CHINA STAR FILM GROUP LIMITED

(formerly known as Golife Concepts Holdings Limited)
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(STOCK CODE: 8172)

Annual Report 2009

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This report, for which the directors (the "Directors") of China Star Film Group Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Executive Directors

Lai Hok Lim *(Chairman and chief executive officer)*
Wong Chi Chiu

Independent Non-Executive Directors

Yip Tai Him
Law Yiu Sang, Jacky
Chio Chong Meng

Company Secretary

Chan Kin Wah, Billy

Compliance Officer

Lai Hok Lim

Auditors

HLB Hodgson Impey Cheng

Authorised Representatives

Lai Hok Lim
Chan Kin Wah, Billy

Remuneration Committee

Lai Hok Lim
Yip Tai Him
Law Yiu Sang, Jacky
Chio Chong Meng

Audit Committee

Yip Tai Him
Law Yiu Sang, Jacky
Chio Chong Meng

Principal Bankers

Hang Seng Bank Limited

Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
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Registered Office

Clarendon House
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Unit 3407
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Shun Tak Centre
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Legal Advisors

As to Hong Kong Law
Michael Li & Co

As to Bermuda Law
Conyers Dill and Pearman

Corporate Website

http://www.golife.com.hk

GEM Stock Code

8172

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Star Film Group Limited (the "Company"), I would like to present the results of the Company and its subsidiaries (collectively referred to as to the "Group") for the year ended 31 December 2009.

2009 was a challenging year for the Group. In the first half of the year, the impact of the international financial crisis on the world economy continued and consumer spending dropped significantly in the Greater China. The management did take a number of measures to restructure the Group's loss operations in respect of the distribution of high-end apparel and accessories business and implement cost control measures.

On the other hand, the Group had diversified its business into other areas of property investment, the provision of artists management services and film production and distribution during the year. The management considered that the diversification of Group's business would enhance the revenue base of the Group. In addition, the Group had raised funds from the capital market in order to strengthen its capital base during the year.

In the second half of the year, in view of the PRC's real estates market had become improved after a series of economic stimulus policies implemented by the government of the PRC, the management decided to dispose part of the investment properties located at Beijing, the PRC and considered that such disposal is an opportunity for the Group to realise part of its investment properties for reducing its bank borrowings and for investment return with immediate cash inflow.

The restructure of the Group's business resulted in a decrease of turnover from HK$74.1 million, as restated, in 2008 to HK$24.2 million in 2009, representing a decrease of 67.3% over the previous year. The loss before taxation narrowed to approximately HK$8.3 million as compared with HK$75.3 million, as restated, in previous year. Taking the effect of the reversal of deferred tax liabilities resulting from the disposal of part of the investment properties located at Beijing, the PRC during the year, the profit attributable to the owners of the Company is approximately HK$26.1 million (2008: loss attributable to the owners of the Company: HK$75.3 million, as restated).

Future Plans and Appreciation

Looking forward, despite the global economy is believed to remain challenging in the coming year, it is believed that the PRC will be the first country to recover from the impact of financial crisis through its policies of promotion of economic stimulus measures. The management is optimistic about the PRC's economic development prospects in the foreseeable future. On the basis of the rapid growth of the PRC's economy, the PRC government is devoted to develop and support environmental protection projects. As such, the management intends to seek for new investment opportunity by diversifying its business into green industry and environmental protection areas in the PRC. In addition, at the appropriate time, the Group will realise its investment in order to bring better return to its shareholders.

On 8 February 2010, the Company entered into a conditional disposal agreement with an independent third party. The proposed disposal constitutes a very substantial disposal on the part of the Company under the Chapter 19 of the GEM Listing Rules. As at the date of this report, the Company is in the process of preparing an announcement in relation to the proposed disposal.

CHAIRMAN'S STATEMENT

On 9 February 2010, the Company entered into a conditional acquisition agreement. The proposed acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 19 of the GEM Listing Rules. As at the date of this report, the Company is in the process of preparing an announcement in relation to the proposed acquisition.

On 9 February 2010, the Company proposed to raise additional fund by way of the placing. As at the date of this report, the Company is in the process of preparing an announcement in relation to the proposed placing.

On 9 February 2010, the Company proposed to change of name of the Company. As at the date of this report, the Company is in the process of preparing an announcement in relation to the proposed change of name of the Company.

Last but no least, I would like to thank our Board, management and staff for their contributions to the Group. I would also like to extend my sincere gratitude to our shareholders, business partners, customers and suppliers for their continued supports.

Lai Hok Lim
Chairman

Hong Kong, 11 March 2010

Financial Review

Turnover of the Group was HK$24.2 million for the year ended 31 December 2009, of which HK$8.8 million (2008: HK$74.1 million, as restated), HK$8.2 million (2008: Nil) and HK$7.2 million (2008: Nil) was generated from the distribution of high-end apparel and accessories through the investment in the jointly controlled entity, property investment and the provision of artists management services respectively, representing a decrease of approximately 67.3% as compared with the year ended 31 December 2008.

The gross profit of the segment of the distribution of high-end apparel and accessories was approximately HK$4.1 million, representing approximately 46.6% of turnover of the distribution of high-end apparel and accessories. Gross profit margin dropped as compared with 51.2% of the corresponding period last year as a result of extra sales discounts offered in the weak retail market during the first half of the year.

Following the completion of the acquisition Shinhan-Golden Faith International Development Limited and World East Investments Limited on 8 April 2009, turnover of approximately HK$8.2 million was contributed from the segment of property investment. The gross profit of such segment was approximately HK$4.8 million.

Following the acquisition of the China Star Management Limited and Anglo Market International Limited on 31 July 2009, turnover of approximately HK$7.2 million was contributed from the segment of the provision of artists management services. The gross profit of such segment was approximately HK$1.4 million.

Other income amounted to approximately HK$155.7 million, representing an increase of 4,245% over the previous year. Such increase was contributed by a discount on acquisition of approximately HK$105.8 million, gain on deemed disposal of subsidiaries of approximately HK$32.8 million and gain on deemed disposal of a jointly controlled entity of approximately HK$17.1 million recorded during the year.

Selling and distribution costs decreased by 89.4% to approximately HK$0.3 million from HK$3.2 million in prior year. Such decrease was in line with the decrease in the turnover generated from the segment of the distribution of high-end apparel and accessories.

Administrative expenses decreased by 26.7% to approximately HK$67.1 million from HK$91.6 million in prior year. Such decrease was mainly attributed to the scale down of the operation in the segment of the distribution of high-end apparel and accessories and the stringent cost control policy adopted by the management during the year.

Other operating expenses increased by 326.6% to approximately HK$86.8 million from HK$20.3 million in prior year. Such increase was caused by the loss on change in fair value of the investment properties located at Beijing, the PRC of approximately HK$52.4 million, the loss on early redemption of convertible loan notes of approximately HK$2.6 million and the impairment losses on amount due from a jointly controlled entity of approximately HK$30.9 million.

Finance costs increased by 775.9% to approximately HK$21.9 million from HK$2.5 million in prior year. Such increase was mainly attributed to the increase in interest on bank loan and overdrafts wholly repayable within five years and effective interest expenses on convertible loan notes and promissory notes.

Profit attributable to the owners of the Company was HK$26.1 million (2008: loss attributable to the owners of the Company HK$75.3 million, as restated). The turnaround was mainly contributed by the combined effect of the increase in other income such as the discount on acquisition and the gain on deemed disposal of subsidiaries and a jointly control entity, the decrease of administrative expenses and the reversal of the deferred tax liabilities of HK$48.7 million relating to the disposal of part of the investment properties located at Beijing, the PRC during the year.

Business Review

On 26 November 2008, Mega Shell Services ("MS"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Riche (BVI) Limited ("Riche"), a wholly-owned subsidiary of China Star Investment Holdings Limited of which its issued shares are listed on the Main Board of the Stock Exchange. Pursuant to the sale and purchase agreement, MS has agreed to purchase the entire issued share capital and the outstanding shareholders' loan of Shinhan-Golden Faith International Development Limited ("SG") and World East Investments Limited ("WE") for a total consideration of HK$211,466,310. SG and WE are the shareholders of 北京莎瑪房地產開發有限公司 (the "Beijing Company"), a company incorporated in the PRC. The Beijing Company is the registered and beneficial owner of a property located at No. 9 Gongyuan Xijie, Dongcheng District, Beijing, the PRC. The property has been utilised as a high-end serviced apartment for rental purpose. The property has commenced operation in late June 2008 and is managed by SHAMA, one of the leading providers of boutique serviced apartments in the Hong Kong real estate market. The details of the transaction were set out in the circular of the Company dated 23 January 2009 and was approved by the shareholders at the extraordinary general meeting held on 16 February 2009. The transaction had been completed on 8 April 2009. Turnover of approximately HK$8.2 million was contributed by that segment during the year.

On 29 January 2009, the Company announced that Amazing Goal International Limited ("AG"), a wholly-owned subsidiary of the Company, entered into a subscription agreement pursuant to which Chung Chiu (PTC) Limited ("CC") has conditionally agreed to subscribe and AG has conditionally agreed to allot and issue subscription shares to CC at a consideration of US$50. The subscription shares represent 50% of the entire share capital of AG as enlarged by the allotment and issue of the subscription shares. The details of the transaction were set out in the circular of the Company dated 26 May 2009 and was approved by the shareholders at the special general meeting held on 6 July 2009. The transaction had been completed on 10 July 2009. Upon completion, AG has ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company. The Company and CC has entered into a shareholders' agreement for the management of the jointly controlled entity. The Company's interests in AG will be accounted for by proportionate consolidation under HKAS 31 "Interests in Joint Ventures". The Directors believe that the subscription will provide the Group with an opportunity to restructure the loss-making operations of the Group and reallocate the resources of the Group on other business operations. On 21 August 2009, CC increased its interest in AG to 81% by capitalising its advances to AG pursuant to the shareholders' agreement. The Group will consider exercising its right to top-up its interest in AG to a maximum of 50% by keeping track on the performance of AG from time to time. Turnover of approximately HK$8.8 million was contributed by that segment during the year.

On 21 July 2009, the Company and the noteholders of the convertible loan notes with an aggregate outstanding principal amount of HK$7 million (the "Convertible Loan Notes") proposed to enter a deed of amendments, pursuant to which, the conditions of the Convertible Loan Notes shall be modified (a) to extend the maturity date of the Convertible Loan Notes to the fifth anniversary of the date of issue instead of the third anniversary of the date of issue; and (b) to a mandatory conversion of any outstanding amount of the Convertible Loan Notes into shares by the noteholders at HK$0.239, subject to adjustment for standard anti dilution events, at the new maturity date (the "Proposed Alterations"). The details of the Proposed Alterations were set out in the circular of the Company dated 12 August 2009 and was approved by the shareholders at the special general meeting held on 7 September 2009. The deed of amendments was entered into between the Company and the noteholders on 5 October 2009.

On 31 July 2009, the Company announced that Dance Star Group Limited ("DS"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China Star Entertainment Limited, of which its issued shares are listed on the Main Board of the Stock Exchange. Pursuant to the sale and purchase agreement, DS agreed to acquire the entire issued share capital of China Star Management Limited ("CSM") and Anglo Market International Limited ("AMI") from China Star Entertainment Limited for the consideration of HK$3,137,971. Completion took place upon signing of the sale and purchase agreement. Each of CSM and AMI is principally engaged in the business of artists management and has possessed existing resources in relation to artists management including a pool of non-contracted and contracted artists and experienced management in the media field. The Directors consider that such resources represent valuable assets for the Group to develop into the film business with an aim to diversify the revenue and earnings base of the Group. Turnover of approximately HK$7.2 million was contributed by that segment during the year.

On 8 August 2009, the Beijing Company and 北京銀座興業房地產經紀有限公司 (the "Purchaser") entered into a sale and purchase agreement pursuant to which the Beijing Company has conditionally agreed and the Purchaser has conditionally agreed to purchase the 193 residential units and the 186 car parking spaces located at No. 9 Gongyuan Xijie, Dongcheng District, Beijing, the PRC for a consideration of RMB750 million (the "Disposal"). The transaction constituted a very substantial disposal on the part of the Company. A circular containing the details of the Disposal had been dispatched to the shareholders on 9 September 2009 (the "Circular"). The Disposal had been approved by the shareholders at the special general meeting held on 25 September 2009. The Directors consider that the Disposal represents an opportunity for the Group to realise part of its investment properties in Bejing for reducing its bank borrowings and for investment return with immediate cash inflow. As stated in the Circular, the Board intends to use the remaining net proceeds from the Disposal to pay down the Group's borrowing and indebtedness. On 2 October 2009, the Company had paid down the convertible loan notes issued to Brilliant Arts Multi-Media Holding Limited ("Brilliant Arts", currently known as Xing Lin Medical Information Technology Company Limited) on 28 April 2009 in the principal amount of HK$100 million.

On 8 October 2009, DS entered into a sale and purchase agreement with Brilliant Arts, of which its issued shares are listed on the GEM Board of the Stock Exchange. Pursuant to the sale and purchase agreement, DS agreed to acquire the entire issued share capital of Creative Formula Limited ("Creative Formula") from Brilliant Arts for the consideration of HK$8,200,418. Completion took place upon signing of the sale and purchase agreement. Creative Formula is principally engaged in the business of film production and distribution. The principal asset of Creative Formula is the film rights (excluding Hong Kong Theatrical Right, Hong Kong Video Right, Airline Right, Hong Kong Cable Television Right, All Rights for Singapore and Malaysia, and Asian Satellite Television Right) of a film titled "Written By" 「再生號」. The Directors consider that the acquisition of Creative Formula is in line with the business strategy of the Group and the expansion into film production and distribution business will diversify the revenue and earnings base of the Group.

On 7 December 2009, the Company entered into a placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent, 200,000,000 new shares by tranches provided that the number of new shares for each tranche is in integral multiples of 50,000,000, on a fully underwritten basis, to not fewer than six placees at a price of HK$0.30 per new share. The placing had been approved by the shareholders at the special general meeting held on 15 January 2010. The net proceeds of approximately HK$59 million will be utilised for future acquisition or repayment its borrowings. The placing was completed in two tranches on 25 January 2010 and 5 February 2010 and 100,000,000 new shares were placed in each tranche of the placing.

Liquidity and Financial Resources

At 31 December 2009, the Group had total assets of approximately HK$594.2 million (2008: HK$27.2 million, as restated), including cash and bank balances of approximately HK$230.5 million (2008: HK$5.8 million, as restated). The increase in cash and bank balances was mainly contributed by cash inflow generated from investing and financing activities during the year.

During the year under review, the Group financed its operation with internally generated cash flows and the proceeds from the issuance of convertible loan notes, the issuance of new shares and the disposal of part of its investment properties located at Beijing, the PRC.

On 13 January 2009, the Group raised approximately HK$6.6 million before expenses, by way of open offer of 131,570,645 offer shares at a price of HK$0.05 per offer share on the basis of two offer shares for every five existing shares held on the record date. The net proceeds of approximately HK$5.7 million was utilised for the acquisition of investment properties located at Beijing, the PRC.

On 29 January 2009, the Group raised additional fund of HK$60 million by issuance of convertible loan notes to China Star Entertainment Limited, of which its issued shares are listed on the Main Board of the Stock Exchange, with a term of 10 years with zero coupon rate (the "CSE Loan Notes"). The proceeds raised from the issuance of the CSE Loan Notes was utilised as general working capital and/or repayment its borrowings as and when need.

On 28 April 2009, the Group raised additional fund of HK$100 million by issuance of convertible loan notes to Brilliant Arts, with a term of 10 years with zero coupon rate. The proceeds raised from the issuance of the such convertible loan notes was utilised as general working capital and/or repayment its borrowings as and when need.

On 23 April 2009, the Company entered into an agreement with a placing agent, whereby the Company has conditionally agreed to place through the placing agent, an aggregate of 11,560,000 placing shares on a fully underwritten basis to independent investors at a price of HK$0.205 per placing share. The net proceeds of HK$2.3 million from the placing was intended to be used for general working capital of the Group.

On 23 April 2009, the Company proposed to raise approximately HK$55.5 million before expenses, by way of open offer of not more than 555,506,552 offer shares at a price of HK$0.1 per offer share on the basis of eight offer shares for every one share held on the record date. The open offer was approved by the shareholders at the special general meeting held on 29 May 2009 and completed on 29 June 2009. The net proceeds from the open offer of approximately HK$54.4 million are intended to apply to reduce the Group's borrowings as and when needed, finance any future possible investment and/or for general working capital of the Group.

During the year ended 31 December 2009, certain option holders exercised their option rights to subscribe for an aggregate of 31,200,000 shares at an exercise price of HK$0.091 per share and an aggregate of 20,720,000 shares at an exercise price of HK$0.10 per share. The net proceeds from the exercise of option rights amounted to approximately HK$4.84 million.

At 31 December 2009, the total borrowings of the Group amounted to HK$211.6 million (2008: 42.7 million, as restated), comprising:

(a) the advance of approximately HK$155.5 million made by Riche (BVI) Limited arising from the acquisition of Shinhan-Golden Faith International Development Limited and World East Investments Limited which is unsecured, interest free and maturing in April 2014;

(b) a current account of approximately HK$6.6 million advanced by China Star Entertainment Limited which is unsecured, interest free and no fixed term of repayment;

(c) the liability component of approximately HK$31.8 million in respect of the promissory note with a principal amount of HK$100 million issued to Riche (BVI) Limited as part of the consideration of the acquisition of Shinhan-Golden Faith International Development Limited and World East Investments Limited which is unsecured, interest free and maturing in April 2014;

(d) the liability component of approximately HK$3.9 million in respect of the convertible loan notes with an aggregate principal amount of HK$60 million issued to China Star Entertainment Limited which is unsecured, interest free and maturing in January 2019;

(e) the liability component of approximately HK$8.1 million in respect of the convertible loan notes with an aggregate principal amount of HK$100 million issued to Riche (BVI) Limited as part of the consideration of the acquisition of Shinhan-Golden Faith International Development Limited and World East Investments Limited which is unsecured, interest free and maturing in January 2019;

(f) the liability component of approximately HK$3.2 million in respect of the convertible loan notes with a principal amount of HK$4.0 million issued to Win Win Fortune Limited which is unsecured, interest free and maturing in September 2013;

(g) the liability component of approximately HK$2.4 million in respect of the convertible loan notes with a principal amount of HK$3.0 million issued to Mr. Cheung Pui Kay which is unsecured, interest free and maturing in September 2013; and

(h) the unsecured bank borrowings of approximately HK$0.1 million.

The gearing ratio, expressed as percentage of total liabilities over total assets, was 70.5% (2008: 264.1%, as restated). The improvement in gearing ratio was mainly attributed to the broaden of the Company's capital base through various fund raising activities and repayment of the Group's bank borrowings during the year.

At 31 December 2009, the Group did not have any charge on its assets.

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need rise.

Commitments

At 31 December 2009, the Group had no commitments (2008: HK$125.2 million).

Contingent Liabilities

At 31 December 2009, the Group had no contingent liabilities (2008: HK$70.1 million).

Employees

At 31 December 2009, the Group had 33 employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

The Group did not enter into any new significant investment during the year ended 31 December 2009.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition and disposal as disclosed in the "Business Review" under the "Management Discussion and Analysis" section, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies for the year ended 31 December 2009.

Future Plan for Material Investments and Capital Assets

Save as the proposed acquisition and disposal as disclosed in the "Future Plans" section under the "Chairman's Statement" section, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Share Consolidation, Change in Board Lot Size, Capital Reorganisation and Change in Domicile

Pursuant to the resolutions passed on 9 February 2009, the domicile of the Company has been changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile"). Capital reorganisation (the "Capital reorganisation") has been effected by way of comprising (a) share consolidation that every ten shares of HK$0.05 each in the issued and unissued share capital be consolidated into one consolidated share of HK$0.50 each of the Company ("Consolidated Shares"); (b) capital reduction that the par value of all issued Consolidated Shares from HK$0.50 each to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.49 on each issued Consolidated Share; (c) diminution of the par value of each of the authorised but unissued Consolidated Shares from HK$0.50 each to HK$0.01 each by a diminution of HK$0.49 on each authorised but unissued Consolidated Share. The Change of Domicile and Capital Reorganisation has been completed on 16 March 2009 and 6 April 2009 respectively.

Pursuant to the resolutions passed on 15 January 2010, Capital reorganisation (the "Capital reorganisation") has been effected by way of comprising (a) share consolidation that every five shares of HK$0.01 each in the issued share capital be consolidated into one consolidated share of HK$0.05 each ("Consolidated Shares"); (b) capital reduction that the par value of all issued Consolidated Shares from HK$0.05 each to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.04 on each issued Consolidated Share; (c) the transfer of the credit of HK$5,410,642.16 arising from the capital reduction of all issued Consolidated Shares to the contributed surplus account of the Company for the purpose to offset against the accumulated losses permitted by the laws of Bermuda and the bye-laws. The Capital Reorganisation has been completed on 18 January 2010.

Change of Company name

On 31 July 2009, the Company proposed that the name of the Company be changed from "Golife Concepts Holdings Limited (寶利福控股有限公司*) to "China Star Film Group Limited (中國星電影集團有限公司)". The proposed change in name of the Company had been resolved as a special resolution by the shareholders of the Company at the special general meeting held on 7 September 2009. The Registrar of Companies in Bermuda and Hong Kong had granted approval for the proposed change in name of the Company on 8 September 2009 and 7 October 2009 respectively. The changes of name and stock short name of the Company were effective on 23 October 2009.

* *for identification purpose only*

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Directors

Lai Hok Lim, aged 50, is the chairman and chief executive officer of the Company. He is a practicing solicitor in Hong Kong since 1989. He graduated from the University of Hong Kong with a Bachelor of Arts Degree and holds a Bachelor of Arts (Law) Degree from the University of Sussex in the United Kingdom and a Bachelor of Law Degree from Beijing University in the People's Republic of China. He was appointed as an executive director and the chairman on 10 November 2008 and 16 November 2008 respectively.

Wong Chi Chiu, aged 31, has over 9 years experience in corporate finance and auditing with participation in activities including mergers and acquisitions, initial public offerings and fund raising exercise. He holds a bachelor of business administration degree in accounting from Hong Kong University of Science and Technology. He was appointed as an executive director on 25 January 2010.

Independent non-executive Directors

Yip Tai Him, aged 39, has over 16 years of experience in auditing, accounting and corporate finance. He is a member of the Institute of Chartered Accountants in England and Wales, Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Yip is currently an independent non-executive director of Wing Lee Holdings Limited, China Cyber Port (International) Company Limited, iOne Holdings Limited, GCL-Poly Energy Holdings Limited and Vinco Financial Group Limited, all of which are listed on the Stock Exchange. Mr. Yip was appointed as an independent non-executive director on 13 December 2008.

Law Yiu Sang, Jacky, aged 45, holds a bachelor of laws degree from Manchester Metropolitan University. He is a member of the Hong Kong Institute of Arbitrators. From 2006 to 2007, Mr. Law was a member of The Chartered Institute of Arbitrator. Mr. Law has previously worked in a number of different law firms and has over 18 years experience in assisting in management and legal documentation. Mr. Law was appointed as an independent non-executive director on 13 December 2008.

Chio Chong Meng, aged 40, holds a bachelor of arts degree from York University in Canada. She has worked with a reputable hotel chain in Macau for a number of years and acquired extensive hotel management experience in the area of sales, finance and business support. She is now the general manager of a hotel in Macau. Ms. Chio was appointed as an independent non-executive director on 1 January 2009.

Senior Management

Mr. Chan Kin Wah, Billy, aged 47, is the company secretary of the Company. Prior to joining the Company on 20 August 2009, he worked in the accounting, finance and taxation field for over 16 years and has over 11 years of working experience in Hong Kong listed companies. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a CPA member of CPA Australia and a non-practicing member of the Chinese Institute of Certified Public Accountants. He holds a Bachelor of Administration Degree from the University of Ottawa in Canada and a Master of Commerce Degree in Professional Accounting from the University of New South Wales in Australia.

The Board of Directors ("Board") is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2009.

In November 2004, The Stock Exchange of Hong Kong Limited ("Stock Exchange") issued the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the Rules governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Rules") which sets out corporate governance principles ("Principles") and code provisions ("Code Provisions") with which listed issuers are expected to follow and comply.

The Company has applied the Principles as set out in the CG Code that are considered to be relevant to the Company and has complied with most of the Code Provisions set out in the CG Code save for certain deviations, details of which will be explained in the relevant paragraphs in this report.

Good corporate governance has always been recognized as vital to the Group's success and to sustain development of the Group. The Company acknowledge the important role of its Board in providing effective leadership and direction to company business, and ensuring transparency and accountability of company operations. The Company also endeavors to periodically review its corporate governance practices to ensure that these and these continue to meet the requirements of the CG Code.

The key corporate governance principles and practices of the Company are summarized as follows:

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Composition

The Board currently comprises five Directors: two executive Directors and three independent non-executive Directors that are more than one-third of the Board. Biographical details of the Chairman and other Directors are set out in the section of "Profiles of Directors and Senior Management on page 12.

The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interest of the shareholders and the Company as a whole.

As at 31 December 2009, the Board comprised five Directors, including two executive Directors, namely Mr. Lai Hok Lim and Mr. Wong Chi Chiu and three independent non-executive Directors, Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky, and Ms. Chio Chong Meng. Mr. Lai Hok Lim is the chairman of the Board. One of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

The Board as a whole is responsible for the appointment of new Directors and Directors nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Independence

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. The Company considers these directors to be independent under the guidelines set out in Rules 5.09 of the GEM Listing Rules.

Chairman and Chief Executive Officer

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Lai Hok Lim, who is also an executive Director. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement form time to time and will consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

Non-executive Directors

Under the Code provision A4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation and is eligible for re-election in accordance the the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least 7 business days' notice of regular Board meeting are given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides information to Directors on activities and development of the businesses of the Group. The company secretary takes detailed minutes of the meetings and keeps records of matters discussed and decision resolved at the meetings.

During the year ended 31 December 2009, 35 meetings were held. Details of the attendance of the Directors at the meetings of the Board and its respective Committees are as follows:

Name of Director	*Notes*	Board Meeting Attended/Held	Audit Committee Attended/Held	Remuneration Committee Attended/Held
Executive Directors				
Mr. Lai Hok Lim		35/35	N/A	1/1
Mr. Wong Chi Chiu	*(1)*	N/A	N/A	N/A
Ms. Gouw San Bo, Elizabeth	*(2)*	2/11	N/A	N/A
Mr. Lee Chan Wah	*(3)*	25/25	N/A	N/A
Mr. Heung Wah Keung	*(4)*	12/12	N/A	N/A
Non-executive Directors				
Mr. Duncan Chiu	*(5)*	0/11	N/A	N/A
Independent non-executive Directors				
Mr. Yip Tai Him		33/35	4/4	1/1
Mr. Law Yiu Sang, Jacky		33/35	4/4	1/1
Ms. Chio Chong Meng		33/35	4/4	1/1

Notes:

(1) Mr. Wong Chi Chiu was appointed as an executive director with effect from 25 January 2010.

(2) Ms. Gouw San Bo, Elizabeth resigned from her position as an executive director with effect from 20 April 2009.

(3) Mr. Lee Chan Wah resigned from his position as an executive director with effect from 20 August 2009.

(4) Mr. Heung Wah Keung was appointed as an executive director with effect from 6 August 2009 and resigned from his position as an executive director with effect from 21 January 2010.

(5) Mr. Duncan Chiu resigned from his position as a non-executive director with effect from 20 April 2009.

Remuneration Committee

A remuneration committee was formed in August 2006 with specific written terms of reference which deal clearly with its authority and duties in accordance with the requirements of the new Code. The remuneration committee is responsible for reviewing and developing the remuneration polices of the Directors and senior management. The remuneration committee consists of all three Independent non-executive Directors and an executive Director, namely Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky, Ms. Chio Chong Meng and Mr. Lai Hok Lim.

During the year under review, the remuneration committee held 1 meeting.

Nomination Committee

The Company does not establish a nomination committee at present. The appointment of new Director(s) is therefore a matter for consideration and decision by the Board. In considering the nomination of a new Director or where vacancies on the Board exist, the Board will take into account the skills, qualification, working experience, professional knowledge, leadership and personal integrity of the candidates.

Auditors' Remuneration

For the year ended 31 December 2009, the remuneration in respect of audit services provided by the auditors, HLB Hodgson Impey Cheng, amounted to HK$450,000.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. Rule 5.28 of the GEM Rules requires that the audit committee must comprise a minimum of three members with a majority of independent non-executive Directors and at least one member must have appropriate professional qualifications or accounting or related financial management expertise.

The main duties of the audit committee include the followings:

(a) To review the consolidated financial statements and reports and consider any significant or unusual items raised by compliance officer or external auditors before submission to the board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The audit committee held four meetings during the year ended 31 December 2009, to review the financial results and reports, financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

There is no material uncertainty relating to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 December 2009, has been reviewed by the audit committee.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in rules 5.48 to 5.67 to the GEM Listing Rules as its own code of conduct for dealings in securities of the Company by Directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the required standard set out in the Code during the financial year ended 31 December 2009.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the consolidated financial statements, which give a true and fair view of the financial position of the Group. The auditors are responsible to form an independent opinion, based on the audit, on the consolidated financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

Shareholder Rights

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's bye-laws. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of 2009 annual general meeting and explained during the proceedings of the meeting.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The chairman of the Board and the chairman of the audit committee attended the annual general meeting in 2009 to answer questions at the meeting.

Separate resolutions were proposed at the annual general meeting in 2009 on each substantial issue, including the election of individual directors.

Conclusion

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The Management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2009.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. Details of the activities of its subsidiaries and geographical analysis of operations are set out in note 52 and note 7 to the consolidated financial statements respectively.

Results

The results of the Group for year ended 31 December 2009 are set out in the consolidated income statement on page 28 of this annual report.

The directors do not recommend the payment of any dividend in respect of 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 110 of this annual report.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

Share capital and share options

Details of the movements in the Company's share capital and share options during the year are set out in notes 37 and 38 to the consolidated financial statements respectively.

Reserves

Details of the movement in the reserves of the Group and the Company during the year are set out in note 40 to the consolidated financial statements.

Purchase, sale or redemption of shares

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Convertible Loan Notes

Details of the movements in convertible loan notes during the year are set out in note 35 to the consolidated financial statements.

Distributable reserves

The Company's reserves available for distribution to shareholders at 31 December 2009 amounting to approximately HK$Nil (2008: HK$Nil).

Charitable donations

Charitable donations made by the Group during the year amounted to HK$ Nil (2008: HK$2,000).

Post balance sheet events

Details of significant events occurring after the balance sheet date are set out in note 51 to the consolidated financial statements.

Connected transactions

Details of connected transactions are set out in note 44 to the consolidated financial statements.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 31 December 2009.

Directors

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

Executive Directors

Mr. Lai Hok Lim	
Mr. Wong Chi Chiu	(appointed on 25 January 2010)
Mr. Heung Wah Keung	(appointed on 6 August 2009 and resigned on 21 January 2010)
Mr. Lee Chan Wah	(resigned on 20 August 2009)
Ms. Gouw San Bo, Elizabeth	(resigned on 20 April 2009)

Non-executive Directors

Mr. Duncan Chiu	(resigned on 20 April 2009)

Independent non-executive Directors

Mr. Yip Tai Him
Mr. Law Yiu Sang, Jacky
Ms. Chio Chong Meng

In accordance with article 87(1) of the Company's bye-laws, Mr. Lai Hok Lim and Ms. Chio Chong Meng would retire and, being eligible, offer themselves for re-election.

Mr. Wong Chi Chiu was appointed as an executive Directors by the Board on 25 January 2010. According to article 86(2) of the Company's bye-laws, Mr. Wong Chi Chiu shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. As such, Mr. Wong Chi Chiu would retire and, being eligible, offer himself for re-election.

Directors' service contracts

None of the directors being proposed for re-election at the forthcoming annual general meeting has a services contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interest and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2009, the interests and short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM) of the Stock Exchange (the "GEM Listing Rules"), were as follows:—

Long positions in the ordinary shares of HK$0.01 each of the Company

Name of Director	Personal interests	Corporate interest	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of the Company's issued share capital
Mr. Lai Hok Lim	6,240,000	—	—	6,240,000	0.92%

Save as disclosed above, at 31 December 2009, none of the directors, or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

Share option schemes

Particulars of the Company's share option schemes are set out in note 38 to the consolidated financial statements.

Employee award plan

Particulars of the Company's employee award plan are set out in note 39 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes and employee award plan disclosed above and in note 38 and note 39 to the consolidated financial statements respectively, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Competing interests

At 31 December 2009, none of the directors, the substantial shareholders nor their respective associates had an interest in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Substantial shareholders

At 31 December 2009, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Percentage of the Company's issued share capital
China Star Investment Holdings Limited	Interest of controlled corporation *(Note 1)*	105,922,746	1,115,873,170	1,221,795,916	180.65%
Riche (BVI) Limited	Beneficial owner *(Note 1)*	105,922,746	1,115,873,170	1,221,795,916	180.65%
China Star Entertainment Limited	Beneficial owner *(Note 2)*	—	262,008,733	262,008,733	38.74%

Notes:

(1) Riche (BVI) Limited ("Riche") is deemed to be interested in 1,115,873,170 shares through its interest in the convertible loan notes issued and to be issued by the Company in an aggregate amount of HK$255,534,956. Adding the 105,922,746 shares that Riche is interested in its own capacity, Riche is deemed to be interested in 1,221,795,916 shares. As Riche is wholly-owned by China Star Investment Holdings Limited ("China Star"), a company listed on the Main Board of the Stock Exchange, China Star is deemed to be interested in such 1,221,795,916 shares.

(2) China Star Entertainment Limited ("CSE"), a company listed on the Main Board of the Stock Exchange, is deemed to be interested in 262,008,733 shares through its interest in the convertible loan notes in the principal amount of HK$60,000,000 issued by the Company.

Save as disclosed above, at 31 December 2009, the Company has not been notified by any persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 15 to the consolidated financial statements.

Major customers and suppliers

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales

—	the largest customer	10%
—	five largest customers combined	27%

Purchases

—	the largest supplier	29%
—	five largest supplier combine	40%

At no time during the year did the directors, 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 issued share capital) had an interest in the major customers or suppliers noted above.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises the three independent non-executive directors namely, Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng. During the year, the audit committee held four meetings to review the Group's annual report, half-year report and quarterly report.

Remuneration committee

A remuneration committee has been established with written terms of reference in accordance with the requirements of the Code of Corporate Governance Practices. The remuneration committee comprises three independent non-executive directors, namely Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng and one executive director, Mr. Lai Hok Lim. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management, the determination of specific remuneration packages of all executive directors and senior managements, and review and approve performance-based remuneration.

Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less that exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors have complied with such code of conduct and the required standard of dealings regarding directors' securities throughout the year ended 31 December 2009.

Confirmation of independence

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the GEM Listing Rules and considers all the independent non-executive directors to be independent.

Change of Company Secretary

On 20 August 2009, Mr. Lee Chan Wah resigned and Mr. Chan Kin Wah, Billy was appointed as the Company Secretary.

Auditors

Vision A. S. Limited had resigned as auditors of the Company with effect from 7 December 2009 and HLB Hodgson Impey Cheng have been appointed as new auditors of the Company with effect from 15 January 2010 to fill the causal vacancy.

The consolidated financial statements for the year ended 31 December 2009 have been audited by HLB Hodgson Impey Cheng who will retire and, being eligible, offer themselves for re-appointment in the forthcoming annual general meeting.

On behalf of the Board

Lai Hok Lim
Chairman

Hong Kong, 11 March 2010

INDEPENDENT AUDITORS' REPORT

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
CHINA STAR FILM GROUP LIMITED
(formerly known as Golife Concepts Holdings Limited)
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of China Star Film Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 109, which comprise the consolidated and company balance sheet as at 31 December 2009, and the related consolidated income statement, 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 notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 90 of the Bermuda Companies Act, 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and the true and fair presentation of the consolidated financial statements 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 of the Company, 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.

Opinion

In our opinion, 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 2009 and of the Group's profit 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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 11 March 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 *HK$'000*	2008 *HK$'000* (restated)
Turnover	*6*	**24,223**	74,122
Cost of sales		**(13,858)**	(36,160)
Gross profit		**10,365**	37,962
Other revenue	*8*	**1,803**	811
Other income	*9*	**155,683**	3,583
Selling and distribution costs		**(342)**	(3,217)
Administrative expenses		**(67,115)**	(91,602)
Other operating expenses	*10*	**(86,799)**	(20,345)
Finance costs	*11*	**(21,880)**	(2,498)
Loss before tax	*12*	**(8,285)**	(75,306)
Tax credit	*13*	**34,384**	—
Profit/(loss) for the year		**26,099**	(75,306)
Profit/(loss) attributable to owners of the Company		**26,099**	(75,306)
Earnings/(loss) per share	*14*		
Basic		**HK8.74 cents**	HK(284.38) cents
Diluted		**HK8.74 cents**	HK(284.38) cents

All of the Group's activities are classified as continuing.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000 (restated)
Profit/(loss) for the year		**26,099**	(75,306)
Other comprehensive income			
Exchange differences arising on translation of foreign operations during the year		**(537)**	—
Total comprehensive income for the year		**25,562**	(75,306)
Total comprehensive income attributable to owners of the Company		**25,562**	(75,306)

All of the Group's activities are classified as continuing.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000 (restated)	1/1/2008 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	16	**8,027**	2,006	6,718
Investment properties	17	**118,619**	—	—
Intangible assets	18	**7,958**	—	—
Goodwill	19	**—**	—	—
Total non-current assets		**134,604**	2,006	6,718
Current assets				
Inventories	21	**—**	7,590	8,992
Trade receivables	22	**186,716**	2,794	4,195
Deposits, prepayments and other receivables	23	**13,411**	7,522	13,822
Financial assets at fair value through profit or loss	24	**1**	231	966
Derivative financial instruments		**—**	—	840
Properties held for sale	25	**29,033**	—	—
Amount due from jointly controlled entities		**—**	—	—
Tax recoverable		**—**	1,303	—
Pledged deposit		**—**	—	5,949
Cash and bank balances	26	**230,463**	5,766	3,705
Total current assets		**459,624**	25,206	38,469
Current liabilities				
Trade payables	27	**197**	2,402	3,098
Accruals, deposit received and other payables	28	**124,225**	19,845	15,479
Derivative financial instruments	29	**—**	2,153	459
Interest-bearing bank and other borrowings	30	**130**	11,074	13,563
Convertible loan notes	35	**—**	3,157	—
Amounts due to a shareholder	32	**155,535**	—	—
Amounts due to jointly controlled entities	32	**—**	1,025	—
Receipts in advance	33	**42,428**	—	—
Tax payable		**15,303**	587	755
Total current liabilities		**337,818**	40,243	33,354
Net current assets/(liabilities)		**121,806**	(15,037)	5,115
Total assets less current liabilities		**256,410**	(13,031)	11,833

	Notes	2009 HK$'000	2008 HK$'000 (restated)	1/1/2008 HK$'000 (restated)
Non-current liabilities				
Interest-bearing bank and other borrowings	30	—	1,045	805
Promissory note	34	31,831	—	—
Convertible loan notes	35	17,596	30,574	—
Deferred taxation	36	31,603	—	—
Total non-current liabilities		81,030	31,619	805
Net assets/(liabilities)		175,380	(44,650)	11,028
Equity				
Issued capital	37	6,763	16,446	12,470
Reserves		168,617	(61,096)	(1,442)
		175,380	(44,650)	11,028

The consolidated financial statements were approved and authorised for issue by the board of directors on 11 March 2010 and signed on its behalf by:

Lai Hok Lim
Executive Director

Wong Chi Chiu
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

BALANCE SHEET

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investments in subsidiaries	20	—	—
Interests in jointly controlled entities		—	—
Current assets			
Deposits, prepayments and other receivables		—	100
Amounts due from subsidiaries	20	143,662	4,503
Amounts due from jointly controlled entities		2,939	—
Cash and bank balances	26	73,056	3,545
Total current assets		219,657	8,148
Current liabilities			
Other payables and accruals		4,256	3,459
Convertible loan notes	35	—	3,157
Total current liabilities		4,256	6,616
Net current assets		215,401	1,532
Total assets less current liabilities		215,401	1,532
Non-current liabilities			
Promissory note	34	31,831	—
Convertible loan notes	35	17,596	30,574
Deferred taxation	36	24,428	—
Total non-current liabilities		73,855	30,574
Net assets/(liabilities)		141,546	(29,042)
Equity			
Issued capital	37	6,763	16,446
Reserves	40	134,783	(45,488)
		141,546	(29,042)

The financial statements were approved and authorised for issue by the board of directors on 11 March 2010 and signed on its behalf by:

Lai Hok Lim
Executive Director

Wong Chi Chiu
Executive Director

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Issued Capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible loan notes reserves HK$'000	Share-based payments reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2008, as previous reported	12,470	132,103	–	–	98	–	(132,918)	11,753
Effect of change in accounting policies	–	–	–	–	–	–	(725)	(725)
At 1 January 2008, As restated	12,470	132,103	–	–	98	–	(133,643)	11,028
Redemption of convertible loan notes	–	–	–	12,823	–	–	–	12,823
Conversion of convertible loan notes	1,326	1,674	–	(130)	–	–	–	2,870
Placing of new shares, net	2,650	1,285	–	–	–	–	–	3,935
Net losses for the year	–	–	–	–	–	–	(75,306)	(75,306)
Total comprehensive income for the year	–	–	–	–	–	–	(75,306)	(75,306)
At 31 December 2008 and 1 January 2009	16,446	135,062	–	12,693	98	–	(208,949)	(44,650)
Issue of convertible loan notes	–	–	–	241,878	–	–	–	241,878
Redemption of convertible loan notes	–	–	–	(101,942)	–	–	4,840	(97,102)
Deferred tax of convertible loan notes	–	–	–	(39,910)	–	–	–	(39,910)
Deferred tax released on redemption of convertible loan notes	–	–	–	14,929	–	–	–	14,929
Capital reduction	(22,564)	–	22,564	–	–	–	–	–
Issue of new shares arising on acquisition of subsidiaries	118	2,001	–	–	–	–	–	2,119
Recognition of equity-settled share-based payments	–	–	–	–	4,197	–	–	4,197
Issue of new shares upon exercise of share options	519	7,145	–	–	(2,827)	–	–	4,837
Cancellation of share options	–	–	–	–	(98)	–	98	–
Issue of new shares on open-offer	12,128	49,066	–	–	–	–	–	61,194
Placing new shares, net	116	2,210	–	–	–	–	–	2,326
Exchange difference arising on translating foreign operations	–	–	–	–	–	(537)	–	(537)
Net profit for the year	–	–	–	–	–	–	26,099	26,099
Total comprehensive income for the year	–	–	–	–	–	(537)	26,099	25,562
At 31 December 2009	6,763	195,484	22,564	127,648	1,370	(537)	(177,912)	175,380

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000 (restated)
Operating activities		
Loss before tax	**(8,285)**	(75,306)
Adjustments for:		
Finance costs	**21,880**	2,498
Interest income	**(674)**	(632)
Depreciation of property, plant and equipment	**10,358**	4,180
Loss on disposal of property, plant and equipment	**122**	—
Impairment of goodwill	**55**	—
Loss on change in fair value of investment properties	**52,395**	—
Loss on early redemption of convertible loan notes	**2,638**	—
Impairment of amount due from jointly controlled entities	**30,892**	1,917
Impairment of available-for-sale investment	**—**	1,400
Impairment of inventories	**—**	1,355
Impairment of property, plant and equipment	**—**	3,137
Impairment of amount due from a related company	**—**	470
Provision for annual leave	**—**	3
Write off of property, plant and equipment	**8,537**	—
Provision for loss on early termination of shop tenancies	**—**	9,079
Provision for loss on early termination of license agreement	**13,439**	1,238
Equity-settled share option expenses	**4,197**	—
Gain on deemed disposal of subsidiaries	**(32,758)**	—
Gain on deemed disposal of joint controlled entities	**(17,077)**	—
Discount on acquisition of subsidiaries	**(105,848)**	—
Waiver of other payable	**—**	(1,600)
Loss on disposal of financial assets at fair value through profit or loss	**351**	3,746
Loss on disposal of derivative financial instruments	**—**	229
Fair value gain on financial assets at fair value through profit or loss	**—**	(21)
Fair value loss on derivative financial instruments	**—**	2,153
Operating cash flow before movements in working capital	**(19,778)**	(46,154)
Decrease in inventories	**6,025**	59
Decrease in trade receivables	**2,120**	1,401
Decrease in deposits, prepayments and other receivables	**54,043**	5,725
Increase in financial assets at fair value through profit or loss	**(123)**	—
Increase in amount due from related companies	**—**	(270)
(Decrease)/increase in derivative financial instruments	**(2,153)**	152
Decrease in trade payables	**(572)**	(696)
Increase/(decrease) in accruals, deposit received and other payables	**46,276**	(3,973)
(Decrease)/increase in amount due to shareholders	**(192,023)**	650
Decrease in amount due to a director	**—**	(1)
Increase in amount due to related companies	**—**	338
Increase in receipts in advance	**1,362**	—
Cash used in operations	**(104,823)**	(42,769)
Interest received	**674**	632
Hong Kong profits tax recovered/(paid)	**938**	(1,471)
Net cash used in operating activities	**(103,211)**	(43,608)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000 (restated)
Investment activities		
Acquisition of subsidiaries	**33,673**	(375)
Advances of jointly controlled entities	**—**	(3,272)
Purchases of items of property, plant and equipment	**(4,190)**	(2,605)
Proceeds on disposal of investment properties	**565,266**	—
Proceeds from deemed disposal of subsidiaries	**1,611**	—
Proceeds from deemed disposal of jointly controlled entities	**(74)**	—
Proceeds on disposals of financial assets at fair value through profit or loss	**—**	29,362
Purchases of financial assets at fair value through profit or loss	**—**	(32,352)
Decrease in pledged deposits	**—**	5,949
Net cash from/(used in) investing activities	**596,286**	(3,293)
Financing activities		
Interest paid	**(11,799)**	(1,274)
Proceeds from issue of convertible loan notes	**160,000**	48,200
Proceeds from placing new shares	**2,326**	3,935
Proceed from issue of new share upon exercise of share option	**4,837**	—
Proceed from issue of new shares on open offer	**61,194**	—
Redemption of convertible loan notes	**(138,199)**	—
New bank loans raised	**—**	4,520
Repayment of bank loans	**(304,408)**	(7,279)
(Decrease)/increase in amounts due to jointly controlled entities	**(31,917)**	350
Decrease in trust receipt loans	**(4,319)**	(3,021)
Repayment of capital element of finance leases	**(75)**	(396)
Net cash (used in)/from finance activities	**(262,360)**	45,035
Net increase/(decrease) in cash and cash equivalents	**230,715**	(1,866)
Cash and cash equivalents at beginning of year	**1,032**	2,898
Effect of foreign exchange rate changes	**(1,284)**	—
Cash and cash equivalents at end of year	**230,463**	1,032
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**230,463**	5,766
Bank overdrafts	**—**	(4,734)
	230,463	1,032

The accompanying notes form an integral part of these consolidated financial statements.

1. General Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda on 16 March 2009. The Company's shares have been listed on the GEM of the Stock Exchange since 26 March 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3407, 34/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries and jointly controlled entity are set out in notes 52 and 41 respectively.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2009. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 1 (Revised 2007)	Presentation of Financial Statement
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial instruments and Obligations Arsing On Liquidation
HKFRS 1 and HKAS 27	Amendment to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements — Cost
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving disclosure about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendment to paragraph 80 of HKAS 39

2. Application of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

HKAS 1 (Revised) "Presentation of financial statements" — effective 1 January 2009

The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non owner changes in equity are presented in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements, an income statement and a statement of comprehensive income. Comparative information has been re-presented so that it conforms to the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKFRS 7 "Financial Instruments — Disclosures" (Amendment) — effective 1 January 2009

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKFRS 8 — "Operating segments" ("HKFRS 8") — effective 1 January 2009

HKFRS 8 replaces HKAS 14, "Segment reporting", where it requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes, that is more consistent with the internal reporting provided to the chief operating decision-maker. Adoption of this standard did not have any effect on the Group's results.

The adoption of the above amendment and new interpretations had no material effect on the results of financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. Issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Item[1]
HKFRS 1 (Amendments)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Revised)	First time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguish Financial Liabilities with Equity Instruments[6]
HK Int 4 Amendment	Determination of Length of Lease Term in respect of Hong Kong Land Leases[4]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2013

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

4. Summary of Significant Accounting Policies

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

Basis of preparation

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. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, as modified for the revaluation of certain financial instruments and investment properties which are stated at their fair values.

Certain comparative figures have been reclassified to conform with the current year's presentation.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the Group made up to 31 December each year.

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

All significant intercompany transactions, balances and unrealised gains on transactions are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. Summary of Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Change in accounting policies

During the year, the directors of the Company elected to change the accounting policy used to account for the Group's jointly controlled entities from equity method to proportionate consolidation since the directors of the Company are of the view that the change in accounting method would provide more comparable, reliable and relevant information to the readers of the financial statements and would result in a better presentation of the nature, the substance and economic reality of a venturer's interest in its jointly controlled entities.

The consolidated balance as at 31 December 2008 and 1 January 2008, the results of consolidated income statement and the cash flows for the year ended 31 December 2008 previously reported by the Group have been restated to apply the proportionate consolidation method for the interests in jointly controlled entities, as set out below:

	The Group as previously reported *HK$'000*	Effect of accounting for interests in jointly controlled entities under proportionate consolidation method *HK$'000*	The Group as restated *HK$'000*
Consolidated income statement for the year ended 31 December 2008			
Turnover	71,599	2,523	74,122
Gross profit	37,356	606	37,962
Loss before taxation	(73,641)	(1,665)	(75,306)
Loss for the period	(73,641)	(1,665)	(75,306)
Loss attributable to equity holders of the Company	(73,641)	(1,665)	(75,306)
Basic loss per share in HK Cents (note)	278.09	6.29	284.38
Diluted loss per share in HK Cents (note)	278.09	6.29	284.38
Consolidated balance sheet as at 31 December 2008			
Non-current assets	1,977	29	2,006
Interests in jointly controlled entities	—	—	—
Current assets	24,267	939	25,206
Current liabilities	36,885	3,358	40,243
Net current liabilities	12,618	2,419	15,037
Non-current liabilities	31,619	—	31,619
Net liabilities	42,260	2,390	44,650
Total equity attributable to owners of the Company	42,260	2,390	44,650

Note: The weighted average number of ordinary share for the year ended 31 December 2008 was adjusted retrospectively for the effect of share consolidation.

4. Summary of Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Change in accounting policies *(Continued)*

	The Group as previously reported	Effect of accounting for interests in jointly controlled entities under proportionate consolidation method	The Group as restated
	HK$'000	*HK$'000*	*HK$'000*
Consolidated cash flow statement for the year ended 31 December 2008			
Net cash outflow from operating activities	44,511	(903)	43,608
Net cash outflow from investing activities	2,672	621	3,293
Net cash inflow from financing activities	45,035	—	45,035
Decrease in cash and cash equivalents	2,148	(282)	1,866
Cash and cash equivalents at beginning of period	2,780	118	2,898
Cash and cash equivalents at end of period	632	400	1,032
Consolidated balance sheet as at 1 January 2008			
Non-current assets	6,712	6	6,718
Interests in jointly controlled entities	—	—	—
Current assets	39,005	(536)	38,469
Current liabilities	33,159	195	33,354
Net current assets	5,846	(731)	5,115
Non-current liabilities	805	—	805
Net liabilities	11,753	(725)	11,028
Total equity attributable to owners of the Company	11,753	(725)	11,028

Acquisition of additional interest in subsidiaries

Acquisition of additional interest in subsidiaries is recorded at the book value of the net asset attributable to the interests. The excess of the cost of acquisition over net asset value of the subsidiary attributable to the additional interest acquired is recognised as goodwill.

4. Summary of Significant Accounting Policies *(Continued)*

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

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

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit fi rst, 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 recognized directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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

Jointly controlled entities

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

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

4. Summary of Significant Accounting Policies *(Continued)*

Jointly controlled entities *(Continued)*

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of jointly controlled entity (see above).

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Revenue recognition

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

Sales of goods are recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income from consolidated operating leases is recognised in the consolidated income statement on a straight-line basis over the terms of the relevant leases.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

4. Summary of Significant Accounting Policies *(Continued)*

Leases *(Continued)*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. The rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchanges differences are recognized in other comprehensive income in the consolidated financial statements 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 differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4. Summary of Significant Accounting Policies *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit schemes managed by the PRC government and the Mandatory Provident Fund Scheme ("MPF") are charged as expenses when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share options reserve). At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with corresponding adjustment to share options reserve.

For share options that are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

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 it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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.

4. Summary of Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which it is able 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 the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liability are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except that when an item of property, plant and equipment is classified as held for sale, it is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the 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 an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

4. Summary of Significant Accounting Policies *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Furniture and equipment	20% - 25%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the asset.

Investment properties

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 derecognized.

Intangible assets

Intangible assets acquire separately

Intangible assets acquired separately and with finite lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

4. Summary of Significant Accounting Policies *(Continued)*

Intangible assets *(Continued)*

Intangible assets acquire separately *(Continued)*

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

4. Summary of Significant Accounting Policies *(Continued)*

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of the reporting period, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with HKAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with HKAS 18.

Financial instruments

Financial assets and financial liabilities are recognised on 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.

Financial assets

The Group's financial assets are classified into one of three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

4. Summary of Significant Accounting Policies *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent financial assets held for trading.

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 a part of an identified portfolio of financial instruments that the Group manages together and has 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 changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise.

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 trade and other receivables, bills receivables, amount due from an associate, pledged bank deposits and 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).

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-for-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 investment 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).

4. Summary of Significant Accounting Policies *(Continued)*

Financial assets *(Continued)*

Impairment loss of 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 impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the 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 assets. 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 trade and other 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 trade 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.

4. Summary of Significant Accounting Policies *(Continued)*

Financial assets *(Continued)*

Impairment loss of financial assets *(Continued)*

For financial assets measured at amortised cost, if, in a subsequent period, the amount of 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 loss on available-for-sale equity instrument will not be reversed in profit or loss in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities generally classified into financial liabilities at FVTPL and other financial liabilities.

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 paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

Financial liabilities at FVTPL represent financial liabilities held for trading.

A financial liability is classified as held for trading if:

— it has been incurred principally for the purpose of repurchasing in the near future; or

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

4. Summary of Significant Accounting Policies *(Continued)*

Financial assets *(Continued)*

Financial liabilities at FVTPL *(Continued)*

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

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including bank and other borrowings, trade and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Convertible loan notes

Convertible loan notes issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the notes into equity, is included in equity (convertible loan notes reserves). Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes reserves will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes reserves will be released to retained profits. No gain or loss is recognised in the consolidated income statement upon conversion or expiration of the option.

4. Summary of Significant Accounting Policies *(Continued)*

Financial assets *(Continued)*

Financial liabilities at FVTPL *(Continued)*

Convertible loan notes (Continued)

If the conversion option of convertible loan notes exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible loan notes is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible loan notes based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the consolidated income statement.

Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible loan notes using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, 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 is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Summary of Significant Accounting Policies *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Related parties

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

(a) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

5. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and in the future period.

(b) Impairment of trade and other receivables

The Group's management determines impairment of trade and other receivables on a regular basis. The estimate is based on the credit history of its customers and current market conditions. The management of the Group reassesses the impairment of trade receivables at the balance sheet date.

(c) Investment properties

As described in Note 17, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgment and is satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit 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, a material impairment loss may arise.

6. Turnover

Turnover represents the net amounts received and receivables from goods sold to customers, after allowances for returns and trade discounts where applicable and services rendered. All significant intra-group transactions have been eliminated on consolidation.

	2009	2008
	HK$'000	*HK$'000*
Distribution of high-end apparel and accessories	**8,801**	74,122
Rental income	**8,224**	—
Artists management services	**7,198**	—
	24,223	74,122

7. Segment Information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The chief operating decision-maker has been identified as the key management. This key management reviews the Group's internal reporting in order to assess performance and allocate resources. Key management has determined the operating segments based on these reports.

The key management considers the business from both a geographic and product perspective. From a product perspective, key management assesses the performance of Distribution of high-end apparel, and accessories.

The key management assesses the performance of the operating segments based on a measure of profit before tax. Other information provided to the key management, except as noted below, is measured in a manner consistent with that in the consolidated financial statements.

Total assets excluded deferred tax, available-for-sale financial assets, both of which are managed centrally. These comprised part of the reconciliation to total balance sheet assets.

Transaction between segments are carried out at arm's length. The revenue from external parties reported to the key management is measured in a manner consistent with that in the consolidated income statement.

7. Segment Information *(Continued)*

The segment results provided to the key management for the reportable segments for the year ended 31 December 2009 is as follows:

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirement of HKFRS 8.

(a) Segment revenue and results

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

	Distribution		Service Apartment operations		Artist Management		Film Production		Consolidated	
	2009 HK$'000	2008 HK$'000 (restated)	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000 (restated)
Turnover:										
Sales to external customers	8,801	74,122	8,224	–	7,198	–	–	–	24,223	74,122
Segment results	(23,592)	37,962	(16,826)	–	(2,307)	–	(1,441)	–	(44,166)	37,962
Unallocated other revenue and income									155,707	4,394
Unallocated expenses									(97,946)	(115,164)
Profit from operating activities									13,595	(72,808)
Finance costs									(21,880)	(2,498)
Loss before income tax									(8,285)	(75,306)
Income tax credit									34,384	–
Profit/(loss) for the year									26,099	(75,306)

7. Segment Information *(Continued)*

(b) Segment assets and liabilities

	Distribution		Service Apartment operations		Artist Management		Film Production		Consolidated	
	2009 HK$'000	2008 HK$'000 (restated)	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000 (restated)
Segment Assets	531	23,599	498,535	–	12,353	–	9,753	–	521,172	23,599
Unallocated assets									73,056	3,613
Total assets									594,228	27,212
Segment liabilities	18,924	31,314	286,142	–	11,314	–	2,330	–	318,710	31,314
Unallocated liabilities									100,138	40,548
Total liabilities									418,848	71,862

(c) Other segment information

	Distribution		Service Apartment operations		Artist Management		Film Production		Consolidated	
	2009 HK$'000	2008 HK$'000 (restated)	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000 (restated)
Depreciation of property, plant and equipment	316	4,180	9,890	–	85	–	67	–	10,358	4,180
Write-off and impairment of property, plant and equipment	763	3,137	7,774	–	–	–	–	–	8,537	3,137
Allowance for obsolete inventories	–	1,355	–	–	–	–	–	–	–	1,355
Capital expenditure	9	2,359	15,334	–	–	–	–	–	15,343	2,359
Impairment of goodwill	55	–	–	–	–	–	–	–	55	–

7. Segment Information *(Continued)*

(d) Geographical information

The Group operates in three principal geographical areas — the People's Republic of China (excluding Hong Kong) (the "PRC"), Hong Kong and Taiwan.

The Group revenue from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)
The PRC	**14,226**	—	**125,339**	—
Hong Kong	**9,747**	58,965	**9,265**	2,006
Taiwan	**250**	15,157	**—**	—
	24,223	74,122	**134,604**	2,006

* Non-current assets exclude financial instruments.

8. Other Revenue

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Bank Interest income	**674**	631
Sundry income	**579**	60
Management service income	**550**	120
	1,803	811

9. Other Income

	2009 HK$'000	2008 HK$'000
Discount on acquisition *(note 42)*	**105,848**	—
Gain on deemed disposal of subsidiaries	**32,758**	—
Gain on deemed disposal of jointly controlled entities	**17,077**	
Exchange gain, net	**—**	1,962
Gain arising on changes in fair values of financial assets at fair value through profit or loss	**—**	21
Waiver of other payable	**—**	1,600
	155,683	3,583

10. Other Operating Expenses

	2009 HK$'000	2008 HK$'000 (restated)
Loss on disposal of a jointly controlled entity	**346**	—
Impairment of goodwill	**55**	—
Loss on disposal of property, plant and equipment	**122**	—
Loss arising on changes in fair values of investment properties	**52,395**	—
Loss on early redemption of convertible loan notes	**2,638**	—
Impairment losses on amount due from jointly controlled entities	**30,892**	1,917
Break-up fee for a terminated acquisition	**—**	12,300
Loss on change in fair values of derivative financial instruments	**—**	2,382
Loss on change in fair values of financial assets at fair value through profit or loss	**351**	3,746
	86,799	20,345

11. Finance Costs

	2009	2008
	HK$'000	*HK$'000*
Effective interest expenses on convertible loan notes	**4,318**	1,232
Effective interest expenses on promissory note	**5,879**	—
Interest on bank loans and overdrafts wholly repayable within five years	**11,639**	1,214
Interest on finance leases	**44**	52
	21,880	2,498

12. Loss Before Tax

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Auditors' remuneration	**450**	421
Cost of inventories sold	**4,697**	36,160
Depreciation of property, plant and equipment	**10,358**	4,180
Loss on disposal of property, plant and equipment	**122**	—
Minimum lease payments under operating leases on land and buildings	**5,510**	21,673
Impairment losses on available-for-sale investment	**—**	1,400
Impairment losses on inventories	**—**	1,355
Impairment losses on property, plant and equipment	**—**	3,137
Provision for loss on early termination of shop tenancies	**—**	9,079
Provision for litigation claims arising on early termination of license agreement	**13,439**	1,238
Staff costs (excluding directors' remuneration)		
Salaries and allowances	**8,552**	18,448
Equity-settled share option expenses	**1,002**	—
Pension scheme contributions	**340**	487

13. Tax Credit

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the year (2008: Nil). Taxes on profit assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during both years.

	2009 ***HK$'000***	2008 *HK$'000*
Current tax		
PRC Enterprise Income Tax	**(14,357)**	—
Deferred tax *(note 36)*	**48,741**	—
	34,384	—

Subsidiaries in the PRC are subject to the PRC Enterprise Income Tax at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The standard Hong Kong profits tax rate is 16.5% for both years.

13. Tax Credit *(Continued)*

A reconciliation of the tax expenses applicable to loss/(profit) using the statutory rates for the countries in which the Group is domiciled to the tax credit/(charge) at effective tax rates, and a reconciliation of the applicable rates (i.e. statutory tax rates) to the effective tax rates, are as follows:

For the year ended 31 December 2009

	Hong Kong *HK$'000*	The PRC *HK$'000*	Total *HK$'000*
Loss/(profit) before tax	(72,654)	80,939	8,285
Tax at the statutory tax rate	(11,988)	20,235	8,247
Tax effect of expenses not deductible for tax purpose	(5,220)	(1,066)	(6,286)
Tax effect of income not taxable for tax purpose	25,664	15,573	41,237
Tax effect of tax losses not recognised	(12,134)	(911)	(13,045)
Tax effect of utilisation of tax losses previously not recognised	4,231	—	4,231
Tax credit for the year	553	33,831	34,384

For the year ended 31 December 2008

	Hong Kong *HK$'000*	The PRC *HK$'000*	Total *HK$'000*
Loss before tax	75,306	—	75,306
Tax at the statutory tax rate	12,425	—	12,425
Tax effect of expenses not deductible for tax purpose	(8,911)	—	(8,911)
Tax effect of tax losses not recognised	(3,514)	—	(3,514)
Tax credit for the year	—	—	—

14. Earnings/(Loss) Per Share

The calculation of basic earnings per share is based on the profit for the year attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the year as adjusted for the effect of share consolidation.

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	2009 HK$'000	2008 HK$'000 (restated)
Earnings		
Profit/(loss) attributable to owners of the Company for the purposes of basic earnings/(loss) per share	26,099	(75,306)
After tax effect of effective interest on liability component of convertible loan notes	3,292	—
Profit/(loss) for the purposes of diluted earnings/(loss) per share	29,391	(75,306)

	Number of ordinary shares	
	2009	2008 (restated)
Weighted average number of ordinary share for the purposes of basic earnings/(loss) per share	343,732,767	26,480,927*

* The weighted average number of ordinary share for the year ended 31 December 2008 was adjusted retrospectively due to share consolidation in 2009.

For the year ended 31 December 2009 and 2008, diluted earnings/(loss) per share was not presented because the exercise of share option and conversion of all outstanding convertible loan notes would have anti-dilutive effects.

15. Directors' Remuneration and Five Highest Paid Employees' Remuneration

The emoluments of each director, on a named basis for the years ended 31 December 2009 and 2008 are set out below:

For the year ended 31 December 2009:

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement scheme contribution *HK$'000*	Share option benefit *HK$'000*	Total *HK$'000*
Executive directors					
Lai Hok Lim *(Note 1)*	120	–	–	235	355
Heung Wah Keung *(Note 2)*	48	–	–	–	48
Gouw San Bo, Elizabeth *(Note 3)*	–	–	–	–	–
Lee Chan Wah *(Note 4)*	76	–	–	–	76
Lo Mun Lam, Raymond *(Note 5)*	–	–	–	–	–
Richard Yen *(Note 6)*	–	–	–	–	–
Non-executive directors					
Duncan Chiu *(Note 3)*	–	–	–	–	–
Yu Wai Yin, Vicky *(note 7)*	–	–	–	–	–
Independent non-executive directors					
Yip Tai Him *(note 8)*	120	–	–	–	120
Law Yiu Sang, Jacky *(note 8)*	120	–	–	–	120
Chio Chong Meng *(Note 9)*	120	–	–	–	120
Lum Pak Sum *(Note 10)*	–	–	–	–	–
Sum Chun Ho, Sam *(note 11)*	–	–	–	–	–
Wan Kwok Pan *(note 11)*	–	–	–	–	–
Total	604	–	–	235	839

15. Directors' Remuneration and Five Highest Paid Employees' Remuneration *(Continued)*

For the year ended 31 December 2008:

	Fees	Salaries and allowances	Retirement scheme contribution	Share option benefit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Lai Hok Lim *(Note 1)*	17	—	—	—	17
Gouw San Bo, Elizabeth *(Note 3)*	—	5,889	12	—	5,901
Lee Chan Wah *(Note 4)*	17	—	—	—	17
Lo Mun Lam, Raymond *(Note 5)*	143	—	—	—	143
Richard Yen *(Note 6)*	—	874	11	—	885
Non-executive directors					
Duncan Chiu *(Note 3)*	—	—	—	—	—
Yu Wai Yin, Vicky *(note 7)*	—	—	—	—	—
Independent non-executive Directors					
Yip Tai Him *(note 8)*	6	—	—	—	6
Law Yiu Sang, Jacky *(note 8)*	6	—	—	—	6
Lum Pak Sum *(Note 10)*	96	—	—	—	96
Sum Chun Ho, Sam *(note 11)*	57	—	—	—	57
Wan Kwok Pan *(note 11)*	34	—	—	—	34
Total	376	6,763	23	—	7,162

Notes:

1. Mr. Lai Hok Lim was appointed as executive directors on 10 November 2008.

2. Mr. Heung Wah Keung was appointed as executive director on 6 August 2009 and resigned on 21 January 2010.

3. Ms. Gouw San Bo, Elizabeth and Mr. Duncan Chiu were retired as executive director and non-executive director on 20 April 2009 respectively.

4. Mr. Lee Chan Wah was appointed as executive director on 10 November 2008 and resigned on 20 August 2009.

5. Mr. Lo Mun Lam, Raymond was redesigned as a non-executive director from executive director on 28 May 2008. He resigned as a non-executive director on 16 November 2008.

15. Directors' Remuneration and Five Highest Paid Employees' Remuneration *(Continued)*

Notes: (Continued)

6. Mr. Richard Yen resigned as executive director on 16 November 2008.

7. Ms. Yu Wai Yin, Vicky resigned as a non-executive director on 28 May 2008.

8. Mr. Yip Tai Him and Mr. Law Yiu Sang, Jacky were appointed as independent non-executive directors on 13 December 2008.

9. Ms Chio Chong Meng was appointed as independent non-executive director on 1 January 2009.

10. Mr. Lum Pak Sum resigned as independent non-executive director on 1 January 2009.

11. Mr. Sum Chun Ho, Sam and Mr. Wan Kwok Pan resigned as independent non-executive directors on 13 December 2008.

During the year, 2008 Gouw San Bo, Elizabeth agreed to waive part of yearly bonus of HK$2,186,020. Apart from these, there was no arrangement under which a director waived or agreed to waive any remuneration during the year 2008.

Of the five highest paid individuals, one (2008: two) were directors of the Company and their remuneration has been included in the directors' remuneration disclosures above and the disclosure below.

Details of the emoluments of the remaining four (2008: three) non-directors, highest paid employees of Group for the year are as follow:

	2009 ***HK$'000***	2008 *HK$'000*
Basic salaries, allowances and other benefits in kind	**1,598**	6,775
Share option benefit	**—**	—
Retirement benefits scheme contributions	**10**	36
	1,608	6,811

15. Directors' Remuneration and Five Highest Paid Employees' Remuneration *(Continued)*

The number of non-director, highest paid individuals whose remuneration fell within the following bands, is as follow:

	2009	2008
	HK$'000	*HK$'000*
Nil to HK$1,000,000	**4**	2
HK$2,000,001 to HK$2,500,000	**–**	–
HK$5,500,000 to HK$6,000,000	**–**	1
	4	3

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2008: nil).

During the year, share options were granted to directors, highest paid employee in respect of their services to the Group, further details of which are included in the disclosures in note 38 to the consolidated financial statements. The fair value of such options, which has been charged to the consolidated income statement, was determined as at the date of the grant and was included in the above non-director, highest paid employees' remuneration disclosures.

Retirement benefit costs

The Group operates a mandatory provident fund scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is defined contribution retirement scheme administrated by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the Scheme vest immediately. At the balance sheet date, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the future years.

16. Property, Plant and Equipment

The Group

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At 1 January 2008, as restated	8,662	1,576	1,616	11,854
Additions	2,132	473	—	2,605
At 31 December 2008 and 1 January 2009	10,794	2,049	1,616	14,459
Acquisition of subsidiaries	710	24,455	3,016	28,181
Addition	39	4,151	—	4,190
Deemed disposal of subsidiaries	(1,601)	(136)	(808)	(2,545)
Deemed disposal of jointly control entities	(993)	(84)	(501)	(1,578)
Write-off of property, plant and equipment	(8,239)	(23,463)	—	(31,702)
Exchange alignment	—	126	—	126
At 31 December 2009	710	7,098	3,323	11,131
Accumulated depreciation and impairment:				
At 1 January 2008 as restated	3,875	615	646	5,136
Charge for the year	3,534	323	323	4,180
Impairment of property, plant and equipment	2,653	484	—	3,137
At 31 December 2008 and 1 January 2009	10,062	1,422	969	12,453
Acquisition of subsidiaries	136	6,034	535	6,705
Deemed disposal of subsidiaries	(1,421)	(70)	(661)	(2,152)
Deemed disposal of jointly control entities	(880)	(42)	(186)	(1,108)
Write-off of property, plant and equipment	(7,969)	(15,196)	—	(23,165)
Charge for the year	361	9,603	394	10,358
Exchange alignment	—	13	—	13
At 31 December 2009	289	1,764	1,051	3,104
Net book value:				
At 31 December 2009	**421**	**5,334**	**2,272**	**8,027**
At 31 December 2008	732	627	647	2,006
At 1 January 2008	4,787	961	970	6,718

16. Property, Plant and Equipment *(Continued)*

The net book value of the Group's property, plant and equipment held under finance leases included in the total amounts of motor vehicles as at 31 December 2009 amounted to approximately HK$323,000 (2008: HK$646,000, 2007: HK$969,000).

17. Investment Properties

The Group

	2009	2008
	HK$'000	*HK$'000*
At 1 January	–	—
Acquisition of subsidiaries *(Note 42 (a))*	920,564	—
Loss arising on changes in fair values	(163)	—
Exchange alignments	5,061	—
Disposal	(806,843)	—
At 31 December	118,619	—

The fair values of the Group's investment properties as at 31 December 2009 have been arrived at on the basis of the valuations carried out on these dates by Grant Sherman Appraisal Limited. Grant Sherman Appraisal Limited, is independent firms of professional valuers not connected with the Group, members of the Hong Kong Institute of Valuers and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of investment properties shown above comprise:

	2009	2008
	HK$'000	*HK$'000*
Outside Hong Kong, held on:		
Long-term leases	118,619	—

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

18. Intangible Assets

	Franchise rights	Film rights	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 January 2008, 31 December 2008 and 1 January 2009	5,000	—	5,000
Acquisition of subsidiaries	—	7,958	7,958
At 31 December 2009	5,000	7,958	12,958
Amortisation and impairment:			
At 1 January 2008, 31 December 2008, 1 January 2009 and 31 December 2009	5,000	—	5,000
Net book value:			
At 31 December 2009	**—**	**7,958**	**7,958**
At 31 December 2008	—	—	—
At 1 January 2008	—	—	—

The Group acquired the film right through the acquisition of Creative Formula Limited (Note 42c).

19. Goodwill

The amounts of the goodwill capitalized by the Group as an asset and recognized in the consolidated balance sheet, arising from the acquisition of jointly controlled entities, are as follows:

	HK$'000
At 1 January 2008, 31 December 2008 and 1 January 2009	—
Arising from acquisition of a jointly controlled entities *(note)*	55
Impairment during the year	(55)
At 31 December 2009	—

Note:

On 2 November 2009, a jointly controlled entity of the Group acquired a remaining 50% interest in LOC Limited from a third party. The consideration for the acquisition was in the form of cash, with US$1 paid at the acquisition. The goodwill arising from the acquisition were amounted to approximately HK$55,000.

19. Goodwill *(Continued)*

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amount of goodwill (net of accumulated impairment losses) were Nil (2008 : Nil).

The recoverable amount of the goodwill allocated to distribution business was assessed by reference to value-in-use model which based on a five-year cash flow projection approved by the directors of the Company. A discount rate of 14% per annum was applied in the value-in-use model when assessing the recoverability of the goodwill.

There are a number of assumptions and estimated involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is per-tax and reflect specific risks relating to the industry.

20. Interests in Subsidiaries

	Company	
	2009	2008
	HK$'000	*HK$'000*
Unlisted shares at cost	**–**	81,191
Impairment in value	**–**	(81,191)
	–	–
Amounts due from subsidiaries	**143,662**	38,156
Impairment in value	**–**	(33,653)
	143,662	4,503
	143,662	4,503

Details of the Company's subsidiaries at 31 December 2009 are set out in note 52 to the consolidated financial statements.

21. Inventories

	The Group		
	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
Cost:		(restated)	
At 31 December 2009	**–**	7,590	8,992

At 31 December 2009, no inventories were carried at net realisable value (2008: Nil, 2007: Nil).

22. Trade Receivables

An aged analysis of the Group's trade receivables at the balance sheet dates is as follow:

	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
0 — 90 days	**186,716**	1,960	2,430
91 — 180 days	**–**	643	1,503
181 — 365 days	**–**	—	24
Over 365 days	**–**	681	728
	186,716	3,284	4,685
Impairment loss recognised	**–**	(490)	(490)
	186,716	2,794	4,195

Notes:

i. The credit terms granted to the Group's customers vary and are generally the results of negotiations between the Group and individual customers. The Group has no significant concentrations of credit risk, with exposure spreads over a large number of customers. The trade receivables are generally on 30 to 180 days.

ii. Included in the trade receivable balances are debtors with an aggregate carrying amount of approximately HK$ Nil (2008: HK$191,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

iii. At 31 December 2009, the amount of approximately HK$184,734,000 (2008: Nil) in the trade receivables of the Group, which were arising from the proceed on disposal of investment properties.

22. Trade Receivables *(Continued)*

iv. The aging of trade receivables which are past due but not impaired was as follow:

	2009 HK$'000	2008 HK$'000	1/1/2008 HK$'000
Over 365 days	–	191	—

v. The movement of the allowance for impairment loss of trade and retention receivables was as follow:

	2009 HK$'000	2008 HK$'000	1/1/2008 HK$'000
At beginning of the year	490	490	490
Bad debt written off	(490)	—	—
Reversal of allowance for impairment loss	–	—	—
At end of the year	–	490	490

23. Deposits, Prepayments and Other Receivables

	2009 HK$'000	2008 HK$'000 (restated)	1/1/2008 HK$'000 (restated)
Deposits	9,055	5,008	7,098
Prepayments	2,167	178	4,757
Other receivables	2,189	2,336	1,967
	13,411	7,522	13,822

24. Financial Assets at Fair Value Through Profit or Loss

An aged analysis of the Group's trade receivables at the balance sheet dates is as follow:

	2009	2008
	HK$'000	*HK$'000*
Equity investment listed in Hong Kong, at fair value	**1**	42
Derivative financial assets, at fair value	**–**	189
	1	231

The fair values of listed securities in Hong Kong are determined based on the quoted market bid prices available on the relevant stock exchanges.

25. Properties held for Sales

	2009	2008
	HK$'000	*HK$'000*
Properties held-for-sale	**29,033**	–

Properties held-for-sale solely comprised of certain units of apartments held by 北京莎瑪房地產開發有限公司, a subsidiary of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden"), of which sale and purchase agreements were entered into and full consideration have been received by 北京莎瑪房地產開發有限公司 in respect of these units of apartments (note 33 to the consolidated financial statement). However, the transfers of legal titles of these units of apartments have not yet been completed at the date of approval of the consolidated financial statements.

26. Cash and Bank Balances

	The Group			The Company	
	2009	2008	1/1/2008	**2009**	2008
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)	(restated)		
Cash and bank balances					
Renminbi	**155,747**	—	—	**—**	—
Hong Kong Dollars	**74,716**	5,766	3,705	**73,056**	3,545
	230,463	5,766	3,705	**73,056**	3,545

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 December 2009, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$155,747,000 (2008: Nil, 2007: Nil), which were deposits with banks in the PRC.

27. Trade Payables

An aged analysis of the trade payables at the balance sheet dates is as follow:

	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
0 — 90 days	**197**	1,787	2,212
91 — 180 days	**—**	—	178
181 — 365 days	**—**	—	13
Over 365 days	**—**	615	695
	197	2,402	3,098

28. Accruals, Deposits Received and Other Payables

	2009 HK$'000	2008 HK$'000 (restated)	1/1/2008 HK$'000 (restated)
Accruals *(note 1)*	**104,009**	15,599	13,778
Deposits	**–**	508	1,636
Other payables	**20,216**	3,738	65
	124,225	19,845	15,479

Note 1:

As at 31 December 2009, CR Hong Kong Limited ("CRHK") (formerly known as GL retailing (Hong Kong) Limited), a jointly controlled entity of the Group, was a defendant in a litigation and dispute arising from early termination of license agreements for a brand name product (the "Licensing Agreement") initiated by CRHK. The licensor of the Licensing Agreement (the "Licensor") claims, through the French Court, directly against CRHK only, but none of the directors for (i) the outstanding purchase commitments under the license agreements, (ii) image compensation suffered by the Licensor and (iii) penalty in the sum of EUR6,374,745. The directors of CRHK consider that the claim is enormously overstated for the reasons that (i) it is unreasonable for the licensor to claim the total future purchase commitments which represent future commitments instead of any loss incurred by the licensor, and (ii) the directors of CRHK do not agree that the licensor has incurred any loss on its image. The CRHK is now seeking legal advice on the litigation and an estimate of the final result of the litigation cannot be made. The directors of CRHK made a full provision on the penalty of which approximately HK$13,439,000 has been proportionately consolidated into the Group's consolidated financial statement for the year ended 31 December 2009.

29. Derivative Financial Instruments

	The Group			
	2009		2008	
	Assets **HK$'000**	**Liabilities** **HK$'000**	Assets HK$'000	Liabilities HK$'000
Forward foreign currency contracts	**–**	**–**	–	2,153

The Group has no forward currency contracts outstanding as at 31 December 2009 (2008: one) to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Fair value loss of non-hedging currency derivatives amounting to approximately HK$ Nil was debited to the income statement during the year (2008: a loss of HK$2,153,000).

30. Interest-bearing Bank and Other Borrowings

The Group

	2009			2008		
	Effective interest rate (%) per annum	**Maturity of interest reprice date whichever is earlier**	***HK$'000***	Effective interest rate (%) per annum	Maturity of interest reprice date whichever is earlier	*HK$'000*
Current						
Finance lease payables — *note 31*	**2.75-3.25**	**2010**	**47**	2.75-3.25	2009	395
Bank loans — unsecured	**6.25**	**2010**	**83**	—	on demand	4,734
Bank loans — secured	**—**	**—**	**—**	3.75-8.75	2009	1,626
Trust receipt loans — secured	**—**	**—**	**—**	—	2009	4,319
						11,074
Non-current						
Finance lease payable — *note 31*	**—**	**—**	**—**	2.75-3.25	2010-2011	247
Bank loans — secured	**—**	**—**	**—**	3.75-8.75	2010-2011	798
			130			1,045
			130			12,119

30. Interest-bearing Bank and Other Borrowings *(Continued)*

The Group

	2009	2008
	HK$'000	*HK$'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**83**	10,679
in the second year	**–**	773
in the third to fifth years, inclusive	**–**	25
	83	11,477
Other borrowings payable:		
Within one year or on demand	**47**	395
in the second year	**–**	222
in the third to fifth years, inclusive	**–**	25
	47	642
	130	12,119

The Group's banking facilities are secured by:

(i) corporate guarantee provided by the Company; and

(ii) personal guarantees provided by directors of a subsidiary of the Group.

31. Finance Lease Payables

The Group leases its motor vehicles for its business. The leases are classified as finance leases and have remaining lease terms within one year.

At the balance sheet date, the total future minimum lease payments under finance lease and the present value, were as follows:

	The Group			
	Minimum lease payments		Present value lease payments	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable:				
Within one year	**53**	447	**47**	395
In the second year	**—**	252	**—**	222
In the third year to fifth year, inclusive	**—**	28	**—**	25
Total minimum finance lease payments	**53**	727	**47**	642
Future finance charges	**(6)**	(85)		
Total net finance lease payables	**47**	642		
Portion classified as current liabilities	**(47)**	(395)		
Long term portion	**—**	247		

32. Amount Due to a Shareholder/Jointly Controlled Entities

Amount due to a shareholder/jointly controlled entities were unsecured, interest-free and repayable on demand.

33. Receipts in Advance

	2009	2008
	HK$'000	*HK$'000*
Trade deposit received	**3,094**	—
Deposit of sales of Properties	**39,334**	—
	42,428	—

33. Receipts in Advance *(Continued)*

At 31 December 2009, receipts in advance amounted to approximately HK$39,334,000 represented the full amount of considerations received from sales of certain units of apartments, details of which are set out in note 25 to the consolidated financial statements. Since the transfers of legal titles of these units of apartments have not yet been completed at the date of the approval of the consolidated financial statements no revenue could be recognized for the year and the total amount was recorded as receipts in advance.

34. Promissory Note

In April 2009, the Group issued a promissory note with principal amount of HK$100,000,000 as a part of consideration in acquisition of Shinhan-Golden and World East Investments Limited ("World East"). Details were set out in note 42(a) to the consolidated financial statements. The effective interest rate is 30.97%.

	HK$'000
At 1 January 2009	—
Fair value of promissory note	25,952
Interest expenses charged	5,879
At 31 December 2009	31,831

35. Convertible Loan Notes

On 11 June 2008, the Company issued convertible loan note with a principal amount of HK$6.2 million to an independent third party, JL Investments Capital Limited, for a term of one year and a coupon rate of 2% per annum (the "JL Convertible Note"). The JL Convertible Note are convertible into shares of the Company at the initial conversion price of HK$0.025 at any time after the date of issue and before the maturity date. The effective interest rate of the liability component of the JL Convertible Note is 7.29%.

For the year ended 31 December 2008, an amount of HK3,000,000 of JL Convertible Note was converted into ordinary shares of the Company.

On 3 February, 2009, the Company early redeemed the entire remaining of JL Convertible Note and a loss on early redemption of convertible loan note of approximately HK$173,000 was recognised during the year ended 31 December 2009.

35. Convertible Loan Notes *(Continued)*

On 16 July 2008, the Company issued convertible loan note with a principal amount of HK$7 million to Far East Holdings International Limited, for a term of three years with a coupon rate of 2% per annum (the "FE Convertible Note"). The FE Convertible Note are convertible into shares of the Company at the initial conversion price of HK$0.025 at any time after the date of issue and before the maturity date. The effective interest rate of the liability component of the FE Convertible Note is 7.29%.

On 3 February, 2009, the Company early redeemed the entire FE Convertible Note and a gain on early redemption of convertible loan note of approximately HK$1,767,000 is recognised during the year ended 31 December 2009.

On 25 September 2008, the Company issued convertible loan note with a principal amount of HK$35 million to Goldig Investment Group Limited with a term of three years and zero coupon rate (the "Goldig Convertible Note"). The Goldig Convertible Note is convertible into shares of the Company at the initial conversion price of HK$0.125 at any time after the date of issue and before the maturity date. The effective interest rate of the liability component of the Goldig Convertible Note is 13.25%.

On 3 February, 2009, the Company early redeemed principal amount of HK$28,000,000 of the Goldig Convertible Note and a gain on early redemption of Convertible loan note of approximately HK$11,719,000 is recognised during the year ended 31 December 2009.

Pursuant to the Company's circular dated 12 August 2009, the Company and the bondholders of the Golding Convertible Note entered into the deed of amendments to modify the terms and conditions of the remaining HK$7,000,000 of the Golding Convertible Note. Where the maturity date shall be the fifth anniversary of the date of issue instead of the third anniversary of the date of issue, and the mandatory conversion of any outstanding amount of the Golding Convertible Note into new conversion shares at HK$0.239.

On 29 January 2009, the Company issued convertible loan note with a principal amount of HK$60 million to China Star Entertainment Limited, for a term of 10 years with zero coupon rate (the "CS Convertible Note"). The CS Convertible Note is convertible into shares of the Company at the initial conversion price of HK$0.5 at any time after the date of issue and before the maturity date. The effective interest rate of the liability component of the CS Convertible Note is 34.9%.

On 8 April 2009, the Company issued convertible loan note with a principal value of HK$100 million to China Star Investment Holdings Limited as part of consolidation for the acquisition of Shinhan-Golden and World East, for a term of 10 years with zero coupon rate (the "CSI Convertible Note"). The CSI Convertible Note is convertible into shares of the Company at the initial conversion price of HK$0.5 at any time after the date of issue and before the maturity date. The effective interest rate of the liability component of the CSI Convertible Note is 31.34%.

35. Convertible Loan Notes *(Continued)*

On 28 April 2009, the Company issued convertible loan note with a principal amount of HK$100 million to Brilliant Arts Multi-Media Holding Limited, for a term of 10 years with zero coupon rate ("the BA Convertible Note"). The BA Convertible Note are convertible into shares of the Company at the initial conversion price of HK$0.521 at any time after the date of issue and before the maturity date. The effective interest rate of the liability component of the BA Convertible Note is 27.8%.

On 2 October, 2009, the Company early redeemed the entire BA Convertible Note and a loss on early redemption of convertible loan note of approximately HK$16,296,000 is recognised during the year ended 31 December 2009.

The movement of the liability component of the convertible loan notes recognised in the balance sheet of the Group and the Company are calculated as follows:

	2009	2008
	HK$'000	*HK$'000*
Liability component at 1 January	**33,731**	—
Convertible loan notes issued during the year	**18,122**	35,377
Conversion during the year	**—**	(2,870)
Redemption during the year	**(38,459)**	—
Interest expenses	**4,318**	1,232
Interest paid	**(116)**	(8)
Liability component at 31 December	**17,596**	33,731
Current liabilities	**—**	3,157
Non-current liabilities	**17,596**	30,574
	17,596	33,731

36. Deferred Taxation

The movements in the Group's deferred tax liabilities/(assets) during the year are as follows:

The Group

	Revaluation of investment properties	**Convertible loan notes**	**Accumulated tax depreciation**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	—	—	21	(21)	—
Charged/(credited) to consolidation income statement	—	—	(21)	21	—
At 31 December 2008 and 1 January 2009	—	—	—	—	—
Addition through acquisition of subsidiaries	55,363	—	—	—	55,363
Issue of convertible loan notes *(note 40)*	—	39,910	—	—	39,910
Release on redemption of convertible loan notes *(note 40)*	—	(14,929)	—	—	(14,929)
Released on disposal of investment properties	(48,147)	—	—	—	(48,147)
Credited to consolidated income statement	(41)	(553)	—	—	(594)
At 31 December 2009	7,175	24,428	—	—	31,603

36. Deferred Taxation *(Continued)*

The Company

	Convertible loan notes *HK$'000*
At 31 December 2008 and 1 January 2009	—
At January 2008	—
Issue of convertible loan notes *(note 40)*	39,910
Release on redemption of convertible loan notes *(note 40)*	(14,929)
Credited to consolidated income statement	(553)
At 31 December 2009	24,428

As at 31 December 2009, the Group has estimated unused tax losses of approximately HK$71,929,000 (2008: HK$24,032,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset was recognised during the year (2008: nil) due to the unpredictability of future profit streams.

37. Share Capital

	2009	2008
	HK$'000	*HK$'000*
Authorised:		
3,000,000,000 ordinary shares of HK$0.01 each (2008: 2,000,000,000 ordinary shares of HK$0.05 each)	**300,000**	100,000
Issued and fully paid:		
676,330,271 ordinary shares of HK$0.01 each (2008: 328,926,613 ordinary shares of HK$0.05 each)	**6,763**	16,446

A summary of the movements of the Company's issued capital and share premium account is as follows:

	Notes	**Number of shares in issue**	**Issued capital** *HK$'000*
At 1 January 2008, ordinary shares of HK$0.01 each		1,247,001,488	12,470
Conversion of convertible loan notes	*(i)*	80,000,000	800
		1,327,001,488	13,270
Share consolidation	*(ii)*	(1,061,601,190)	—
Conversion of convertible loan notes	*(i)*	10,526,315	526
Placing of new shares, net	*(iii)*	53,000,000	2,650
At 31 December 2008 and 1 January 2009, ordinary shares of HK$0.01 each		328,926,613	16,446
Open offer of new shares	*(iv)*	686,601,997	12,128
Share consolidation (10 into 1)	*(v)*	(414,447,533)	—
Capital reduction	*(v)*	—	(22,564)
Issue of shares arising on acquisition of subsidiaries	*(vi)*	11,769,194	118
Placement of new shares, net	*(vii)*	11,560,000	116
Issue of shares upon exercise of share option	*(viii)*	51,920,000	519
At 31 December 2009, ordinary shares of HK$0.05 each		676,330,271	6,763

37. Share Capital *(Continued)*

Notes:

For the year ended 31 December 2008

(i) Convertible bonds with principal amount of HK$2,000,000 were converted into 80,000,000 ordinary shares at a conversion price of HK$0.025 per share and convertible bonds with principal amount of HK$1,000,000 were converted into 10,526,315 ordinary shares at a conversion price of HK$0.095 per share.

(ii) 1,327,001,488 issued ordinary shares were consolidated into 265,400,298 ordinary shares on the basis of every 5 issued shares consolidated into 1 consolidated share. The nominal value of each issued consolidated share was then increased from HK$0.01 each to HK$0.05 each.

(iii) 53,000,000 new ordinary shares were issued at a placing price of HK$0.075 per share on 10 December 2008, net proceed of approximately HK$3,935,000 was being raised as working capital.

For the year ended 31 December 2009

(iv) On 31 January 2009, 131,570,645 ordinary shares of HK$0.05 each at a price of HK$0.05 each were issued by the Company by way of open offer;

On 2 July 2009, 555,031,352 ordinary shares of HK$0.01 each at a price of HK$0.1 each were issued by the Company by way of open offer.

(v) Pursuant to an ordinary resolution passed in a special general meeting on 6 April 2009, every ten issued shares of the Company were consolidated into one consolidated share of HK$0.50 each. The consolidated shares of HK$0.50 each were then reduced to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.49 on each issued consolidated share.

(vi) In April 2009, 11,769,194 consolidated ordinary shares of the Company with par value of HK$0.01 each were issued as part of consideration on acquisition of Shinhan-Golden and World East.

(vii) On 14 May 2009, the Company placed 11,560,000 ordinary shares of HK$0.01 each at a placing price of HK$0.205 per share.

(viii) In 2009, 51,920,000 ordinary shares of the Company with par value of HK$0.01 each were issued upon exercise of share options by the share option holders.

38. Share Option Scheme

The Company adopted a Share Option Scheme (the "Scheme") on 6 March 2002. Under the terms of the Scheme, the board of directors of the Company (the "Board") may, at their discretion, grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contribution to the Group. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 30% of the issued share capital of the Company.

The subscription price will be determined by the Board and will not less than the highest of (i) the nominal value of the shares on the date of the offer, (ii) the closing price of the shares on the date of grant of the options, and (iii) the average of the closing prices of the shares on the five business days immediately preceding the date of offer of the options. The total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant. The Scheme is valid and effective for a period of ten years from the listing of the Company's shares on the GEM on 26 March 2002. Any options granted under the Scheme may be exercised at any time during a period to be notified by the Board to each grantee but may not be exercised after the expiry of ten years from the date of grant of the option. Upon acceptance of the option, the grantee must pay HK$1.00 to the Company by way of consideration for the grant.

On 3 July 2007, the Company granted share options to certain of its directors and employees at a nominal consideration of HK$1.00 for each lot of share option to subscribe for an aggregate of 2,970,000 shares under the Scheme at an exercise price of HK$0.219 per share.

On 3 September 2009, the Company granted share options to certain of its directors, employees at a nominal consideration of HK$1.00 for each lot of share option to subscribe for an aggregate of 62,400,000 shares under the Scheme at an exercise price of HK$0.091 per share.

On 13 November 2009, the Company granted share options to certain of its directors, employees and consultants at a nominal consideration of HK$1.00 for each lot of share option to subscribe for an aggregate of 18,720,000 shares under the Scheme at an exercise price of HK$0.1 per share.

38. Share Option Scheme *(Continued)*

During the year ended the Company's share options granted under the scheme are as follows:

Date of grant	Category of eligible persons	Exercise price *HKD*	Exercise period	Outstanding at 1/1/2009	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled During the year	Outstanding at 31/12/2009
31 July 2007	Directors	3.784	3 July 2007 to 5 March 2012	114,567	–	–	–	(114,567)	–
	Employees	3.784	3 July 2007 to 5 March 2012	57,284	–	–	–	(57,284)	–
3 September 2009	Directors	0.091	3 September 2009 to 2 September 2010	–	6,240,000	(6,240,000)	–	–	–
	Employees	0.091	3 September 2009 to 2 September 2010	–	12,480,000	(6,240,000)	–	–	6,240,000
	Consultants	0.091	3 September 2009 to 2 September 2010	–	43,680,000	(26,960,000)	–	–	16,720,000
13 November 2009	Employees	0.1	13 November 2009 to 12 November 2010	–	6,240,000	–	–	–	6,240,000
	Consultants	0.1	13 November 2009 to 12 November 2010	–	12,480,000	(12,480,000)	–	–	–
			Total	171,851	81,120,000	(51,920,000)	–	(171,851)	29,200,000

38. Share Option Scheme *(Continued)*

The fair value of options granted under the Scheme measured at the date of grant during the year ended was approximately HK$4,196,518. The following significant assumptions were used to derive the fair values using the Binomial Options Pricing Model:

Date of granted	**3 September 2009**	**3 September 2009**	**13 November 2009**	**13 November 2009**
Total number of share options	18,720,000	43,680,000	6,240,000	12,480,000
Option value	0.0377	0.0576	0.0275	0.0644
— Option life	1 year	1 year	1 year	1 year
— Expected tenor	half year	1 year	half year	1 year
— Exercise Price	0.091	0.091	0.1	0.1
— Stock price at the date of grant	0.091	0.091	0.1	0.1
— Volatility	153.62%	180.45%	99.18%	184.88%
— Risk free rate	0.15%	0.21%	0.07%	0.11%

39. Employee Award Plan

The Company's employee award plan (the "Plan") was adopted by the Board of Directors on 24 July 2007 for the primary purpose of recruiting and motivating employees and directors to achieve superior performance. The Plan is valid and effective for 10 years commencing on 24 July 2007. Under the Plan, the Remuneration Committee of the Company may conditionally grant an award to any directors or employee of the Company and its subsidiaries. Upon vesting of the award, the grantee shall be entitled to a cash payment under the award if the award price exceeds the vesting price, subject to an overall limit as stated in the award letter.

The amount of award payment shall be determined in accordance with the following formula:

(Vesting Price – Award price) x Award Number

Vesting price means the average closing price of the Company's shares as stated in the daily quotation sheets issued by the stock exchange for five business days immediately preceding the vesting date.

No grantee was entitled to any payment under the award during the year ended 31 December 2009.

40. Reserves

The amounts of the Group's reserves and the movements therein for the current year and prior year are presented in the consolidated statement of changes in equity on page 33 to the consolidated financial statements.

The Company

	Share premium	Contributed surplus	Convertible loan notes reserve	Share-based payment reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note i)	*(note ii)*	*(note iii)*		
At 1 January 2008	132,103	–	–	98	(132,979)	(778)
Issue of convertible loan notes	–	–	12,823	–	–	12,823
Conversion of convertible loan notes	1,674	–	(130)	–	–	1,544
Placement of new shares	1,285	–	–	–	–	1,285
Net loss for the year	–	–	–	–	(60,362)	(60,362)
At 31 December 2008 and 1 January 2009	135,062	–	12,693	98	(193,341)	(45,488)
Issue of convertible loan notes	–	–	241,878	–	–	241,878
Redemption of convertible loan notes	–	–	(101,942)	–	4,840	(97,102)
Capital reduction	–	22,564	–	–	–	22,564
Deferred tax of convertible loan notes *(note 36)*	–	–	(39,910)	–	–	(39,910)
Deferred tax released on early redemption of convertible loan note *(note 36)*	–	–	14,929	–	–	14,929
Issue of new shares arising on acquisition of subsidiaries	2,001	–	–	–	–	2,001
Recognition of equity-settled share-based payments	–	–	–	4,197	–	4,197
Issue of new shares upon exercise of share option	7,145	–	–	(2,827)	–	4,318
Cancellation of share options	–	–	–	(98)	98	–
Issue of shares on open offer	49,066	–	–	–	–	49,066
Placement of new shares	2,210	–	–	–	–	2,210
Net loss for the year	–	–	–	–	(23,880)	(23,880)
At 31 December 2009	195,484	22,564	127,648	1,370	(212,283)	134,783

At 31 December 2009, in the opinion of the directors, there is no Company's reserves available for distribution to shareholders (2008: nil).

Note:

(i) The contributed surplus account of the Company represents the capital reduction to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.49 on each issued consolidated share with total amount of approximately HK$22,564,000 directly transfer from share capital of the Company during the year.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if it is, or would after the payment be, unable to pay its liabilities as they become due or the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(ii) The convertible loans noted reserve represents the value of the unexercised equity component of convertible loan notes issued by the Company.

(iii) The share-based payment reserves of the Company and the Group arises on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 4.

41. Jointly Controlled Entities

The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation of the below joint ventures:

	2009	2008
	HK$'000	*HK$'000*
		(Restated)
Non-current assets	**61**	29
Current assets	**469**	939
Current liabilities	**(26,302)**	(5,275)
Non-current liabilities	**—**	—
Net liabilities	**(25,772)**	(4,307)
Turnover	**8,801**	2,523
Cost of sales	**(4,697)**	(1,917)
Other revenue and income	**50,043**	60
Selling and distribution expenses	**(342)**	(27)
Administrative expenses	**(27,088)**	(4,221)
Other operating expenses	**(875)**	—
Finance cost	**(311)**	—
Loss before tax	**(25,531)**	(3,582)
Taxation	**—**	—
Loss after tax	**(25,531)**	(3,582)

41. Jointly Controlled Entities *(Continued)*

The Group has the following significant interests in joint ventures:

Name	Place of incorporation	Issued and fully paid up capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Amazing Goal International Limited	British Virgin Island ("BVI")	US$100	19%	—	Investment Holdings
GL Retailing (Hong Kong) Limited (Formerly known as Golife (Hong Kong) Limited	Hong Kong	HK$500,000	—	19%	Distribution of high-end apparel and accessories
Golife (Trading) Limited	Hong Kong	HK$300,000	—	19%	Distribution of high-end jewellery and accessories
CR Hong Kong Trading Limited	Hong Kong	HK$300,000	—	19%	Distribution of high-end apparel and accessories
Golife (Management) Limited	Hong Kong	HK$10,000	—	19%	Dormant
GOL (International) Limited	BVI	US$1	—	19%	Dormant
Peak Choice Limited	BVI	US$1	—	19%	Investment in securities
Sunfame Limited	BVI	US$100	—	19%	Dormant
Profit First Investments Limited	BVI	US$1	—	19%	Investment holding
Better Point Limited	BVI	US$1	—	19%	Investment holding

42. Acquisitions of Subsidiaries

During the year ended 31 December 2009, the Group acquired the following subsidiaries from independent third parties.

(a) Acquisition of Shinhan-Golden and World East

On 8 April 2009, the Group acquired the entire issued share capital and the outstanding shareholders' loan of Shinhan-Golden and World East for total consideration of approximately HK$135,744,000. The fair value of identifiable assets and liabilities of the Shinhan-Golden & World East at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Shinhan-Golden	World East	Elimination on current account	Fair value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	20,123	7	—	20,130
Investment properties	920,564	—	—	920,564
Amount due from Shinhan-Golden	—	386,166	(386,166)	—
Investment in associate	—	3,896	(3,896)	—
Properties held for sale	28,969	—	—	28,969
Accounts receivables	184	—	—	184
Prepayment, deposits and other receivables	1,689	4,971	—	6,660
Cash and bank balance	51,434	—	—	51,434
Amount due to Mega Shell Services Limited	(47,199)	(745)	—	(47,944)
Amount due to China Star Investment Holding Limited	—	(375,535)	—	(375,535)
Accounts payables and accruals	(13,252)	(217)	—	(13,469)
Receipts in advance	(39,645)	—	—	(39,645)
Amount due to World East	(386,166)	—	386,166	—
Bank loans, secured	(302,794)	—	—	(302,794)
Non controlling interests	(3,896)	—	3,896	—
Deferred taxation	(55,363)	—	—	(55,363)
Net assets acquired	174,648	18,543	—	193,191
Sale loan				47,944
Gain on acquisition of subsidiaries				(105,391)
				135,744

42. Acquisitions of Subsidiaries *(Continued)*

(a) Acquisition of Shinhan-Golden and World East *(Continued)*

Consideration satisfied by:	*HK$'000*
Fair value of shares issued *(note 1)*	2,119
Fair value of promissory note *(note 2)*	25,952
Fair value of convertible loan note	100,000
Cash	6,847
Transaction cost directly attributable to this acquisition	826
Total consideration	135,744

Net cash inflow in respect of the acquisition of subsidiaries:

Cash consideration paid	(6,847)
Transaction cost paid	(826)
Bank balance and cash acquired	51,434
	43,761

Notes:

1. As part of the consideration for the acquisition, the 11,769,194 ordinary shares of the Company with par value of HK$0.01 each were issued. The fair value of issued ordinary shares of the Company, determined using the published price available at the date of acquisition of HK$0.18 per share, amounted to approximately HK$2,119,000.

2. The face value of promissory notes in amount of HK$100,000,000 would be paid by the Company with a fixed term of five years and will not carry any interest. The fair value of promissory note in amount of HK$25,952,000 was based on the calculation of the discounted cash flow method with discount rate 30.97%.

42. Acquisitions of Subsidiaries *(Continued)*

(b) Acquisition of China Star Management Limited ("CSM") and Anglo Market International Limited ("AMI")

On 31 July 2009, the Group acquired the entire issued share capital of CSM and AMI for total consideration of approximately HK$3,138,000. The fair value of identifiable assets and liabilities of the CSM and AMI at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	CSM	AMI	Elimination on current account	Fair value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	79	—	—	79
Amount due from AMI	643	—	(643)	—
Deposits paid	8,556	521	—	9,077
Accounts receivables	912	648	—	1,560
Prepayment, deposits and other receivables	956	158	—	1,114
Cash and bank balance	321	395	—	716
Amount due to Imperial Services Limited	(4,954)	(25)	—	(4,979)
Amount due to CSM	—	(643)	643	—
Accounts payables and accruals	(1,851)	(700)	—	(2,551)
Receipts in advance	(296)	(1,125)	—	(1,421)
Net assets acquired	4,366	(771)	—	3,595
Gain on acquisition of subsidiaries				(457)
				3,138
Consideration satisfied by:				
Cash				3,138
Net cash outflow in respect of the acquisition of subsidiaries:				
Cash consideration paid				(3,138)
Bank balance and cash acquired				716
				2,422

42. Acquisitions of Subsidiaries *(Continued)*

(c) Acquisition of Creative Formula Limited ("Creative Formula")

On 8 October 2009, the Group acquired the entire issued share capital of Creative Formula for total consideration of approximately HK$8,201,000. The fair value of identifiable assets and liabilities of Creative Formula at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value
	HK$'000
Property, plant and equipment	1,267
Film right	7,958
Other prepayments	26
Cash and bank balance	535
Accruals	(1,585)
Net assets acquired	8,201
Consideration satisfied by:	
Cash consideration	8,201
Net cash outflow in respect of the acquisition of subsidiary:	
Cash consideration paid	(8,201)
Bank balance and cash acquired	535
	7,666

43. Deemed Disposal of Subsidiaries

(a) Deemed disposal of Amazing Goal International Limited ("Amazing Goal"), a then subsidiary of the Company

In July 2009, the Group's interests in Amazing Goal decreased from 100% to 50% following the allotment and issuance of 50 shares of Amazing Goal at a price of US$1 each to Chung Chiu (PTC) Limited ("Chun Chiu") pursuant to a subscription agreement. Gain on deemed disposal of partial interest in Amazing Goal as a subsidiary amounted to approximately HK$32,758,000.

After the transactions mentioned above, Amazing Goal became a jointly controlled entity of the Group.

43. Deemed Disposal of Subsidiaries *(Continued)*

(a) Deemed disposal of Amazing Goal International Limited ("Amazing Goal"), a then subsidiary of the Company *(Continued)*

Details of the net assets at the disposal date were as follows:

	HK$'000
Property, plant and equipment	393
Inventories	952
Other investment	1
Trade receivables	269
Deposits, prepayment and other receivables	3,067
Trade payables	(1,019)
Other payables and accruals	(11,443)
Amount due to the Company	(22,193)
Tax payables	(294)
Bank overdraft	(1,611)
Interest-bearing borrowings	(880)
Gain on deemed disposal of subsidiaries	(32,758)

44. Material Related Party Transactions

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group and the Company had the following material transactions with related parties during the year:

(a) Related entities

		The Group	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Management fee income charged to a fellow subsidiary	*(i)*	**1,296**	120
Management fee charged by a related company	*(ii)*	**4,680**	984
Management fee charged by a fellow subsidiary	*(iii)*	**1,416**	—
Acquisition of subsidiaries from related companies	*(iv)*	**147,094**	—

44. Material Related Party Transactions *(Continued)*

(a) Related entities *(Continued)*

Notes:

(i) Management fee income was charged at a rate mutually agreed between the Group and a fellow subsidiary and based on the cost of the administrative services provided by the Group.

(ii) Management fee was charged at a rate mutually agreed between the Group and the related company in which certain directors of the Company's subsidiary have beneficial interests, by reference to sharing of office premises and supplies, and manpower in provision of administrative services to the Group.

(iii) Management fee was charged at a rate mutually agreed between the Group and the fellow subsidiary in which certain directors of the Company's subsidiary have beneficial interests, by reference to sharing of office premises and supplies, and manpower in provision of administrative services to the Group.

(iv) On 8 April 2009, the Group acquired the entire issued share capital and the outstanding shareholders' loan of Shinhan-Golden and World East for total consideration of approximately HK$135,755,000. On 31 July 2009, the Group acquired the entire issued share capital of China Star Management Limited and Anglo Market International Limited for approximately HK$3,138,000, and on 8 October 2009, the Group acquired the entire issued share capital of Creative Formula for total consideration of approximately HK$8,201,000.

(b) Compensation of key management personnel

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Salaries and other benefits	**1,674**	12,482
Provident fund convertors	**10**	36
	1,684	12,518

45. Operating Lease Arrangement

The Group leases certain retail shops and office premises under operating lease arrangements. Leases for retail shops and office premises are negotiated for terms ranging from 1 to 3 years.

During the year 2008, the Group has terminated all the shop tenancies before the expiration of the tenancy agreements, full provision has been made in the financial statements in respect of compensation for the early termination of shop tenancies.

45. Operating Lease Arrangement *(Continued)*

At the balance sheet date, the Group had future minimum lease payments under non-cancelable operating leases falling due as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	–	17,315
In the second to fifth years, inclusive	–	11,483
	–	28,798

The operating lease rentals of certain retail shops in Hong Kong are based on the higher of a fixed rental or contingent rent based on sales of the retail shops pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these retail shops could not be accurately determined, the relevant contingent rents have not been included above and only the minimum lease commitments have been included in the above table.

The operating lease rentals of certain retail shops in Taiwan are based solely on the sales of the outlets. In the opinion of the directors of the Group, as the future sales of the retail outlets could not be accurately estimated, the relevant rental commitments have not been included above table.

Included in the above, the following minimum lease payments as at 31 December 2008 were released owing to the cancellation of certain tenancy agreements with landlords after year end date.

		The Group	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Within one year		–	6,647
In the second to fifth years, inclusive		–	4,832
		–	11,479

46. Commitments

In addition to the operating lease commitments detailed in note 45 above, the Group had the following commitments at the balance sheet date:

(a) Commitments under license agreement in respect of several brand name products:

	2009	2008
	HK$'000	*HK$'000*
Minimum purchases:		
Within one year	**–**	28,751
In the second to fifth years, inclusive	**–**	84,963
	–	113,714

47. Contingent Liabilities

The Group and the Company did not have any significant contingent liabilities as at the balance sheet date (2008: HK$70,122,000).

48. Financial Instruments

	2009	2008
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through profit or loss	**1**	231
Loans and receivables (including cash and cash equivalents)	**428,423**	15,941
	428,424	16,172
Financial liabilities		
Financial liabilities at fair value through profit or loss	**–**	2,153
Financial liabilities at amortised cost	**371,942**	69,122
	371,942	71,275

48. Financial Instruments *(Continued)*

Fair value estimation

The fair value of financial assets and financial liabilities with standard terms and conditions and trade in active liquid are determined with reference to quoted market bid prices and ask prices respectively.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification of repackaging);

Level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the fair value hierarchy:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2009				
Financial assets of fair value through profit or loss	1	—	—	1
As at 31 December 2008				
Financial assets of fair value through profit or loss	231	—	—	231
Derivative financial instruments	2,153	—	—	2,153

There were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

49. Financial Risk Management Objectives and Policies

The Group's principal financial liabilities, other than derivatives, comprise convertible bonds, interest-bearing bank loans, finance leases, and trade and bill payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables as well as deposits and other receivables, which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The board of directors reviews and agrees policies for managing each of the risks which are summarized below. The Group's accounting policies in relation to derivatives are set out in note 4 to the consolidated financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its bank borrowings with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

If the floating rates had been 50 basis points higher/lower, with all other variables held constant, the Group's loss before tax for the year ended 31 December 2009 would increase/decrease by approximately HK$200 (2008: loss before tax decrease/increase HK$15,300).

Foreign currency risk

The Group operates mainly in both the People's Republic of China and Hong Kong and majority of transactions are dominated in Renminbi and Hong Kong dollars. Therefore, the Group is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars.

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

	Assets		Liabilities	
	2009	2008	**2009**	2008
	HK$000	*HK$'000*	***HK$'000***	*HK$'000*
Renminbi	**340,481**	—	**39,334**	—

49. Financial Risk Management Objectives and Policies *(Continued)*

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in Renminbi. At 31 December 2009, if there is a 50 basis points higher/lower in the Hong Kong dollars against the Renminbi with other variables held constant, the Group's translation reserve would be increase or decrease by approximately HK$1,506,000 (2008: Nil).

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and other interest-bearing loans.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows: purchase of tax reserve certificates for the respective potential tax liabilities of the Tax Assessments.

	Weighted average effective interest rate	Within 1 year or on demand HK'000	More than 1 year but less than 2 years HK'000	More than 2 years but less than 5 years HK'000	More than 5 years HK'000	Total contractual undiscounted cash flow HK'000	Total carrying amount HK'000
31 December 2009							
Non-derivative financial liabilities							
Convertible loan notes	13.61%-13.86%	–	–	12,579	359,757	372,336	17,596
Promissory note	13.86%	–	–	158,905	–	158,905	31,831
Amount due to a shareholder	–	155,535	–	–	–	155,535	155,535
Interest-bearing bank and other borrowings	2.75%-6.25%	130	–	–	–	130	130
Other payables and accruals	–	124,225	–	–	–	124,225	124,225
Trade payables	–	197	–	–	–	197	197
		280,087	–	171,484	359,757	811,328	329,514

49. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	Within 1 year or on demand HK'000	More than 1 year but less than 2 years HK'000	More than 2 years but less than 5 years HK'000	More than 5 years HK'000	Total contractual undiscounted cash flow HK'000	Total carrying amount HK'000
31 December 2008							
Derivative financial liabilities							
Derivative financial instrument	–	2,153	–	–	–	2,153	2,153
Non-derivative financial liabilities							
Convertible loan notes	14.03%	3,157	–	59,678	–	62,835	33,731
Amount due to a jointly controlled entity	–	1,025	–	–	–	1,025	1,025
Interest-bearing bank and other borrowings	2.75%-8.75%	10,974	1,135	30	–	12,139	12,119
Other payables and accruals	–	19,337	–	–	–	19,337	19,337
Trade payables	–	2,402	–	–	–	2,402	2,402
		39,048	1,135	59,708	–	99,891	70,767

Credit risk

The Group has no significant concentration of credit risk. The Group deals mainly with retail customers who pay with cash and credit cards. The Group's trade receivables mainly represented by receivables from banks in respect of sales settled by customers through credit cards in Hong Kong and shopping malls that collected sales proceeds in Taiwan on behalf of the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the consolidated financial statements.

Fair value estimation

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

(i) the fair value of financial assets and financial liabilities, with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices.

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model.

49. Financial Risk Management Objectives and Policies *(Continued)*

Fair value estimation *(Continued)*

Except for the liability component of convertible loan notes and promissory note which recorded amortised cost as below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their respective fair values:

	31 December 2009		31 December 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Promissory notes	31,831	23,892	—	—
Convertible loan notes	17,596	53,679	33,731	27,859

Note:

The fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without conversion option.

50. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 2008.

The Group monitors capital using a gearing ratio, which is interest-bearing borrowings divided by the total of borrowings and equity. Borrowings include interest-bearing borrowings and convertible bonds. Equity includes total equity less equity components of convertible loan notes.

50. Capital Management *(Continued)*

	2009 HK$'000	2008 HK$'000
Borrowings:		
Interest-bearing bank and other borrowings	**130**	12,119
Convertible loan notes, the liability components	**17,596**	33,731
	17,726	45,850
Equity:		
Total equity	**175,380**	(44,650)
Gearing ratio	**10.1%**	N/A

51. Post Balance Sheet Events

The following events have occurred subsequent to 31 December 2009:

(a) Pursuant to the resolutions of the Company passed on 15 January 2010, capital reorganisation (the "Capital Reorganisation") has been effected by way of comprising (a) share consolidation that every five shares of HK$0.01 each in the issued share capital of the Company be consolidated into one consolidated share of HK$0.05 each ("Consolidated Shares") (b) capital reduction that the par value of all issued Consolidated Shares from HK$0.05 each to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.04 on each issued Consolidated Share; (c) the transfer of the credit of HK$5,410,642.16 arising from the capital reduction of all issued Consolidated Shares to the contributed surplus account of the Company for the purpose to offset against the accumulated losses permitted by the laws of Bermuda and the bye-laws. The Capital Reorganisation has been completed on 18 January 2010.

(b) On December 2009, the Company entered into the placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent, 200,000,000 placing shares by tranches provided that the number of placing shares for each tranche is in integral multiples of 50,000,000, on fully underwritten basis, to not fewer than six placees at a price of HK$0.30 per placing share.

The completion of the first tranche placing of 100,000,000 placing shares took place on 25 January 2010 in accordance with the terms of the placing agreement. The 100,000,000 placing shares of the first tranche placing, representing approximately 42.51% of the issued share capital of the Company as enlarged by the first tranche placing, had been successfully placed and issued to not fewer than six placees at the placing price of HK$0.30 per placing share.

51. Post Balance Sheet Events *(Continued)*

(c) On 8 February 2010, the Company entered into a sale and purchase agreement with an independent third party in relation to a disposal of Mega Shell Limited, wholly-owned subsidiary of the Company, which subsidiaries owned investment properties in Beijing.

(d) On 9 February 2010, the Company entered into a sale and purchase agreement with an independent third party in relation to an acquisition of a company engaged in design, managing and implementing integrated information system and advanced energy saving technology.

52. Particulars of Interests in Subsidiaries

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particular of excessive length.

Name	Place of incorporation	Issued and fully paid up capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Mega Shell Services Limited	BVI	US$1	100%	—	Investment holdings
Dance Star Group Limited	BVI	US$1	100%	—	Investment holdings
World East	BVI	US$1	—	100%	Investment holdings
Shinhan-Golden	BVI	US$10,000,000	—	100%	Investment holdings
北京莎瑪房地產開發有限公司	The PRC	US$15,000,000	—	100%	Property management
China Star Management Limited	Hong Kong	HK$290,000	—	100%	Artists management
Anglo Market International Limited	BVI	US$1	—	100%	Artists management
Creative Formula Limited	Hong Kong	HK$10,000,000	—	100%	Film production

53. Approval of the Consolidated Financial Statements

The consolidated financial statements were approval and authorised for issue by the board of directors on 11 March 2010.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and the assets, liabilities and minority interest of the Group for the last five financial years are set out below. This summary does not form part of the audited financial statement.

	Year ended 31/12/2009 *HK$'000*	Year ended 31/12/2008 *HK$'000* (restated)	Year ended 31/12/2007 *HK$'000* (restated)	Period ended 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
Results					
Turnover	**24,223**	74,122	62,401	18,885	1,359
Profit/(loss) before tax	**(8,285)**	(75,306)	(92,965)	1,824	(17,726)
Tax credit	**34,384**	—	—	(676)	—
Profit for the year	**26,099**	(75,306)	(92,965)	1,148	(17,726)
Profit/(loss) attributable to owners of the Company	**26,099**	(75,306)	(92,965)	1,148	(17,726)

	As at 31/12/2009 *HK$'000*	As at 31/12/2008 *HK$'000* (restated)	As at 31/12/2007 *HK$'000* (restated)	As at 31/12/2006 *HK$'000*	As at 31/3/2006 *HK$'000*
Assets and liabilities					
Total assets	**594,228**	27,212	45,187	102,385	454
Total liabilities	**(418,848)**	(71,862)	(34,159)	(70,837)	(6,280)
Shareholders' funds/(deficit)	**175,380**	(44,650)	11,028	31,548	(5,826)