolio was valued at HK$139,727,000.

The Group reported a loss attributable to owners of the Company of HK$359,410,000 (2010: HK$175,766,000 (restated)) and basic loss per share of HK21.51 cents (2010: HK14.43 cents (restated)) for the year. The Group reported total comprehensive loss, net of tax, of HK$357,813,000 (2010: HK$161,914,000 (restated)) including a revaluation surplus on leasehold buildings of HK$7,343,000 (2010: HK$2,358,000) and exchange gain on translation of foreign operations of HK$20,806,000 (2010: HK$9,864,000 (restated)). The total comprehensive loss for the year, net of tax, attributable to owners of the Company amounted to HK$333,583,000 (2010: 164,349,000 (restated)).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2011, the Group had current assets of HK$506,923,000 (2010: HK$459,216,000) comprising cash and cash equivalents of HK$69,113,000 (2010: HK$234,781,000 (excluding pledged bank deposits)). The Group's current ratio, calculated as current assets divided by current liabilities of HK$248,468,000 (2010: HK$242,567,000), remained at a healthy ratio of 2.04 (2010: 1.89). The Group's bank loans as at 31 December 2011 were mainly denominated in Hong Kong dollars and United States dollars in the proportion of 65% and 35% (2010: 76% and 24%) respectively. All bank loans totalling HK$96,033,000 (2010: HK$60,783,000) would be matured within one year, out of which 65% bore fixed interest rate (2010: 76%) and the remaining 35% bore floating interest rate (2010: 24%).

During the year, the Company issued 150,000,000 new shares at HK$1.05 each as a result of placing of shares and raised gross proceeds of HK$157,500,000. Notwithstanding such new capital raised, the equity attributable to owners of the Company decreased by 29% to HK$439,814,000 (2010: HK$616,697,000 (restated)) mainly as a result of the significant loss incurred by the Group during the current year.

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and currency exposures.

The Group financed its operations through a combination of bank financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included interest-bearing bank borrowings, trade payables and other payables less pledged bank deposits and cash and cash equivalents. The Group's policy was to maintain its gearing ratio below 75% to ensure a healthy financial position. The gearing ratio of the Group as at 31 December 2011 was about 25% (2010's gearing ratio was not applicable as the Group was in net cash position).

Despite the substantial loss incurred by the Group, the financial position of the Group remained solid with sufficient cash and undrawn committed credit facilities to support the Group's ongoing business operations.

PROSPECTS

In view of the unsatisfactory performance and the worse-than-expected business outlook of the beverage division, on 7 March 2012, the Group entered into a conditional sale and purchase agreement with a potential purchaser to dispose of its beverage division together with the shareholder's loan owed by the beverage division to the Group. Nevertheless, on 30 October 2012, after further negotiation between the Group and the potential purchaser, the parties had agreed to terminate the agreement and not to hold each other liable for such termination. The toys and securities investments division were also not performed well, however, it is intended that the Group will continue with its toys and securities investments businesses and will make every effort to improve the divisions' results in the near future.

CORPORATE GOVERNANCE

During the year ended 31 December 2011, the Company had complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2011 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

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

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 8 March 2012 and will remain suspended until further notice.

By Order of the Board
Lo Ming Chi, Charles
Deputy Chairman and Chief Executive Officer

Hong Kong, 31 March 2014

As at the date of this announcement, the Board comprises one Non-executive Director, namely Mr. Sue Ka Lok (Chairman); four Executive Directors, namely Mr. Lo Ming Chi, Charles (Deputy Chairman and Chief Executive Officer), Ms. Danita On (Chief Operating Officer), Ms. Chan Yuk Yee and Ms. Wang Jingyu; and three Independent Non-executive Directors, namely Mr. Kwok Ming Fai, Mr. Wong Kwok Tai and Ms. Leung Pik Har, Christine.

* *For identification purpose only*