VIVA CHINA HOLDINGS LIMITED
非凡中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立之有限公司）
Stock Code 股份代號：8032

Annual Report 2010 年報

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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BOARD OF DIRECTORS

Executive Directors

Mr. Li Ning *(Chairman)*
Mr. Ng Chi Man, Michael *(Chief Executive Officer)*
Mr. Chan Ling
Mr. Li Chunyang
Mr. Lee Wa Lun, Warren

Non-executive Directors

Mr. Li Chun
Mr. Ma Wing Man

Independent non-executive Directors

Mr. Chen Johnny
Mr. Ip Shu Kwan, Stephen, *GBS, JP*
Mr. Ng Sau Kei, Wilfred, *SBS, MH, JP*

AUDIT COMMITTEE

Mr. Chen Johnny *(Committee Chairman)*
Mr. Ip Shu Kwan, Stephen, *GBS, JP*
Mr. Ng Sau Kei, Wilfred, *SBS, MH, JP*
Mr. Ma Wing Man

REMUNERATION COMMITTEE

Mr. Ip Shu Kwan, Stephen, *GBS, JP (Committee Chairman)*
Mr. Chan Ling
Mr. Chen Johnny
Mr. Ng Sau Kei, Wilfred, *SBS, MH, JP*

NOMINATION COMMITTEE

Mr. Chan Ling *(Committee Chairman)*
Mr. Ma Wing Man

AUTHORISED REPRESENTATIVES

Mr. Chan Ling
Mr. Ho Kim Ching

COMPLIANCE OFFICER

Mr. Chan Ling

COMPANY SECRETARY

Mr. Ho Kim Ching

AUDITORS

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street
Central, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited
Credit Suisse AG Hong Kong Branch

LEGAL ADVISERS

Mayer Brown JSM
16th–19th Floors
Prince's Building
10 Chater Road
Central, Hong Kong

Michael Li & Co
14th Floor, Printing House
6 Duddell Street
Central, Hong Kong

Commerce & Finance Law Offices
6/F, NCI Tower, A12
Jianguomenwai Avenue
Chaoyang District
Beijing, 100022, PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 3602–06, 36th Floor
China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICES

Cayman Islands
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong
Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.vivachina.hk

STOCK CODE

8032

OUR MISSION

To raise the quality of life and promote healthy lifestyles across China

OUR FOCUS

To capture and maximize the potentials and values of the sports industry

OUR AIM

To become the leading and most dynamic sports conglomerate in China

Sports
Marketing
Sports Facilities
Management
Green
Technology
Event
Production
Sports Community
Development

“Sports
to me is
not just about competitions....”

Chairman's Statement

Dear Shareholders,

I am pleased to announce that since my acquisition of the controlling stake of Viva China last year, we have made solid progress in becoming one of China's leading sports and green conglomerates. With the support of the state policies towards the development of sports, sports facilities and healthy lifestyles in China, our aim is to focus on raising the standards and values of the sports industry and to link up different components in the value chain of sports and sports related areas.

I have been involved in sports and different aspects of sports my whole life. Over the years, I have witnessed drastic changes in the landscape and dynamics of China's sports industry. The commercialization of the sports industry in China has accelerated in the last few years, propelled by both events and the support of the state policies aimed at liberalizing the sector. Never has there been a better time for private enterprises to enter the sports arena. I firmly believe this is the time to bring about real breakthroughs and changes in the sports industry and to narrow the huge gap between the international and the Chinese market.

The sports industry as I am defining here includes different businesses within the value chain. They include sports products, talent management, the construction and management of sports facilities, sports media and content distribution. They also include sports related premiums and merchandising, events, games and competitions. Compared to other developed countries, the total revenue generated is still very low. For instance, sports sponsorship fees, media rights, gate revenues, and sports merchandise sales (excluding sports apparel, equipment and footwear) gross around US$35.8 billion in the United States and a total of US$110 billion globally in 2009. In China, however, total revenues stood at only US$2 billion. This shows there are huge opportunities for the sports market in China to mature and grow.

The 2008 Beijing Olympics was certainly a highlight and breakthrough for sports in China. For the first time, China showcased its passion, its talents, and its ability to host international events to the world. The introduction of the Shanghai Formula One and the NBA were testament to the new dynamics that are sweeping through China. In terms of commercializing sports, China has the potential to become the world's biggest market for the development of different sports businesses. On a national level, there are countless sporting activities held every year throughout the country, fuelling enormous opportunities. Events like the 2010 Asian Games in Guangzhou, the 2011 Universiade in Shenzhen, the 2012 7th National Peasants Games in Nanyang, and the 2013 11th National Games in Shenyang, all require huge investments and development of sports facilities. They also create development opportunities for the hosting cities themselves.

Sports community development is one of the core business models driving the growth of Viva China. Our strategy is to utilize our sports resources and related expertise to build communities with healthy lifestyles by establishing key sports facilities and managing both such facilities and related programs. This business model is not new and successful examples can be seen all over the world, but the sports resources and expertise that we have are unique. The need of such kind of development is seen throughout the urbanization of China as townships and cities mature. Cities and states across China are constantly in great need of sports facilities, management skills and sporting programs. People are seeking for better quality of life and higher standard of living through healthy participation in daily sports activities. Viva China will be in a position to utilize its green energy technology in these new sports community development initiatives as well.

Viva China allows me to consolidate all my valuable sports and networking resources onto one platform. This new platform will link up our different resources and business development areas to maximize their economic values. Sports in China have passed the point of simply aiming at producing gold medalists. Sports are believed to be an important economic driver, crossing over to health, communities, content production and distribution, media and entertainment.

With Viva China, I hope to build a platform that can make significant contributions to the growth and commercialization of the sports market, thereby raising the standards and values of the sports industry in China at the same time. I see a world where sports are an integral part of everyday life and essential to healthy lifestyles.

Li Ning
Chairman

Hong Kong, 17 March 2011

CEO's Statement

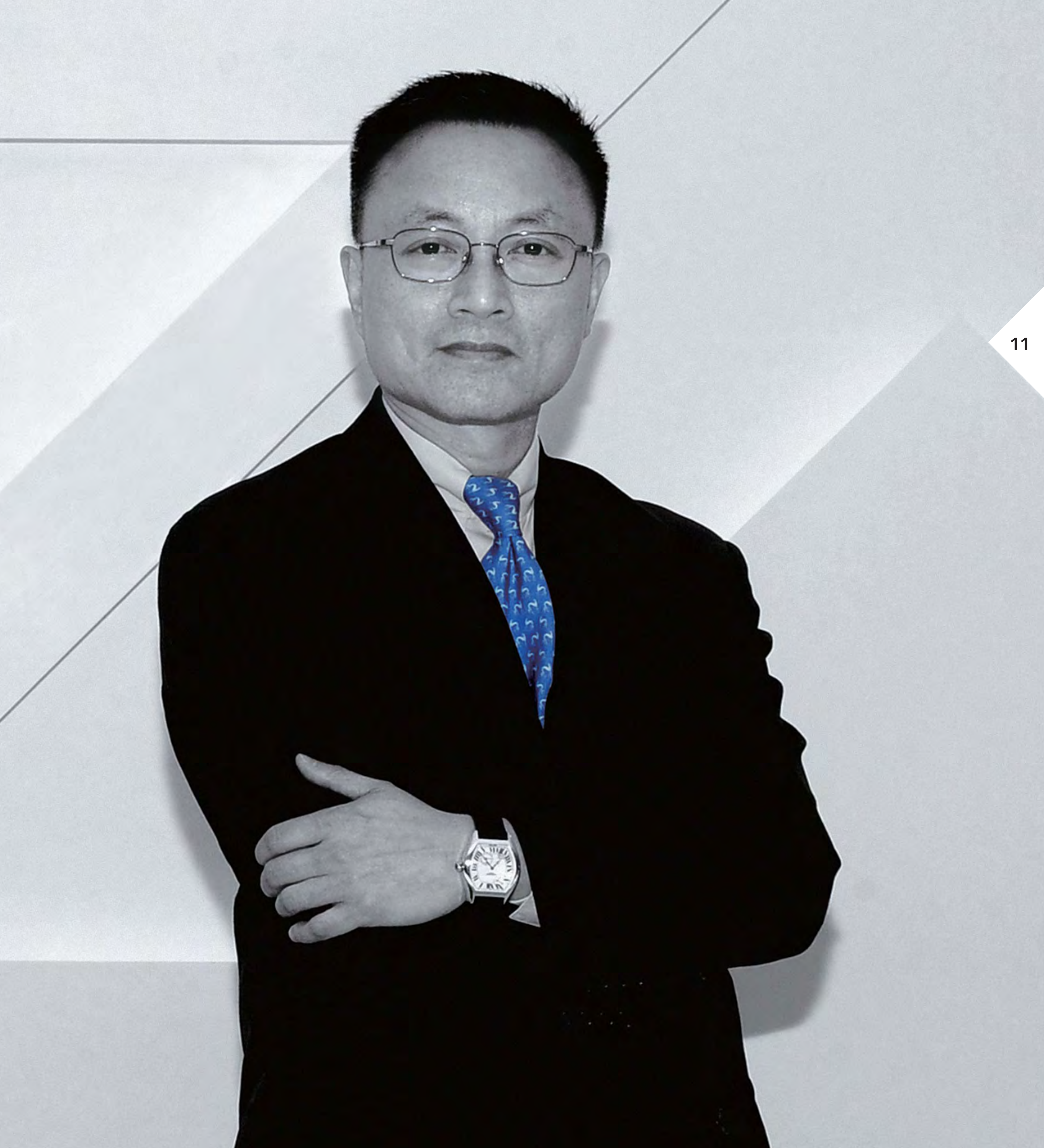
2010 marks the birth and beginning of Viva China. In May 2010, Mr. Li Ning became the controlling shareholder of what was then known as Coolpoint Energy Limited. At the end of October, the Company officially changed its name to Viva China Holdings Limited. The name change earmarked the Company's new corporate branding and direction. Since then, in a short span of time, we have managed to build a strong foundation for our strategies going forward.

SPORTS BUSINESSES

The successful acquisition of Viva China Sports Holding Limited ("Viva China Sports") last year was very important as this brings along valuable sports resources. With this platform, the Company has started to build up its team and management. The business strategy is focused on sports talent management and marketing, event management, games and competitions, content production and distribution. We now exclusively manage two of the China's most valuable national sports teams, the National Gymnastic Team and National Diving Team, and some of the most valuable sports talents in China. We have also formed a partnership with the National Badminton Team. Viva China Sports is a pioneer in this young and dynamic industry and is the first non-state owned enterprise ever to represent and manage such national sports resources. We have secured rights to major badminton competitions in China, including the Asian Championships and the China Open, and will further sign up more competitions. Other than managing international and world class games and competitions, we will seek out new business models, crossing over from sports to entertainment and the media. We hope to create our own franchises, games and events. We are producing the first ever such performance in April this year in the Watercube in Beijing. Crossing over from sports to entertainment, the performance will showcase the National Diving Team and National Synchronized Swimming Team together with some of the most popular singers in the region. We aim to raise the profile and economic value of these sports resources, and to raise the standards for the presentation of games and competitions within China.

SPORTS COMMUNITY DEVELOPMENT

Last year, we began talks on a number of sports community development projects that include cities such as Shenyang, Changchun and Nanyang. We expect to finalize some of these projects this year and to explore new opportunities. There are enormous opportunities in this area in China. We believe we have a competitive edge in this business model thanks to the invaluable sports resources and expertise that the Group possesses.






GREEN ENERGY BUSINESS

Last year, one of the Company's subsidiaries, Coolpoint Energy (Hong Kong) Limited ("Coolpoint Energy") reformulated its strategy to make its customized air conditioning units into more scalable and smaller units that can be used in commercial and residential projects. It has decided to use its proprietary energy saving patented green technology to cooperate with Tsingdao Haier Air-conditioner Co., Limited ("Haier") to produce such appliances. It has entered into a licensing agreement with Haier to provide exclusive rights for using its patented technology and is also expected to provide certain parts for production of the units. With all prototype testing having been passed satisfactorily, it is expected that commercial production will begin in 2011.

FINANCIAL STRENGTH

Last year, the Company carried out several successful fund raising exercises. The Group's cash position is very healthy, with more than HK$1.5 billion and no debt as of 31 December 2010. Further funding requirements will depend on our business development going forward.

ACQUISITION OF STAKE IN LI NING COMPANY LIMITED

Last year, we have signed a memorandum of understanding to acquire Mr. Li Ning's 30.9% stake in Li Ning Company Limited (Stock code: 2331) (together with its subsidiaries, the "Li Ning Group"). We firmly believe that Li Ning Group's operation in sports apparel, equipment and distribution completes and complements the value chain of our different business models and resources. We will be able to create synergies across platforms to the benefits of both groups. We will continue our efforts to complete this acquisition in compliance with the Stock Exchange's rules and requirements.

MANAGEMENT TEAM

We have been able to rapidly build up a quality team of experts and managers by drawing on Mr. Li Ning's years of networking and connection in this field. Many of the management came from the sports charity foundation that Mr. Li Ning has involved in or his other investment interests and have worked in related fields for many years. For example, some of our top team members managing the sports community development projects came from Mr. Li Ning's prior sports park project in Nanning. They have experiences in building sports facilities and site development, which are invaluable to our community development projects.

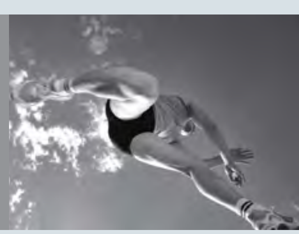
CHALLENGES IN 2011

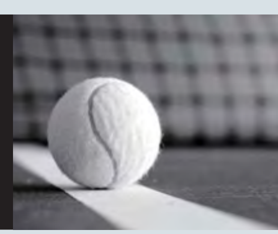
For the rest of the year, we aim to expand on more valuable sports resources and to produce more quality and world class events, games and competitions. This is a relatively new industry and there is a shortage of qualified experienced professionals. The real challenges this year will be to strengthen our foundation, recruit the right people and build a mature, top-quality team. Next year, London will be hosting the 2012 Olympic Games. Much work and business planning will need to be done this year to enable the value of our sports resources to be maximized. We hope to create a recognizable national brand for Viva China and to create a corporate culture that is vibrant, creative and dynamic.

I believe we have some of the most valuable resources and qualified management in the sector and that we have made significant progress in building a strong foundation for the new platform. I also believe we will be able to realize our vision of becoming one of the leading sports conglomerates in China in the foreseeable future.

Ng Chi Man, Michael
CEO & Executive Director

Hong Kong, 17 March 2011





CHAIRMAN

EXECUTIVE DIRECTORS

Mr. Li Ning, *Chairman*

Mr. Li Ning, aged 48, has been the chairman of the Company ("Chairman"), an executive director of the Company ("Director") and a member of the executive committee of the Company since June 2010. Mr. Li is the founder of the LI-NING brand and currently the chairman and an executive director of Li Ning Company Limited*, (Stock Code: 2331). He is primarily responsible for formulating the overall corporate strategies and planning of Li Ning Company Limited. Mr. Li is the younger brother of Mr. Li Chun, who is a non-executive Director.

Mr. Li is one of the most outstanding athletes in the 20th century. In the 6th World Cup Gymnastics Competition in 1982, Mr. Li unprecedentedly won six gold medals in men's artistic gymnastics events and was named the "Prince of Gymnastics" ("體操王子") in the PRC. In the 23rd Los Angeles Olympic Games in 1984, Mr. Li won three gold, two silver and one bronze medals, making him the athlete winning the most medals of that Olympic Games. In 1987, Mr. Li became the only Asian member of Athlete's Commission of the International Olympic Committee. From 1993 to 2000, Mr. Li served as a member of the Men's Artistic Gymnastics Technical Committee of the Federation Internationale De Gymnastique. He is currently an honorary member of the Federation Internationale De Gymnastique. In 1999, Mr. Li was voted one of the "World's Most Excellent Athletes in the 20th Century" by the World Sports Correspondent Association.

After retiring in 1989 from his athlete career, Mr. Li initiated the idea of LI-NING brand with the goal of creating the first national sports goods brand in the PRC. He has dedicated the past 21 years to the development of the business of the Li Ning Group, achieving great contribution to the development of the PRC's sports goods industry.

Mr. Li holds a bachelor's degree in law from School of Law of Peking University (北京大學), an executive M.B.A. degree from Guanghua School of Management of Peking University (北京大學光華管理學院), an honorary doctorate in technology from Loughborough University in the United Kingdom and an honorary degree of doctor of humanities from The Hong Kong Polytechnic University. In June 2010, Mr. Li was also conferred honorary fellowship from The Hong Kong University of Science and Technology.

Mr. Li has also been actively involved in charities via his "Li Ning Foundation" (李寧基金) and his genuine support to the active and retired Chinese athletes and coaches in establishing "The Chinese Athletes Educational Foundation" (中國運動員教育基金), which aims at providing subsidies for further education and trainings for athletes and to support educational development in impoverished and remote areas in the PRC. In October 2009, Mr. Li was appointed by the United Nations World Food Programme (WFP) as China's first "WFP Goodwill Ambassador Against Hunger".

* The shares of this company are listed on the Stock Exchange

CHIEF EXECUTIVE OFFICER

Mr. Ng Chi Man, Michael, ***Chief Executive Officer***

Mr. Ng Chi Man, Michael, aged 52, has been the chief executive officer of the Company ("Chief Executive Officer"), an executive Director and a member of the executive committee of the Company since December 2010. Mr. Ng is also a director of various subsidiaries of the Company. Mr. Ng is a fellow member of the Hong Kong Institute of Certified Public Accountants and was a member of the American Institute of Certified Public Accountants. He holds a Master Degree in Business Administration from St. John's University of New York. He has significant experience in corporate, operational and financial management of listed companies in Hong Kong. Mr. Ng was an executive director of Shun Tak Holdings Limited* (Stock Code: 242) from April 2009 to June 2010 and is currently one of its non-executive directors. Prior to joining the Company, he was an executive director of HKC (Holdings) Limited* (Stock Code: 190) and the chief executive officer of Hong Kong Energy (Holdings) Limited. He was also the executive director and deputy general manager of China Travel International Investment Hong Kong Limited* (Stock Code: 308), the founder and chief executive officer of Mangocity.com Limited and group financial controller of Consolidated Electric Power Asia Limited.

* The shares of these companies are listed on the Stock Exchange

EXECUTIVE DIRECTORS

Mr. Chan Ling

Mr. Chan Ling, aged 39, is an executive Director, an authorized representative and the compliance officer of the Company and a member of the executive committee and remuneration committee of the Company. He is also the chairman of the nomination committee of the Company. Mr. Chan joined the Group in June 2010 and is a director of Viva China Sports Holding Limited, Viva China Community Development Holdings Limited and various subsidiaries of the Company. Mr. Chan was the chief executive officer of "The Chinese Athletes Educational Foundation". He has over 10 years of working experience in the media industry and in the sports agency industry.

Mr. Li Chunyang

Mr. Li Chunyang, aged 42, is an executive Director and a member of the executive committee of the Company. Mr. Li joined the Group in June 2010 and is a director of 非凡領越體育發展（北京）有限公司 and Viva China Community Development Holdings Limited and various subsidiaries of the Company. Mr. Li graduated from Peking University in 2004 with a bachelor's degree in Economics. He was one of the founders of "The Chinese Athletes Educational Foundation". In 1989 and 1991, he won the World Gymnastics Championships.

Mr. Lee Wa Lun, Warren

Mr. Lee Wa Lun, Warren, aged 47, is an executive Director of the Company. Mr. Lee joined the Group in June 2010 and oversees the development of the Green Energy business, one of the Group core businesses. Mr. Lee is currently the director and the chairman of the board of SHK Hong Kong Industries Limited* (Stock Code: 666). He became a director of SHK Hong Kong Industries Limited in 2004. He is also a director of Yu Ming Investment Management Limited ("YMIM"), the investment manager of SHK Hong Kong Industries Limited and a subsidiary of Allied Group Limited ("AGL"), a substantial shareholder of SHK Hong Kong Industries Limited and a company listed on the main board of the Stock Exchange (Stock Code: 373). Mr. Lee is also a non-executive chairman of Rotol Singapore Limited since November 2007. Rotol Singapore Limited is listed on the main board of the Singapore Exchange Limited. Mr. Lee is an executive director of First Natural Foods Holdings Limited (Provisional Liquidators Appointed) ("FNF") since December 2008. FNF is listed on the main board of the Stock Exchange (Stock Code: 1076) and is currently undergoing a liquidation procedure, details of which have been disclosed in the announcements of FNF dated 8 January 2009, 18 February 2009, 26 March 2009, 24 September 2009, 15 November 2010 and 20 January 2011 respectively. From December 2006 to May 2007, Mr. Lee was the chief executive officer of Nam Tai Electronics, Inc., an electronics manufacturing services provider listed on the New York Stock Exchange. From March 2004 to February 2006, he was an independent non-executive director of Nam Tai Electronic and Electrical Products Limited ("NTEEP"), and from February 2006 to April 2007, he was re-designated as a non-executive director of NTEEP. From January 2007 to April 2007, he was also a non-executive director of J.I.C. Technology Company Limited ("JIC"). Both of NTEEP and JIC were listed on the main board of the Stock Exchange and subsidiaries of Nam Tai Electronics, Inc.

Mr. Lee graduated with a Bachelor of Science Degree from the University of East Anglia in England in 1986 and obtained a distinction in Master of Science degree from The City University Business School in London in 1988.

* The shares of this company are listed on the Stock Exchange

NON-EXECUTIVE DIRECTORS

Mr. Li Chun

Mr. Li Chun, aged 49, is a non-executive Director of the Company. Mr. Li joined the Group in June 2010. Mr. Li is currently the vice chairman of "Li Ning Foundation" and a committee member of the Buddhist Foundation of China. Mr. Li graduated from the University of International Business and Economics, China in 1990 with a diploma in Development on International Business and Economics. Mr. Li is the elder brother of Mr. Li Ning, who is an executive Director.

Mr. Ma Wing Man

Mr. Ma Wing Man, aged 45, is a non-executive Director and a member of the audit committee of the Company. Mr. Ma joined the Group in June 2010. Mr. Ma has over 20 years of experience in finance and administration. Mr. Ma has been employed by "Li Ning Foundation" as the financial controller since 2005. From 1992 to 2005, Mr. Ma had been employed first as accountant and later as financial and accounting manager of Jianlibao Holdings (H.K.) Company Limited. From 1989 to 1991, Mr. Ma was employed as assistant accountant by Wong's Circuits (PTH) Limited, which was a subsidiary of Wong's International (Holdings) Limited* (formerly known as Wong's Industrial (Holdings) Limited) (Stock Code: 0099).

Mr. Ma graduated from Hong Kong Shue Yan College (predecessor of Hong Kong Shue Yan University) in 1989 with a diploma in business administration. In 1993, he obtained a diploma in accounting from School of Professional and Continuing Education, University of Hong Kong. In 1998, he obtained a professional diploma for financial controllers & finance directors of foreign investment & foreign enterprise in China, which was jointly awarded by School of Management Zhongshan University, China and The Hong Kong Management Association. In 2003, he obtained a bachelor of business administration degree with honours in accounting from the Open University of Hong Kong.

* The shares of this company are listed on the Stock Exchange

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Johnny

Mr. Chen Johnny, aged 51, is an independent non-executive Director of the Company since June 2010. He is also the chairman of the audit committee and a member of the remuneration committee of the Company. Mr. Chen is currently the chief executive officer, Asia Pacific General Insurance of Zurich Financial Services Ltd ("Zurich"). Mr. Chen is also a member of the leadership team and the Asia Pacific executive committee of Zurich. From 2007 to 2010, Mr. Chen was the chief executive officer of Greater China and South East Asia of Zurich. From 2005 to 2007, Mr. Chen was the chief executive officer of Greater China region of Zurich. Prior to joining Zurich, Mr. Chen was an executive member of the Greater China management board and of the operating committee of PricewaterhouseCoopers ("PwC"). He was also the managing partner of PwC's Beijing office. Mr. Chen has also been a director of the American Chamber of Commerce in China since 1995. Since February 2009, Mr. Chen has been an independent non-executive director, the chairman of the nomination committee and a member of the audit committee of Stella International Holdings Limited* (Stock Code: 1836). Mr. Chen received a master's degree in accounting from the University of Rhode Island and is a U.S. qualified certified public accountant.

* The shares of this company are listed on the Stock Exchange

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ip Shu Kwan, Stephen

Mr. Ip Shu Kwan Stephen, aged 59, is an independent non-executive Director of the Company. He is the chairman of the remuneration committee and a member of the audit committee of the Company. Mr. Ip joined the Group in June 2010. Mr. Ip graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1973. He subsequently pursued post-graduate studies in Oxford University and Harvard Business School.

Mr. Ip joined the Hong Kong Government in November 1973 and was promoted to the rank of Director of Bureau in April 1997. He worked in the HKSAR Government as a principal official from July 1997 to June 2007.

Senior positions which Mr. Ip held in the past included Commissioner of Insurance, Commissioner for Labour, Secretary for Economic Services and Secretary for Financial Services.

Mr. Ip took up the position of Secretary for Economic Development and Labour on 1 July 2002. His portfolio in respect of economic development covered air and sea, transport, logistics development, tourism, energy, postal services, meteorological services, competition and consumer protection. He was also responsible for labour policies including matters relating to employment services, labour relations and employees' rights.

In his capacity as Secretary for Economic Development and Labour, Mr. Ip was a member of the Hong Kong Airport Authority board, the Mandatory Provident Fund Authority board, the Hong Kong International Theme Parks Company board as well as the chairman of the Logistics Development Council, Port Development Board, Maritime Industry Council and Aviation Development Advisory Committee. Mr. Ip retired from the HKSAR Government in July 2007. Mr. Ip received the Gold Bauhinia Star award from the HKSAR Government in 2001, and is an unofficial Justice of the Peace.

Since February 2008, Mr. Ip has been an independent non-executive director of Yangtze China Investment Limited, the shares of which are listed on the London Stock Exchange. Since August 2008, Mr. Ip has been an independent non-executive director of China Resources Cement Holdings Limited* (Stock Code: 1313). Also, since September 2008, Mr. Ip has been an independent non-executive director of Synergis Holdings Limited* (Stock Code: 2340). Since December 2009, Mr. Ip has been an independent non-executive director of Lai Sun Development Company Limited* (Stock Code: 488). He has also been appointed as an independent non-executive director of Goldpoly New Energy Holdings Limited* (Stock Code: 686) and PICC Property and Casualty Company Limited* (Stock Code: 2328) on 25 October 2010 and 17 January 2011 respectively.

* The shares of these companies are listed on the Stock Exchange

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ng Sau Kei, Wilfred

Mr. Ng Sau Kei, Wilfred

Mr. Ng Sau Kei, Wilfred, aged 46, is an independent non-executive Director and a member of the audit committee and remuneration committee of the Company. Mr. Ng joined the Group in June 2010. Mr. Ng was an independent non-executive director of China Renji Medical Group Limited* (Stock Code: 648, formerly known as Softbank Investment International (Strategic) Limited) during the period from 30 April 2007 to 1 October 2008.

Mr. Ng holds positions in various charitable and social organisations. He is now a member of the advisory board of Yanchai Hospital, of which he was the chairman of the board of directors during the term of year 2009–2010. He is also the president of the Handball Association, Hong Kong, China.

Mr. Ng also serves as a member of various advisory committees of the HKSAR Government, namely the Rehabilitation Advisory Committee, the Sir David Trench Fund for Recreation and The Fight Crime Committee. He was awarded the Medal of Honour in 2004 and the Silver Bauhinia Star in 2010 and appointed an unofficial Justice of the Peace by the HKSAR Government.

SENIOR MANAGEMENT

Mr. Li Ning, Mr. Ng Chi Man, Michael, Mr. Chan Ling, Mr. Li Chunyang and Mr. Lee Wa Lun, Warren, being the Executive Directors of the Company, are also the senior management of the Group.

DISCLOSURE ON CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in Directors' biographical information since the date of the interim report of the Company for the six months ended 30 June 2010 are set out below:

Name	Changes in biographical information
Mr. Li Ning	Conferred honorary fellowship from The Hong Kong University of Science and Technology in June 2010
Mr. Chen Johnny	Appointed as chief executive officer of Asia Pacific General Insurance of Zurich Financial Services Ltd since 1 November 2010
Mr. Ip Shu Kwan, Stephen	Appointed as an independent non-executive director of Goldpoly New Energy Holdings Limited* (Stock Code: 686) on 25 October 2010 Appointed as an independent non-executive director of PICC Property and Casualty Company Limited* (Stock Code: 2328) on 17 January 2011
Mr. Ng Sau Kei, Wilfred	Appointed as a member of advisory board of Yanchai Hospital Ceased to be a member of the board of management of The Chinese Permanent Cemeteries

* The shares of these companies are listed on the Stock Exchange

Our Sports Experts

Mr. Li Xiao Peng

Mr. Li Xiao Peng is currently a director of Viva China Sports Holding Limited. Having received a bachelor degree from Beijing Sports University, he is currently continuing his studies for a master's degree. As a former professional athlete in gymnastics, Mr. Li has won 16 world championships including 4 Olympic gold medals, the record for the Chinese Gymnastic team. After retiring from the national team in 2010, he has been committed to various charity events in both Hong Kong and China. He is the member of the champions committee of "The Chinese Athletes Education Foundation", contributing in rebuilding playgrounds in Sichuan after the 2008 earthquake.

Dr. Tony Shek

Dr. Tony Shek is the senior sports consultant of the Group. He has a strong background in the consultancy and research of sports business management. Prior to advising Viva China, he has been a reputable academic, who taught in the University of Hong Kong and the United International College, and specialized in leisure and sports business management. Dr. Shek received his doctoral degree in sports management from the University of Connecticut. Before his doctoral study, he had been a public servant in The State Physical Culture and Sports Commission for over 8 years, and involved in a number of strategic initiatives in the reform of the Chinese sports system, sports related policy-making, sports event and sports business developments. Currently he serves as an executive member of the Asian Association of Sports Management.

Our Corporate Team

Mr. Geoffrey Lim
Vice President
Business Development

Mr. Ho Kim Ching
Company Secretary

Mr. Daniel Lai
Financial Controller

Mr. Li Chunyang
Executive Director

Mr. Chan Ling
Executive Director

"Viva China is....
dynamic, creative,
innovative, resourceful, pioneering
in a young industry with
new business models under one
powerful platform."

"We are the first commercial entity ever to exclusively represent national teams and athletes. **We aim to bring sports events to the next level."**

Mr. Rayman Yu
Vice President
Marketing
Viva China Sports

Ms. Silence Leung
Assistant General Manager
Production
Viva China Sports

Mr. Marcus Ma
Vice President
Project Management
Viva China Sports

Mr. Hanno Leung
Deputy General Manager
Viva China Sports

Mr. Hal Cheng
Vice President
Sports Resources
Viva China Sports

Ms. Eileen Zhang
Vice President
Business Development
Viva China Sports

We focus on sports talent management, competition and event production. We manage many of China's famous individual athletes such as Liu Xuan, Zheng Jie, Pan Xiao Ting, etc. as well as exclusively represent the National Gymnastics Team and the National Diving Team in all of their commercial developments. We have also formed a strong strategic partnership with the National Badminton Team. With our strong sports resources and expertise, we believe we have the capability to produce and manage world-class tournaments and games. For example, we participated in the management and production of the 2010 Li-Ning China Open (Badminton) in Shanghai and will also be involved in the 2011 Badminton Asian Championships in Chengdu. Our new business model integrates sports with elements of entertainment to form a new presentation aimed at captivating spectators. These competitions and events allow us to extend our reach into content distribution. Furthermore, our expertise in sports gives us the ability to provide sports marketing consulting services to various brand owners. By helping our clients to build their brand equity, we are moving closer to capturing additional value in the sports value chain in China.

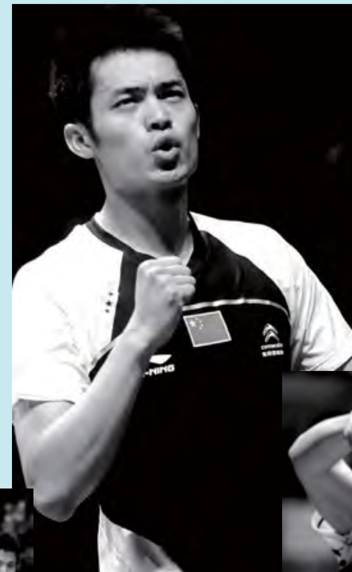
AGENCY MANAGEMENT

National Badminton Team

This is a seven-time winner of the Sudirman Cup and holder of 11 Olympic Gold medals. Its athletes are internationally famed for their skills and talents, with its star player Lin Dan ranked as the current best badminton player in the world.

Major Accomplishments:

1996 Atlanta Olympics	—	1 Gold, 1 Bronze
2000 Sydney Olympics	—	4 Gold, 1 Silver, 3 Bronze
2004 Athens Olympics	—	3 Gold, 1 Silver, 1 Bronze
2008 Beijing Olympics	—	3 Gold, 2 Silver, 3 Bronze



EXCLUSIVE TEAM MANAGEMENT

National Gymnastics Team

The men's team and the women's team are among the most honored national teams. Together, they have won a total of 22 Olympic Gold medals, making them the leading gold medal team in China.

Major Accomplishments:

2000 Sydney Olympics	—	3 Gold, 2 Silver, 3 Bronze
2004 Athens Olympics	—	1 Gold, 3 Bronze
2008 Beijing Olympics	—	9 Gold, 1 Silver, 4 Bronze

VIVA IS TALENT

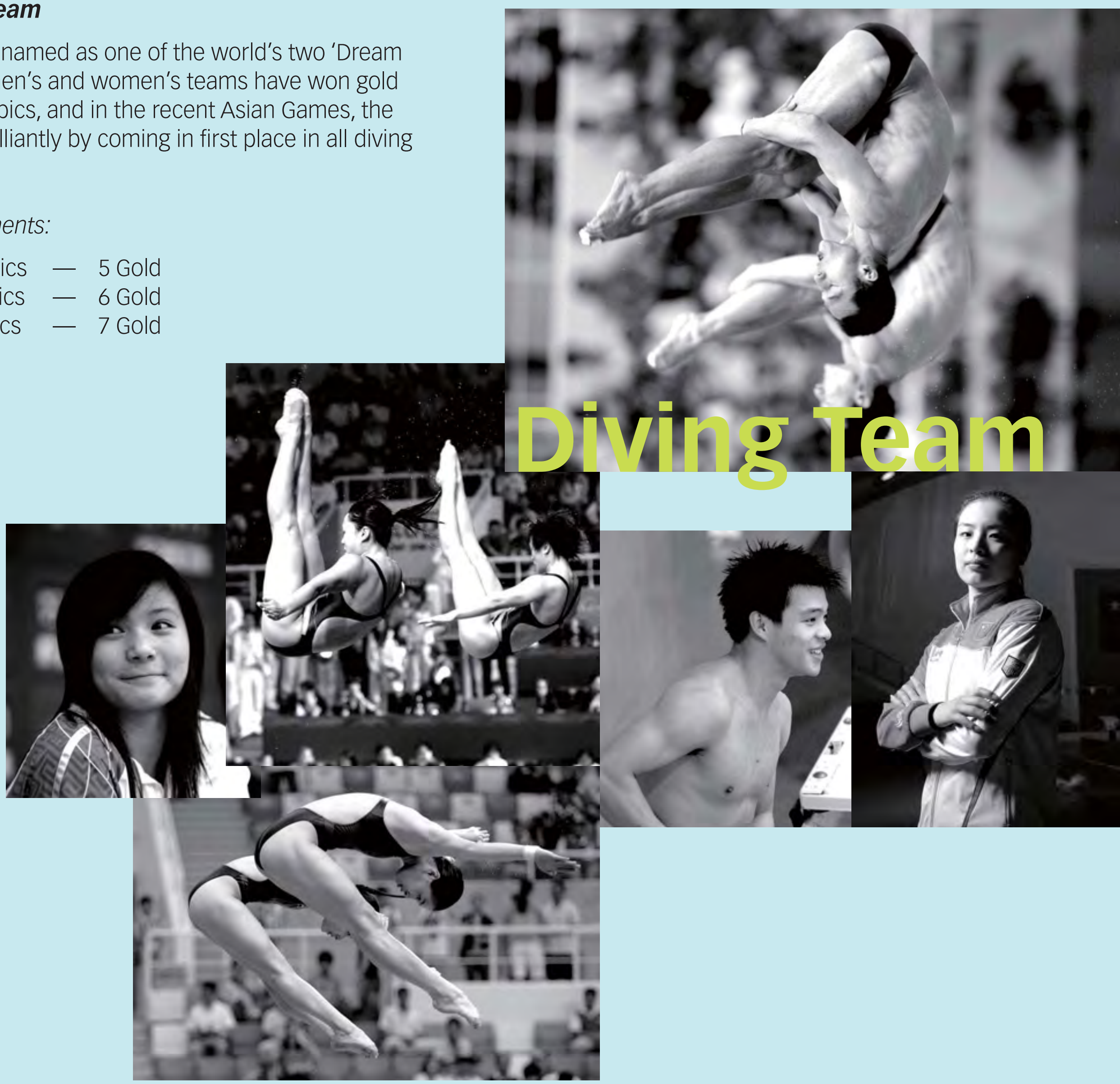
EXCLUSIVE TEAM MANAGEMENT

National Diving Team

The team has been named as one of the world's two 'Dream Teams'. Both the men's and women's teams have won gold medals in the Olympics, and in the recent Asian Games, the team performed brilliantly by coming in first place in all diving competitions.

Major Accomplishments:

2000 Sydney Olympics — 5 Gold
2004 Athens Olympics — 6 Gold
2008 Beijing Olympics — 7 Gold



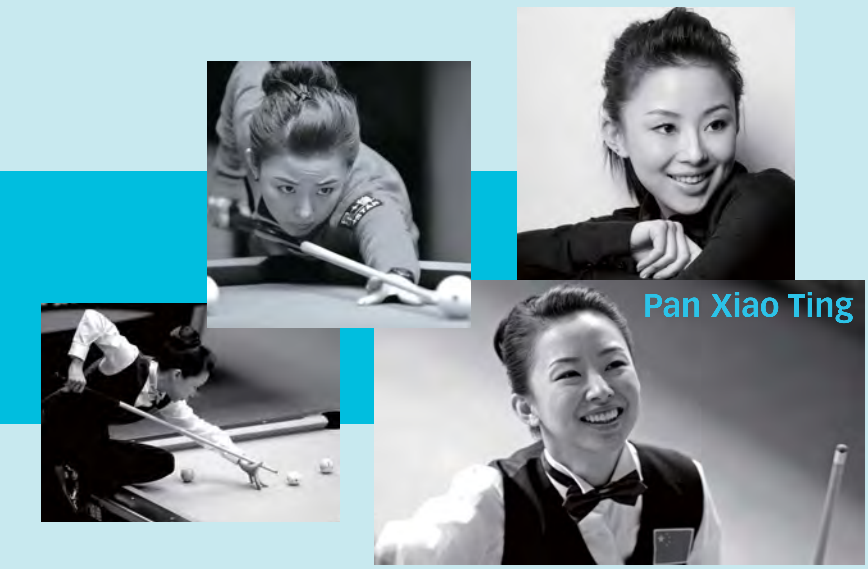
EXCLUSIVELY SIGNED SPORTS CELEBRITIES

Liu Xuan – Gymnastics*

Major Accomplishments:

1995 World Gymnastics Championship — 2nd (Team)
1997 World Gymnastics Championship — 3rd (Team)
1998 Gymnastics World Cup — 1st (Beam)
1998 Gymnastics World Cup — 1st (Beam), 3rd (Uneven Bars)
2000 National Gymnastics Championship — 1st (Beam), 2nd (All-round)
2000 Sydney Olympics — 1st (Beam)

* exclusively in China Market



Pan Xiao Ting – 9 Ball

Major Accomplishments:

2007 WPBA Great Lake Classic — 1st place
2007 Women's World Championship Pool — 1st place
2008 BCA Open — 1st place
2008 Osaka Open — 1st place
2010 16th Asian Games (Guangzhou) — 1st place

Yang Wei – Gymnastics

Major Accomplishments:

2006 World Gymnastics Championship — 1st (All-round), 1st (Parallel Bars)
2006 Doha Asian Games — 1st (All-round, Rings and Parallel Bars)
2007 World Gymnastics Championship — 1st (All-round)
2008 Beijing Olympics — 1st (Team, All-round, Rings)

Xie Xing Fang – Badminton

Major Accomplishments:

2007 China Open Badminton Championship — 2nd (Singles)
2007 Hong Kong Badminton Open — 1st (Singles)
2008 Switzerland Badminton Open — 1st (Singles)
2008 Thailand Badminton Open — 1st (Singles)
2008 Beijing Olympics — 2nd (Singles)
2009 Singapore Badminton Open — 2nd (Singles)
2009 World Badminton Championships — 2nd (Singles)

Jin Jing – Paralympics Athlete

Major Accomplishments:

2002 Wheelchair Fencing Worldcup — 8th (Women's Epee)
2002 FESPIC Games — 2nd (Women's Epee)
2003 World Wheelchair Games — 3rd (Women's Epee)

Zheng Jie – Tennis

Major Accomplishments:

2001 ITF — 1st (Doubles)
2005 10th Chinese National Games — 1st (Singles and Doubles)
2005 WTA — 1st (Singles)
2006 WTA — 1st (Singles)
2006 Wimbledon — 1st (Doubles)

Oct. 23, 2010 (Harbin)

1st Annual 9 Ball Competition and Awards Ceremony:
Pan Xiao Ting appears as a guest star at the event

Harbin

Changsha

Nov. 28, 2010 (Changsha)

Challenging Pan Xiao Ting at Hong Su Wan:
a 9 Ball Competition

Dec. 5, 2010 (Shanghai)

Li-Ning China Open (Badminton):
featuring the team's star player Lin Dan

Shanghai

Dec. 7, 2010 (Hong Kong)

Announcement of partnership between Viva China Sports and China's National Badminton Team

Hong Kong

Apr. 1–2, 2011 (Beijing)

Viva Fiesta (非凡之旅): our first sports and entertainment crossover spectacular

Beijing

SPORTS COMMUNITY DEVELOPMENT

Building a new way of life

Our Investment Team

Mr. Cao Chun Hui
Assistant General Manager
Sports Community Development

Mr. Man Liu
Deputy General Manager
Sports Community Development

Mr. Zhou Zhen Hua
Investment Manager
Sports Community Development

"We aim to **bring a healthy lifestyle** to communities living across **China.**"

Our Project Team

Wang Wen Juan
Assistant to General Manager
Sports Community Development

Qi Chen Li
Human Resource Director
Sports Community Development

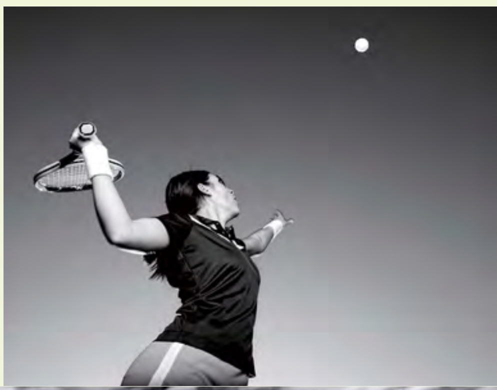
Liu Zhi Tong
Deputy General Manager
Sports Community Development

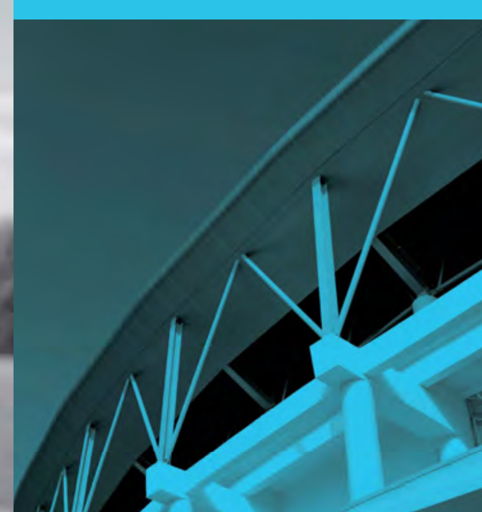
Weng Shi Chao
General Manager
Sports Community Development

Sun Xue Feng
Marketing Director
Sports Community Development

Zhao Li Qun
Design Director
Sports Community Development

Capitalizing on our strong resources in sports, we intend to develop sports and green communities in China. These communities will integrate the concept of energy saving by utilizing green technology and create a sports and healthy lifestyle oriented environment for the neighborhoods. They will not only provide a better living environment for residents but will also enhance the atmosphere to encourage sports participation in these areas. New sports communities are also expected to draw various events to the cities, which will increase the value of surrounding neighborhoods. The sports resources that the Group has access to allow us to organize events, games and arrange various programs to the general public, which will help to promote a sports culture in the communities. Our experienced management team strives to align our projects with our mission of promoting a higher quality lifestyle in China.





Shenyang Zhaohuan Industrial Park

The Group entered into an agreement with certain independent third parties in August 2010 for the acquisition of two companies which represented the acquisition of rights to develop and manage the first phase of an industrial park with a total site area of approximately 564,919.6 sq.m. (the "Industrial Park"), which is planned for the introduction of more environmentally friendly Japanese construction methodologies, and another parcel of land that may be used for residential development in Shenyang, Liaoning Province, the PRC. The structure of the transaction was subsequently revised in March 2011. Under the new structure, the Group will acquire one company that is expected to possess the land whose aggregate area stands at approximately 411,600 sq.m. for the development of the first phase of the Industrial Park*.

* Further details of the acquisition were set out in the announcement of the Company dated 6 March 2011





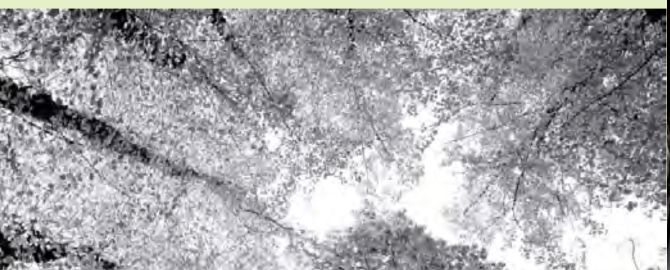
Zero waste,
a green future

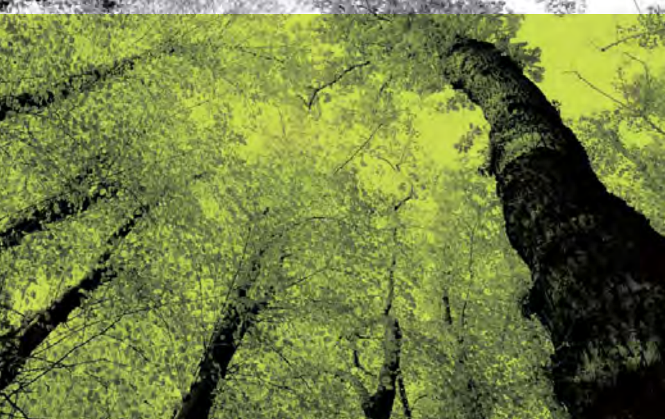
Ms. Fanny Lam
Director
Coolpoint Energy

Mr. Anderson Lam
Technical Sales Director
Coolpoint Energy

Mr. Warren Lee
Executive Director

We develop, manufacture and supply energy saving air conditioning systems to commercial users in Hong Kong and China. We are one of the registered suppliers of the Cleaner Production Partnership Programme implemented by the Hong Kong Productivity Council to improve the regional environment. At Coolpoint Energy, we want to make a difference in the community and contribute to the environment. Currently, we have a licensing agreement with Haier, according to which we will receive royalties when it uses our patented technology in the jointly developed five-in-one air conditioning and water heater systems or other products in China. Our technology or the products that employ our technology may also be used in the sports and green themed communities that the Group intends to develop.





1. Business Review

In 2010, the Group underwent a series of major expansion moves to position itself for capturing the growth potential in various areas related to the sports industry in China, namely sports talent management, competition, games and event management and production, and sports and green themed community development. There was also significant progress achieved in our green business in its cooperation with Haier, where the products jointly developed under such initiative is expected to be launched soon and may also be able to be used in our sports and green themed community development projects in the future.

Sports

During the year, the Group acquired a sports talent management platform in China and such acquisition was completed in October 2010. Currently, the sports segment includes, among other things, exclusive commercial management rights of the China's national diving team, gymnastics team and agency responsibility for the national badminton team. The Group has also signed up additional individual athletes for expanding its portfolio for the talent management business.

Apart from talent management, we also possess rights to major national badminton competitions and tournaments in China. In November 2010, we had participated in the management and production of the 2010 Li-Ning China Open (Badminton) held in Shanghai, the PRC, while there will be more upcoming competitions that we will be involved in 2011. On the other hand, as the Group explores new business models to create additional value from the sports resources in hand, it has managed to infuse event with entertainment elements for launching its first show performance to be starred by medalist athletes and pop singers at the Watercube in Beijing in April 2011.

Sports Community Development

As part of its strategy, the Group will also participate in sports and green themed community development in China, with the aim to develop sports and healthy lifestyle oriented communities which may help promoting sports culture among the general public as supported by the state policies. In August 2010, the Group entered into an acquisition agreement with certain independent third parties in relation to the acquisition of land for the development and management of the Industrial Park together with another parcel of land in Shenyang, the PRC, which may bring about further investment and business opportunities in the city, through the acquisition of their holding companies. The structure of such transaction was subsequently revised in March 2011.

Under the new structure, the Group will acquire the company that will hold the land use rights for approximately 411,600 sq.m. for the development and management of the Industrial Park at a cash consideration of RMB100.0 million. The Industrial Park aims to bring in Japanese construction-production methods and low-carbon construction methodologies, in particular, the production of precast concrete and other construction materials for prefabricated construction, which are believed to be more environmentally friendly.

In 2010, community development projects of the Group were still undergoing feasibility studies and preparation stages and therefore no contribution was recorded in the year.

Green Business

The green energy business of the Group has shown substantial progress in its cooperation with Haier, the top home appliance manufacturer in China, to co-develop new energy saving products. In November 2010, the Group entered into an agreement with Haier for licensing the use of the Group's proprietary energy saving technology in their products in return for royalties on sales of such products. First series of air-conditioning products that fall under the abovementioned licensing agreement is expected to be launched during the summer of 2011. Owing to the licensing agreement was only concluded in the fourth quarter of 2010, there was no contribution generated from this source in 2010.

Apart from air-conditioning products, the Group is also cooperating with Haier in its development of water-heating products. The cooperation is expected to consolidate our relationship with Haier and may generate additional income for the Group in the future.

2. Financial Review

Results

For the year 2010, the Group's consolidated revenue amounted to HK$11.4 million, representing a slight increase of 4.9% from HK$10.9 million for the 17 months ended 31 December 2009. Gross profit for the year was HK$6.7 million (for the 17 months ended 31 December 2009: HK$4.6 million). Such recorded growth was not an indication of the performance of our newly established sports and green themed community development businesses, which were launched into operation only in or after the fourth quarter of 2010.

Certain non-cash items, either credited or charged to consolidated profit or loss, were as follows:

(1) Other income and gains for the year under review amounted to HK$47.8 million, which mainly represented the gain derived from changes in fair value of warrants of the Company issued in November 2010. For the 17 months ended 31 December 2009, the other income and gains were mainly gain on disposal of a subsidiary;

(2) Based on the new development direction set by the board of Directors (the "Board"), we thoroughly reviewed the fair values of all the assets as at 31 December 2010. Certain impairment were made accordingly, including impairment of goodwill and items of property, plant and equipment totaling HK$38.9 million. Impairment provision for the 17 months ended 31 December 2009 was HK$ 29.8 million; and

(3) Under the current share option incentive scheme, the amount relates to options granted and amortized in 2010 was HK$26.1 million (for the 17 months ended 31 December 2009: HK$9.0 million).

The Group incurred selling and distribution costs of HK$2.7 million (for the 17 months ended 31 December 2009: HK$6.2 million), representing a drop of HK$3.5 million, which was due to the fact that the full-year contribution of the new businesses was not yet reflected in 2010. Administrative and other expenses incurred by the Group increased from HK$22.3 million for the 17 months ended 31 December 2009 to HK$48 million in 2010. The increase was mainly attributable to:

(i) an increase in staff costs in line with the growth strategy of the Group;

(ii) an increase in legal and professional fees arising from a number of corporate expansion activities; and

(iii) the amortization of other intangible assets acquired after the acquisition of the sports-related businesses.

In 2010, the loss attributable to shareholders of the Company was HK$63.0 million (for the 17 months ended 31 December 2009: 52.0 million). While the Group operated in a clear development direction, the effect of the new businesses were yet to be reflected in the year's financial results.

Segment Analysis

Sports-related business

The Group commenced its sports-related business in the fourth quarter of the year only and the business already managed to deliver an encouraging performance. Turnover and operating profit from the segment were HK$7.8 million and HK$1.4 million respectively. The revenue basically represents income generated from talent management and a national badminton tournament.

Sports community development segment

Various business plans and financial studies related to potential projects in this segment are still underway. Up to the year end date, this business segment did not have any significant financial impact on the Group's 2010 results.

Green energy business

One of the most important elements of this business segment is the proprietary air-conditioning technology, based on which royalty income and other related revenue will be derived. Given that the income from such source was not yet reflected in this year's operating results, only HK$3.6 million (for the 17 months ended 31 December 2009: HK$1.1 million) in revenue was recorded for the year. Additionally, a segment loss of HK$17.1 million (for the 17 months ended 31 December 2009: HK$1.8 million), including inventory written-off and provision and fixed assets impairment of HK$10.7 million (for the 17 months ended 31 December 2009: HK$1.5 million) was logged.

Health-related business

The existing business segment of health-related products has a minimal contribution to the Group's revenue due to the highly competitive environment and shrinkage of distribution channels in various markets for these products. The Group will continue in search of other health-related products should such business opportunities emerge.

Assets and Liabilities

As at year end date, the net assets of the Group amounted to HK$2,000.8 million, representing a substantial increase from HK$241.5 million recorded at the beginning of the year. The increase was mainly due to a HK$395.2 million subscription of preferred shares by our controlling shareholder, Lead Ahead, as well as HK$1,147.8 million share placements made during the year to certain investors, mostly reputable international equity funds. Both items took the form of cash. Goodwill and other intangible assets amounting to HK$269.8 million and HK$83.4 million respectively, was resulted from the acquisition of the sports business during the year.

Working capital of the Group as at 31 December 2010 amounted to HK$1,495.3 million (2009: HK$37.4 million). It comprised mainly cash and bank balances of HK$1,512.0 million (2009: HK$35.7 million), which also stemmed from share subscriptions by cash during the year.

Total liabilities as at 31 December 2010 amounted to HK$46.2 million (2009: HK$5.3 million), of which HK$17.2 million represented the fair value of share warrants of the Company issued as at the year end date. As at 31 December 2010, the Group did not have any bank loans and borrowings (2009: nil).

Shareholders' funds as at 31 December 2010 amounted to HK$1,997.5 million, representing a substantial increase from the same as at 31 December 2009 of HK$237.6 million. The growth was attributable to the same factor associated with net assets as discussed above.

Dividend

In the short term, capital resources are expected to be used mainly to facilitate business expansion as part of the current strategy of the Group. In the long term, the Group will formulate an appropriate dividend policy with the aim of striking a balance between growth in business and distributions to shareholders of the Company.

Liquidity and Financial Resources

The Group's net cash outflow from operations during the year was HK$43.5 million. The outflow was mainly due to the fact that the contributions from new businesses were not yet reflected in 2010. The net cash flow on investment activities was HK$1.2 million, even though we acquired the sports business platform during the year because we issued ordinary shares of the Company ("Shares") as consideration for the acquisition. The net cash from financing activities was the major item in the Group's cash flows in 2010, and we have generated HK$1,518.7 million from the abovementioned fund raising exercises. The overall net cash increase in the year was HK$1,476.3 million.

The current ratio of the Group at 31 December 2010 was about 58 times compared with 8 times as at 31 December 2009. The Group has no borrowings nor any committed borrowing facilities throughout the year and as at year end. This was in line with the Group's policy to maintain a more healthy gearing ratio (net debt to Shareholders' fund) within the range of 0 to 1 in view of the business it undertook during the year.

Financial Management and Policy

The financial risk management of the Group refers to the responsibilities of the Group's treasury function at the head office in Hong Kong. One of the key objectives of the Group's treasury policies is to manage its exposure to fluctuations in foreign currency exchange rates. It is the Group's policy not to engage in any speculative activities. As at the year end date, most of the Group's assets and liabilities were denominated in Hong Kong dollar. As at the year end date, the Group assessed its foreign exchange rate risk exposure and has not entered into any foreign exchange hedging arrangement.

3. Others

Material Transactions

During the year, the Group underwent a series of material transactions in relation to investments and financing activities. A brief summary is set out below:

1. *Issue of redeemable convertible preferred shares and option to issue convertible bonds*
   In May 2010, the Company issued 5,479,452,054 redeemable convertible preferred shares ("Preferred Shares") at HK$0.073 per Preferred Share to Lead Ahead for a total consideration of HK$400 million. The Company also entered into conditional supplemental agreement (subsequently amended by a supplemental deed dated 28 July 2010, the details of which are set out in the announcement of the Company of the same date) with Lead Ahead. Under the conditional supplemental agreement and the supplemental deed, the Company is entitled to issue to Lead Ahead convertible bonds with an aggregate principal amount of HK$300 million. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. The proceeds from this transaction provide a solid foundation for the financing of the Group's activities.

2. *Acquisition of Viva China Sports Holding Limited ("Viva China Sports")*
   In October 2010, the Group acquired the entire issued share capital of Viva China Sports. The consideration of this acquisition was satisfied by issuing an aggregate of 590 million Shares that have an aggregate fair value of approximately HK$338 million. The acquisition marked a milestone of the Group for entering into the sports-related businesses.

3. *Placing of new Shares*
In November 2010, the Company issued a total of 629,038,000 new Shares at the price of HK$0.62 per Share and a total of 314,519,000 warrants conferring the rights to subscribe for an initial aggregate of 314,519,000 new Shares at an initial exercise price of HK$0.80 per Share. The net proceeds to the Company were approximately HK$389.5 million. In October 2010, the Company issued a total of 1,160,000,000 new Shares at HK$0.67 per Share to Lead Ahead under a top-up placing arrangement. The net proceeds to the Company were approximately HK$758.3 million. The placings of Shares further strengthen the Group's funding base for pursuing future potential business opportunities.

4. *Acquisition of Shenyang Zhaohuan Industrial Park*
In August 2010, the Group entered into an agreement with certain independent third parties for the acquisition of two companies for the purpose of acquiring the land and rights for developing the Industrial Park and the rights to develop certain lands upon completion of the acquisition. This original acquisition agreement was subsequently terminated in March 2011 and replaced by another acquisition agreement under which the Group would proceed with the acquisition of the Industrial Park at different terms from different vendors. Details of the transaction are set out in the Company's announcement dated 6 March 2011.

Pledge of Assets
As at 31 December 2010, no assets were pledged (2009: Nil).

Contingent Liabilities
As at 31 December 2010, no material contingent liabilities were noted.

Commitments
As at 31 December 2010, the Group had capital commitments contracted but not provided for in respect of addition of leasehold improvements of HK$2,324,000 (2009: Nil).

Employees and Remuneration Policies
Staff remuneration comprised monthly salary, provident fund contributions, medical benefits, education allowances and discretionary share options issued based on their contribution to the Group. Staff costs including Directors' remuneration for the year ended 31 December 2010 amounted to HK$32.6 million (for the 17 months ended 31 December 2009: HK$10.7 million). The Group also engages professional consultants to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 31 December 2010, the Group employed about 124 full-time employees including executive Directors (2009: 75) and their remuneration were calculated in reference to the market rates.

4. Outlook and Prospects

Viva China will secure additional valuable sports resources to develop its businesses and to produce more quality and world class events, games and competition to further strengthen its foundation. The Group will continue to grow its businesses organically or when appropriate merger and acquisition opportunities arise with a goal to make contributions to the growth and commercialization of the sports industry in the PRC at the same time.

The Directors present their report and the audited financial statements for the year ended 31 December 2010.

Principal Activities

The principal activity of the Company is investment holding. The Company and its subsidiaries are principally engaged in trading of health-related products, and manufacturing, marketing and installation of proprietary energy-saving air conditioning system and water heating equipment. The Group also engages in various sports-related businesses complemented with a green element in order to promote higher quality of living in the PRC. Areas of focus initially include sports talent management, competition/event production and management as well as sports and green themed community development.

Other particulars of the principal subsidiaries of the Company as at 31 December 2010 are set out in note 17(c) to the financial statements.

Change of Company Name

The registered name of the Company was changed from "Coolpoint Energy Limited" to "Viva China Holdings Limited 非凡中國控股有限公司" on 27 October 2010 pursuant to the Certificate of Incorporation on Change of Name issued by the Registry of Companies of Cayman Islands on 27 October 2010.

Results and Dividends

The Group's loss for the year ended 31 December 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 66 to 136.

The Directors did not declare an interim dividend and do not recommend the payment of a final dividend for the year ended 31 December 2010.

Property, Plant and Equipment

Movements in the property, plant and equipment of the Company and the Group during the year are set out in note 13 to the financial statements.

Share Capital

During the year, the Company issued preferred shares and certain Shares were issued upon conversion of its preferred shares, placing of Shares and exercise of share options and also for the purpose of satisfying the consideration in relation to the acquisition of the entire issued share capital of Viva China Sports. The Company also issued warrants which are convertible into Shares.

Details of changes in the Company's share capital during the year, together with the reasons thereof, are set out in note 27 to the financial statements.

Reserves

As at 31 December 2010, the Company's reserves available for distribution to shareholders comprising share premium account less accumulated losses, amounted to approximately HK$1,618,012,000 (2009: HK$216,930,000).

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity on page 69 respectively.

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 84% of the sales for the year and sales to the largest customer included therein accounted for approximately 62% of sales.

Purchases from the Group's five largest suppliers accounted for approximately 81% purchases for the year and purchases from the largest supplier included therein accounted for approximately 62% of purchases.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

Group Financial Summary

A summary of the results and of the assets and liabilities of the Group for each of the three financial years ended 31 July 2008, the seventeen month period ended 31 December 2009 and the year ended 31 December 2010 is set out on page 137 of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

Purchase, Redemption or Sale of Listed Securities of the Company

In December 2010, the Company purchased a total of 160,654,000 Shares on the Stock Exchange at an aggregate cash consideration of HK$51,413,490 with the highest and lowest price paid per Share being HK$0.37 and HK$0.28 respectively. All the purchased Shares had been cancelled on 3 January 2011. The Shares were repurchased on the market pursuant to the repurchase mandate granted by the shareholders at the annual general meeting of the Company held on 29 June 2010, with a view that it would enhance shareholders' value in the long term.

Saved as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

Directors

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

Executive Directors

Mr. Li Ning *(Chairman)*	(appointed on 2 June 2010)
Mr. Ng Chi Man, Michael *(Chief Executive Officer)*	(appointed on 3 December 2010)
Mr. Chan Ling	(appointed on 2 June 2010)
Mr. Li Chunyang	(appointed on 2 June 2010)
Mr. Lee Wa Lun, Warren	(appointed on 24 June 2010)
Mr. Wang Yinan	(resigned as Chairman on 2 June 2010 and as Executive Director on 23 June 2010)
Mr. Leung King Yue, Alex	(resigned on 23 June 2010)
Ms. Lam Wing Ah	(resigned on 23 June 2010)
Mr. Fung Wing Cheung, Tony	(resigned on 23 June 2010)
Mr. Fung Yiu Fai, Peter	(resigned on 23 June 2010)

Non-executive Directors

Mr. Li Chun	(appointed on 2 June 2010)
Mr. Ma Wing Man	(appointed on 2 June 2010)
Miss Fung Yee Kei, Kay	(resigned on 23 June 2010)

Independent non-executive Directors

Mr. Chen Johnny	(appointed on 2 June 2010)
Mr. Ip Shu Kwan, Stephen	(appointed on 2 June 2010)
Mr. Ng Sau Kei, Wilfred	(appointed on 2 June 2010)
Mr. Chee Man Sang, Eric	(resigned on 23 June 2010)
Ms. Lam Tak Yee	(resigned on 23 June 2010)
Mr. Tang Chi Chung, Matthew	(resigned on 23 June 2010)

The terms of office of each Director are subject to retirement by rotation in accordance with the Company's articles of association.

At the forthcoming annual general meeting, Messrs. Chan Ling, Li Chunyang and Chen Johnny will retire as Directors by rotation and, being eligible, offers themselves for re-election in accordance with articles 108(A) and 108(B) of the articles of association of the Company. Mr. Ng Chi Man, Michael will retire and, being eligible, offer himself for re-election in accordance with article 112 of the articles of association of the Company. Further particulars of the Directors to be re-elected at the forthcoming annual general meeting are set out in the circular to the shareholders sent together with this annual report.

All other remaining Directors shall continue in office.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 20 of the annual report.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Particulars of the emoluments of the Directors on a named basis for the year are set out in note 8 to the financial statements.

Directors' Interests in Contracts

Each of Mr. Li Ning, the Chairman and executive Director, and Mr. Li Chun, a non-executive Director, was indirectly interested in a master agreement entered into between the Company and Li Ning Company Limited ("LNCL") as disclosed in the paragraph headed "Continuing Connected Transaction" of this report by virtue of the respective interests of Mr. Li Ning and Mr. Li Chun in LNCL.

Save as disclosed above and the disclosures in note 27 to the financial statements in relation to issuance and conversion of preferred shares, placing of Shares, possible issuance of convertible bonds, no Director had a material interest, either directly or indirectly, in any contract of significance to the businesses of the Group to which the Company or any of its subsidiaries was a party during the year.

Share Option Schemes

Pursuant to an ordinary resolution passed by the shareholders of the Company on 8 April 2002, the Company adopted a share option scheme (the"Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Scheme include the Company's directors, independent non-executive directors, other employees of the Group, consultants, suppliers of goods or services to the Group, customers of the Group, and any minority shareholder in the Company's subsidiaries. The Old Scheme became effective on 18 April 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares issuable under share options to each eligible participant in the Old Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences from the date of acceptance of the offer for the grant of options but shall end in any event not later than ten years from the date on which the offer for the grant of the option is made subject to the provisions for early termination thereof.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

The share options under the Old Scheme do not confer rights on the holders to dividends or to vote at shareholders' meetings. The share options outstanding under the Old Scheme during the year had no vesting period.

On 29 June 2010, the Company passed an ordinary resolution to terminate the Old Scheme. Accordingly, no shares is available for issue under the Old Scheme as at the date of this report. All options granted and accepted prior to such termination and not exercised should have continued to be valid and exercisable. Nonetheless, there is no options under the Old Scheme outstanding at the end of the year.

Movement of the share options outstanding prior to the adoption of the New Scheme during the year are as follows:

			Number of share options					
	Date of grant of share options	Exercise price	Balance as at 1.1.2010	Granted during the year	Exercised during the year	Cancelled during the year	Reclassified during the year	Balance as at 31 December 2010
Former directors								
Wang Yinan	21.10.2009	HK$0.154	70,000,000	—	—	—	(70,000,000)	—
Lam Wing Ah	24.07.2008	HK$0.092	10,000,000	—	—	—	(10,000,000)	—
Leung King Yue, Alex	24.07.2008	HK$0.092	20,000,000	—	—	—	(20,000,000)	—
			100,000,000	—	—	—	(100,000,000)	—
Other employees								
In aggregate (b)	24.07.2008	HK$0.092	20,000,000	—	(20,000,000)	—	—	—
Other grantees								
In aggregate (b)	24.07.2008	HK$0.092	60,000,000	—	(90,000,000)	—	30,000,000	—
In aggregate (c)	07.10.2009	HK$0.156	2,000,000	—	(2,000,000)	—	—	—
In aggregate (a)	21.10.2009	HK$0.154	—	—	(70,000,000)	—	70,000,000	—
In aggregate (d)	22.10.2009	HK$0.157	30,000,000	—	(30,000,000)	—	—	—
In aggregate (e)	24.12.2009	HK$0.128	12,000,000	—	(12,000,000)	—	—	—
			104,000,000	—	(204,000,000)	—	100,000,000	—
			224,000,000	—	(224,000,000)	—	—	—

Note: Mr. Wang Yinan, Ms. Lam Wing Ah and Mr. Leung King Yue, Alex resigned as Directors on 23 June 2010.

Notes:

(a) Share options granted on 21 October 2009 are exercisable within five years from the date of grant, details of which are disclosed in the paragraph headed "Connected Transactions" on page 54 of this annual report.

(b) Share options granted on 24 July 2008 are exercisable within ten years from the date of grant.

(c) Share options granted on 7 October 2009 are exercisable within ten years from the date of grant. According to the agreement between the parties, the share options can only be exercised when the share price of the Company reaches HK$0.3 or above.

(d) Share options granted on 22 October 2009 are exercisable within ten years from the date of grant.

(e) Share options granted on 24 December 2009 are exercisable within ten years from the date of grant.

On 29 June 2010, the Company also passed an ordinary resolution to adopt a new share option scheme (the "New Scheme") for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Participants of the New Scheme include employee, officer, agent, consultant, business associate or representative of the Company or any subsidiary or otherwise contributes to the success of the Group, including any executive, non-executive or independent non executive director of the Company or any subsidiary who, as the Board or a committee comprising Directors and members of the senior management of the Company (the"Committee") (as the case may be) may determine in its absolute discretion, is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors, and subject to such conditions as the Board or the Committee (as the case may be) may think fit. The New Scheme will remain in force for period of ten years commencing on 29 June 2010.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the number of Shares in issue from time to time. In addition, the total number of Shares which may be issued upon exercise of all options granted together with all options to be granted under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the nominal amount of all the Shares in issue as at the date of adoption of the New Scheme (the "Scheme Mandate Limit"). The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the shareholders in general meeting. Once refreshed, the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the number of Shares in issue as at the date of approval of the refreshment by the shareholders of the Company.

As at the date of this report, the total number of Shares available for issue under the New Scheme is 1,349,384,602 representing 7% of the existing issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the New Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the proposed date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options under the New Scheme may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board or the Committee, save that such period shall not be more than 10 years from the date of grant. Unless the Board may otherwise determine, there is no minimum period required under the New Scheme for the holding of an option before it can be exercised.

The exercise price of share options is determinable by the Board or the Committee, but shall be at least the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movement of the share options under the New Scheme outstanding as at the end of the reporting year are as follows:

			Number of share options				
	Date of grant of share options	Exercise price	Balance as at 1.1.2010	Granted during the year	Exercised during the year	Cancelled during the year	Balance as at 31 December 2010
Directors							
Ng Chi Man, Michael	02.07.2010	HK$0.78	—	90,000,000 (c)	—	—	**90,000,000**
Ng Chi Man, Michael	06.09.2010	HK$0.83	—	40,000,000 (d)	—	—	**40,000,000**
Chan Ling	02.07.2010	HK$0.78	—	30,000,000 (e)	—	—	**30,000,000**
Li Chunyang	02.07.2010	HK$0.78	—	30,000,000 (e)	—	—	**30,000,000**
Lee Wa Lun, Warren	02.07.2010	HK$0.78	—	5,000,000 (f)	—	—	**5,000,000**
Li Chun	02.07.2010	HK$0.78	—	5,000,000 (f)	—	—	**5,000,000**
Ma Wing Man	02.07.2010	HK$0.78	—	5,000,000 (f)	—	—	**5,000,000**
Ip Shu Kwan, Stephen	02.07.2010	HK$0.78	—	5,000,000 (f)	—	—	**5,000,000**
Chen Johnny	02.07.2010	HK$0.78	—	5,000,000 (f)	—	—	**5,000,000**
Ng Sau Kei, Wilfred	02.07.2010	HK$0.78	—	5,000,000 (f)	—	—	**5,000,000**
				220,000,000	—	—	**220,000,000**
Other employees							
In aggregate	02.07.2010	HK$0.78	—	38,000,000 (g)	—	—	**38,000,000**
In aggregate	06.09.2010	HK$0.83	—	54,300,000 (h)	—	(2,250,000)	**52,050,000 (h)**
				92,300,000	—	(2,250,000)	**90,050,000**
Other grantees							
In aggregate	02.07.2010	HK$0.78	—	50,000,000 (i)	—	—	**50,000,000**
In aggregate	06.09.2010	HK$0.83	—	14,100,000 (j)	—	—	**14,100,000**
			—	64,100,000	—	—	**64,100,000**
			—	376,400,000	—	(2,250,000)	**374,150,000**

Notes:

(a) On 2 July 2010, the Company granted 268,000,000 share options under the New Scheme at the exercise price of HK$0.78 each and the closing price of the Shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options was HK$0.71.

(b) On 6 September 2010, the Company granted 108,400,000 share options under the New Scheme at the exercise price of HK$0.83 each and the closing price of the Shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options was HK$0.86 and 2,250,000 share options out of such 108,400,000 share options granted were cancelled before the year end date.

(c) The share options granted comprise the following: (i) 30,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 30,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; (iii) 30,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.

(d) The share options granted comprise the following: (i) 20,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (ii) 20,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020.

(e) The share options granted comprise the following: (i) 10,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 10,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 10,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.

(f) The share options granted comprise the following: (i) 1,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 1,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 1,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.

(g) The share options granted comprise the following: (i) 12,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 12,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 12,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.

(h) The share options granted comprise the following: (i) 9,100,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 9,100,000 share options with exercisable period from 6 September 2012 to 5 September 2017, (iii) 9,100,000 share options with exercisable period from 6 September 2013 to 5 September 2018; (iv) 16,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (v) 11,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020. Following the cancellation of 2,250,000 share options, the number of share options under each of (i), (ii) and (iii) of this note reduced to 8,350,000 as at 31 December 2010.

(i) The share options granted comprise 50,000,000 share options which are exercisable for a period of 5 years from the date of grant.

(j) The share options granted comprise the following: (i) 4,700,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 4,700,000 share options with exercisable period from 6 September 2012 to 5 September 2017; and (iii) 4,700,000 share options with exercisable period from 6 September 2013 to 5 September 2018.

Directors' and Chief Executives' Interests and Short Position in Shares and Underlying Shares

As at 31 December 2010, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long Positions in Shares

Name of Directors	Capacity	Number of ordinary shares held		Number of share options held	Exercise price of share options	Total interests	% of total issued Shares
		Personal interests	Corporate interests		HK$		
Li Ning (Note 1)	Interest in controlled corporation	—	14,771,690,951	—	—	14,771,690,951	76.76%
Ng Chi Man, Michael	Beneficial owner	—	—	90,000,000 (Note 2)	0.78	90,000,000	0.47%
		—	—	40,000,000 (Note 3)	0.83	40,000,000	0.21%
Li Chunyang	Beneficial owner	49,978,348	—	30,000,000 (Note 4)	0.78	79,978,348	0.42%
Chan Ling	Beneficial owner	49,978,348	—	30,000,000 (Note 4)	0.78	79,978,348	0.42%
Lee Wa Lun, Warren	Beneficial owner	—	—	5,000,000 (Note 5)	0.78	5,000,000	0.03%
Li Chun (Note 1)	Interest in controlled corporation	—	14,771,690,951	—	—	14,771,690,951	76.76%
	Beneficial owner	—	—	5,000,000 (Note 5)	0.78	5,000,000	0.03%
Ma Wing Man	Beneficial owner	—	—	5,000,000 (Note 5)	0.78	5,000,000	0.03%
Ng Sau Kei, Wilfred	Beneficial owner	17,000,000	—	5,000,000 (Note 5)	0.78	22,000,000	0.11%
Ip Shu Kwan, Stephen	Beneficial owner	400,000	—	5,000,000 (Note 5)	0.78	5,400,000	0.03%
Chen Johnny	Beneficial owner	—	—	5,000,000 (Note 5)	0.78	5,000,000	0.03%

Notes:

1. Lead Ahead Limited ("Lead Ahead") is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. Mr. Li Ning is also a director of Lead Ahead. The 14,771,690,951 Shares in which Lead Ahead is interested in comprises (i) 10,662,101,910 Shares held by Lead Ahead as at 31 December 2010; and (ii) 4,109,589,041 Shares representing the Shares to be issued upon conversion of the convertible bonds to be issued to it by the Company.

2. The share options granted comprise the following: (i) 30,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 30,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; (iii) 30,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.

3. The share options granted comprise the following: (i) 20,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (ii) 20,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020.

4. The share options granted comprise the following: (i) 10,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 10,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 10,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.

5. The share options granted comprise the following: (i) 1,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 1,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 1,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.

Save as disclosed above, none of the Directors nor the chief executives of the Company had, as at 31 December 2010, any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Directors' Rights to Acquire Shares or Debentures

Save as disclosures on the Company's share option scheme in the paragraph headed "Share Option Schemes" on pages 46 to 50 of this annual report and the issuance and conversion of preferred shares, placing of ordinary shares and possible issuance of convertible bonds in notes 27(g) and 27(i) to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries, or its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Controlling Shareholder's Interests in Contracts

The company is owned as to more than 30% by its controlling shareholder, Lead Ahead, which is in turn owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun. Accordingly, Lead Ahead was deemed and was taken to have indirect interest in the master agreement as disclosed in the paragraph headed "Continuing Connected Transaction" on pages 55 and 56 of this annual report by virtue of the interests of Mr. Li Ning in LNCL.

Save as disclosed above and the disclosures in note 27 to the financial statements in relation to issuance and conversion of preferred shares, placing of ordinary shares, possible issuance of convertible bonds, at no time during the year had the Company or any of its subsidiaries, and the controlling shareholders or any of its subsidiaries entered into any contract of significance or any contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 December 2010, so far as was known to the Directors or chief executive of the Company, the interests and short positions of the persons (other than the Directors or chief executive of the Company) in the Shares and/or underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company are set out below:

Long Positions in Shares

Name of Shareholders	Capacity	Number of ordinary shares held (Note 1)	Number of share options held	Total interests	% of total issued shares
Lead Ahead (Note 2)	Beneficial owner	14,771,690,951	—	14,771,690,951	76.76%
Li Chun (Note 2)	Interest in controlled corporation	14,771,690,951	—	14,771,690,951	76.76%
	Beneficial owner	—	5,000,000	5,000,000	0.03%
Li Ning (Note 2)	Interest in controlled corporation	14,771,690,951	—	14,771,690,951	76.76%
Yibo Investments Limited ("Yibo") (Note 3)	Beneficial owner	1,000,000,000	—	1,000,000,000	5.19%
Li Ang (Note 3)	Interest in controlled corporation	1,000,000,000	—	1,000,000,000	5.19%

Notes:

1. This represented the number of Shares over which the Shareholders, directly or indirectly exercise control.

2. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. The 14,771,690,951 Shares in which Lead Ahead is interested in comprises (i) 10,662,101,910 Shares held by Lead Ahead as at 31 December 2010; and (ii) 4,109,589,041 Shares representing the Shares to be issued upon conversion of the convertible bonds to be issued to it by the Company.

3. Yibo would have been interested in the Shares upon completion of the acquisition of the entire interests in Bright Equal Limited and Union Wealth Group Limited by the Company pursuant to the acquisition agreement dated 31 August 2010 entered into, among others, the Company and Yibo (the "Yibo Agreement") as announced on 31 August 2010. The entire issued share capital of Yibo is beneficially owned by Mr. Li Ang. Yibo and Mr. Li Ang ceased to have interest in such Shares on 4 March 2011 upon termination of the Yibo Agreement by a deed of termination, the detail of which are set out in the announcement of the Company dated 6 March 2011.

As at 31 December 2010, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had any interests or short position in the Shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Group's Emolument Policy

The emolument policy of the employees of the Group is formulated on the basis of their merit, qualifications and competence.

The determination of remuneration packages of the Directors takes into consideration of the factors such as time commitment and responsibilities of the Directors and by reference to the level of emoluments normally paid by a listed company in Hong Kong to directors of comparable calibre and job responsibilities so as to ensure a fair and competitive remuneration package as is fit and appropriate.

The Company has adopted a new share option scheme in 2010 as an incentive to directors and eligible participants, details of the scheme are set out in the paragraph headed "Share Option Schemes" on pages 46 to 50 of this annual report.

Connected Transactions and Continuing Connected Transaction

The Company has entered into the following connected transactions and continuing connected transaction (as defined under the GEM Listing Rules):

Connected Transactions

1. On 21 October 2009, the Company has granted to Mr. Wang Yinan an option (the "WY Option") pursuant to the service agreement entered into between the Company and Mr. Wang, and the written shareholders' approval on the WY Option. Pursuant to the WY Option, Mr. Wang had the right to subscribe for 70,000,000 Shares at the subscription price of HK$0.154 per Share any time within 5 years from 21 October 2009. Mr. Wang was appointed as chairman and executive director of the Company on 21 October 2009 and was therefore connected person of the Company under the GEM Listing Rules. The WY Option was granted as part and parcel of the remuneration package offered to Mr. Wang in order to solicit his acceptance of the appointment as chairman of the Company and might also incentivize Mr. Wang in making valuable contribution to the Company without burdening the cashflow of the Company by reducing cash portion of the remuneration.

   There were 20,000,000 Shares and 50,000,000 Shares issued on 2 July 2010 and 13 July 2010 respectively to Mr. Wang upon exercise of the WY Option and receipt of the required subscription monies.

2. The Company issued 950,000,000 Shares to Leung's Holdings Limited ("LHL"), for satisfying part of the consideration for the acquisition of 66.58% of the equity interest in Coolpoint Ventilation Equipment Limited and certain shareholder's loan from Mr. Leung Hin Ting ("Mr. Leung") by Coolpoint Energy (Hong Kong) Limited ("Coolpoint Energy"), a wholly-owned subsidiary of the Company (the "CVE Acquisition") pursuant to the sales and purchase agreement dated 23 June 2009 (the "CVE Agreement") entered into between Coolpoint Energy and Mr. Leung. As a term of the CVE Agreement, Mr. Leung had undertaken to the Group that for a period of two years after completion of the CVE Acquisition, he should not sell, transfer or post as collateral the 950,000,000 Shares so issued, unless otherwise disposed at a minimum consideration (the "Minimum Consideration") specified in the CVE Agreement (the "Original Lock-up Undertaking").

Pursuant to the deed dated 11 July 2010 (the "Deed of Partial Release and Undertakings") entered into between the Company, LHL, Mr. Leung, Ms. Tang Yuk Yee ("Ms. Tang"), the spouse of Mr. Leung, Ms. Leung Wan Ying and Mr. Leung Kai Hei, the daughter and the son of Mr. Leung and Ms. Tang, respectively, the Company would partially release the Original Lock-up Undertaking such that Mr. Leung and his associates would be allowed to dispose up to 150,000,000 shares held by any of them with effect from 31 August 2010 and the provision on the Minimum Consideration was removed. The partial release of the Original Lock-up Undertaking might allow the Group to foster a long term relationship with a shareholder of the Company with a significant stake in the Company.

Each of Mr. Leung and Ms. Tang is beneficially interested in 40% of the share capital of LHL. As Mr. Leung was a connected person of the Company by virtue of being a director of the subsidiaries of the Group within the preceding 12 months from 11 July 2010 and LHL, being an associate of Mr. Leung, was also connected person of the Company, the entering into the Deed of Partial Release and Undertakings constituted a connected transaction of the Company under the GEM Listing Rules.

3. On 28 July 2010, the Company and Lead Ahead entered into the supplemental deed (the "Supplemental Deed") to the subscription agreement dated 8 April 2010, as amended and supplemented by the supplemental agreement dated 9 April 2010, which were entered into between the same parties in relation to, among the other things, the issue of convertible bonds for an aggregate principal amount of HK$300 million (the "Convertible Bonds") by the Company to Lead Ahead. Lead Ahead is a substantial shareholder of the Company and hence a connected person of the Company. The entering into the Supplemental Deed constituted a connected transaction of the Company under the GEM Listing Rules.

   The principal amendments on the Convertible Bonds pursuant to the Supplemental Deed are as follows:

   (i) The Company shall be entitled to issue to Lead Ahead the Convertible Bonds in respect of the entire or part of the aggregate principal amount of the Convertible Bonds by serving a demand notice to Lead Ahead during the period which demand notice may be served to demand the issue of the Convertible Bonds by the Company to Lead Ahead (the "Issue Period"). Lead Ahead shall not be entitled to demand the issue of the Convertible Bonds;

   (ii) The Issue Period shall be shortened to cover the period commencing on 24 June 2010 and ending on the second anniversary of such date (i.e. 24 June 2012); and

   (iii) certain terms in respect of the adjustments of the conversion price in relation to the Shares to be issued upon conversion of the Convertible Bonds, and the details of which was disclosed in the announcement and the circular of the Company dated 28 July 2010 and 13 August 2010 respectively.

   Under the terms of the Supplemental Deed, Lead Ahead no longer has the right to demand issue of the Convertible Bonds and the Company is allowed to have better control over the timing of the issuance of the Convertible Bonds, and therefore, better management of its financial position.

Continuing Connected Transaction

The Company entered into an agreement dated 31 August 2010 (the "Master Agreement") with LNCL relating to the provision of services by the Group to the Li Ning Group in relation to brand or product endorsement, sponsorship and event management for a term commencing from the effective date of the Master Agreement, being 27 October 2010. The Master Agreement shall continue in force until 31 December 2012 or the day on which each of the Company and LNCL ceases to be a connected person of the other party, whichever is earlier. The maximum aggregate annual value for the provision of such services during the term for the the financial period ending 31 December 2010, 2011 and 2012 are RMB21,500,000, RMB100,000,000 and RMB100,000,000 (the "Annual Cap").

Mr. Li Ning, the Chairman and executive Director, is a director and a controlling shareholder of LNCL. Thus, LNCL is an associate of Mr. Li Ning and a connected person of the Company. The transactions, if any, entered into under the Master Agreement would therefore constitute a continuing connected transaction for the Company under the GEM Listing Rules. The Master Agreement and the Annual Cap were approved by independent shareholders (as defined under the GEM Listing Rules) on 27 October 2010. There were no transactions under the Master Agreement existed during the period between 27 October 2010 and 31 December 2010.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out on pages 57 to 63 of this annual report.

The compliance officer of the Company is Mr. Chan Ling whose biographical details are set out on page 16 of this annual report. The company secretary of the Company is Mr. Ho Kim Ching. Mr. Ho has over 8 years of experience in accounting and finance industry. He is a certified public accountant of the United States and a charterholder of the Chartered Financial Analyst designation.

Directors' Interests in a Competing Business

For the year ended 31 December 2010, the Directors are not aware of any business or interest of the Directors, the controlling shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

Public Float

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, as at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the GEM Listing Rules.

Auditor

In December 2009, Shu Lun Pan Horwath Hong Kong CPA Limited resigned as the auditors of the Company and Grant Thornton were appointed by the board to fill the casual vacancy following the resignation of Shu Lun Pan Horwath Hong Kong CPA Limited. During the year 2010, Grant Thornton resigned as auditor of the Company and Ernst & Young were appointed by the Board to fill in the casual vacancy. There have been no other changes of auditors in the past three years.

The financial statements of the Company for the year under review have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditors of the Company for the ensuing year will be proposed at the forthcoming annual general meeting.

By Order of the Board

Li Ning
Chairman

Hong Kong, 17 March 2011

Corporate Governance Practices

The Company is committed to achieving and maintaining high standard of corporate governance. Throughout the financial year ended 31 December 2010, the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code"), save for the deviation from Code Provision A.4.1 of the CG Code. The application of the relevant principles of the CG Code, together with the reasons for the abovementioned deviation from Code Provision A.4.1 and the remedial action, are stated in the following sections.

Directors' Securities Transactions

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard") as the code for dealing in securities of the Company by the Directors.

The Company has made specific enquiry with all Directors, and the Directors have confirmed compliance with the Required Standard during the year ended 31 December 2010.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Required Standard. No incident of non-compliance was noted by the Company for the year ended 31 December 2010.

Board of Directors

The Company is governed by the Board, which has the responsibility for leadership and control of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board set strategies and directions for the Group's affairs and activities with a view to develop its business and to enhance shareholders' value. There is a clear division of responsibilities between the Board and the management. Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the management. Important matters include those affecting the Group's strategic policies, major investment and funding decisions and major commitments relating to the Group's operations.

The Board currently comprises of five executive Directors (the "Executive Directors"), two non-executive Directors (the "Non-executive Directors") and three independent non-executive Directors (the "Independent Non-executive Directors").

The Board has a balance of skills and experience and a balanced composition of executive and non-executive Directors. Twenty-one Board meetings were held during the financial year ended 31 December 2010. The composition of the Board and attendance of the Directors are set out below:

		Number of meetings attended/eligible to attend
Executive Directors		
Mr. Li Ning *(Chairman)*[1]	(appointed on 2 June 2010)	6/8
Mr. Ng Chi Man, Michael *(Chief Executive Officer)*	(appointed on 3 December 2010)	—[3]
Mr. Chan Ling	(appointed on 2 June 2010)	8/8
Mr. Li Chunyang	(appointed on 2 June 2010)	7/8
Mr. Lee Wa Lun, Warren	(appointed on 24 June 2010)	4/8
Mr. Wang Yinan	(resigned as Chairman on 2 June 2010 and as Executive Director on 23 June 2010)	1/13
Mr. Leung King Yue, Alex	(resigned on 23 June 2010)	13/13
Ms. Lam Wing Ah	(resigned on 23 June 2010)	13/13
Mr. Fung Wing Cheung, Tony	(resigned on 23 June 2010)	3/13
Mr. Fung Yiu Fai, Peter[2]	(resigned on 23 June 2010)	9/13
Non-executive Directors		
Mr. Li Chun[1]	(appointed on 2 June 2010)	5/8
Mr. Ma Wing Man	(appointed on 2 June 2010)	8/8
Miss Fung Yee Kei, Kay[2]	(resigned on 23 June 2010)	6/13
Independent non-executive Directors		
Mr. Chen Johnny	(appointed on 2 June 2010)	5/8
Mr. Ip Shu Kwan, Stephen	(appointed on 2 June 2010)	7/8
Mr. Ng Sau Kei, Wilfred	(appointed on 2 June 2010)	7/8
Mr. Chee Man Sang, Eric	(resigned on 23 June 2010)	1/13
Ms. Lam Tak Yee	(resigned on 23 June 2010)	1/13
Mr. Tang Chi Chung, Matthew	(resigned on 23 June 2010)	2/13

Notes:

1. Mr. Li Ning is the younger brother of Mr. Li Chun.

2. Mr. Fung Yiu Fai, Peter is the father of Miss Fung Yee Kei, Kay.

3. No Board meeting has been held from the date of his appointment to 31 December 2010.

Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions.

The Board has established an audit committee (the "Audit Committee"), a remuneration committee (the "Remuneration Committee"), a nomination committee (the "Nomination Committee") and an executive committee (the "Executive Committee") as integral elements of good corporate governance and to oversee relevant aspects of the Company's affairs. More details of these committees are set out in separate sections in this report.

Chairman and Chief Executive Officer

The posts of chairman and chief executive officer are separate and are not held by the same individual to ensure their independence, accountability and responsibility. The chairman (the "Chairman") of the Board is Mr. Li Ning and the chief executive officer of the Company (the "Chief Executive Officer") is Mr. Ng Chi Man, Michael. The Chairman takes the lead to oversee the Board functions and the directions of the Group while the Chief Executive Officer, supported by his management team, is responsible for the day-to-day management of the business of the Group.

Non-Executive Directors

The code provision A.4.1 of the CG Code states that Non-executive Directors should be appointed for specific terms, subject to re-election. The Company had deviated from this provision in that all the Non-executive Directors who resigned on 23 June 2010 were not appointed for specific terms.

All those existing Non-Executive Directors have their respective terms of appointment coming to an end normally one year after their appointment to the Board. The term of office of each of the Independent Non-executive Directors is for a period of three years from the date of appointment. They are also subject to retirement by rotation at least once every three years as all Directors are subject to retirement by rotation in accordance with the Company's articles of association.

Independent Non-Executive Directors

The current Independent Non-executive Directors are Mr. Chen Johnny, Mr. Ip Shu Kwan, Stephen and Mr. Ng Sau Kei, Wilfred. The Independent Non-executive Directors help the management to formulate the Group's development strategies, ensure the Board prepares its financial and other mandatory reports in strict compliance with required standards, and ensure the Company maintains appropriate system to protect the interests of the Company and its shareholders. The Company received the annual confirmation from the Independent Non-Executive Directors in respect of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considered all the Independent Non-executive Directors as independent.

Nomination Committee

The Nomination Committee has two members. The terms of reference of the Nomination Committee have been determined with reference to the CG Code. The Nomination Committee is responsible for identifying potential new directors and recommends to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment in case of the appointment of additional Director or at the first general meeting after his appointment in case of filling of casual vacancy.

Under the articles of association of the Company, all Directors are subject to retirement by rotation and re-election by shareholders every three years. Potential new directors are selected on the basis of their qualifications, skill and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board. During the year, the committee has reviewed the composition of the Board and made recommendation to the Board on appointment of Chief Executive Officer and Executive Director.

The Company has set up a Nomination Committee consisting of the following members:

Name		Number of meetings attended/eligible to attend
Mr. Chan Ling *(Chairman)*	(appointed as member on 2 June 2010 and appointed as chairman of Nomination Committee on 23 June 2010)	1/1
Mr. Ma Wing Man	(appointed on 2 June 2010)	1/1
Ms. Lam Tak Yee	(resigned as member and chairman of Nomination Committee on 23 June 2010)	0/0
Mr. Ma Man Pong	(resigned on 23 June 2010)	0/0

The Nomination Committee met one time during the year ended 31 December 2010 and all the existing members attended the meeting.

Remuneration Committee

The Company established the Remuneration Committee on 1 August 2005 with written terms of reference. The written terms of reference include the specific duties of making recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management, having the delegated responsibility to determine the specific remuneration packages of all Executive Directors and senior management and making recommendations to the Board of the remuneration of non-executive Directors.

The determination of remuneration packages of the Directors takes into consideration of the factors such as time commitment and responsibilities of the Directors and by reference to the level of emoluments normally paid by a listed company in Hong Kong to directors of comparable calibre and job responsibilities so as to ensure a fair and competitive remuneration package as is fit and appropriate. During the year, the committee reviewed the remuneration packages of all Directors and senior management.

One Remuneration Committee meeting was held during the year ended 31 December 2010. Apart from the formal meeting, matters requiring approval of the Remuneration Committee were arranged by means of circulation of written resolutions. The composition of the Remuneration Committee and attendance of individual members at the aforesaid meeting are as follows:

Name		**Number of meetings attended/eligible to attend**
Mr. Ip Shu Kwan, Stephen *(Chairman)*	(appointed as member on 2 June 2010 and appointed as chairman of Remuneration Committee on 23 June 2010)	1/1
Mr. Chan Ling	(appointed on 2 June 2010)	1/1
Mr. Chen Johnny	(appointed on 2 June 2010)	0/1
Mr. Ng Sau Kei, Wilfred	(appointed on 2 June 2010)	1/1
Mr. Tang Chi Chung, Matthew	(resigned as member and chairman of Remuneration Committee on 23 June 2010	0/0
Mr. Chee Man Sang, Eric	(resigned on 23 June 2010)	0/0
Ms. Lam Tak Yee	(resigned on 23 June 2010)	0/0

Executive Committee

The Executive Committee was established by the Board with specific terms of reference. The committee comprises four Executive Directors, Mr. Li Ning, Mr. Ng Chi Man, Michael, Mr. Chan Ling and Mr. Li Chunyang. The primary duties of the Executive Committee are to propose and implement business strategies and plans for the Group, monitor the operations of Group companies and approve matters relating to their day-to-day operations.

Audit Committee

The Company's Audit Committee was formed on 17 March 2000 with written terms of reference. The primary duties of the Audit Committee are to review the Company's internal control procedures, annual reports, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the Board.

The Audit Committee currently comprises three Independent Non-executive Directors, Mr. Chen Johnny (chairman of the Audit Committee), Mr. Ip Shu Kwan, Stephen and Mr. Ng Sau Kei, Wilfred and one Non-executive Director, Mr. Ma Wing Man. This annual report has been reviewed by the Audit Committee.

During the year, the committee members met together to review the quarterly reports, half-year report and annual report before submission to the Board. The financial controller and the finance manager of the Company were also invited to attend these meetings in order to give a full account of the financial statements of the Group. The committee also reviewed the appointment and remuneration of external auditor.

The Audit Committee held five meetings during the year ended 31 December 2010. Its composition and attendance of individual members at these Audit Committee meetings are as follows:

Name		Number of meetings attended/eligible to attend
Mr. Chen Johnny *(Chairman)*	(appointed as member on 2 June 2010 and appointed as chairman of Audit Committee on 23 June 2010)	2/3
Mr. Ip Shu Kwan, Stephen	(appointed on 2 June 2010)	3/3
Mr. Ng Sau Kei, Wilfred	(appointed on 2 June 2010)	3/3
Mr. Ma Wing Man	(appointed on 2 June 2010)	3/3
Mr. Chee Man Sang, Eric	(resigned as member and chairman of the Audit Committee on 23 June 2010)	2/2
Mr. Tang Chi Chung, Matthew	(resigned on 23 June 2010)	2/2
Ms. Lam Tak Yee	(resigned on 23 June 2010)	2/2

Accountability and Audit

The Directors acknowledge their responsibilities for preparing the accounts of the Company.

In preparing the accounts for the year ended 31 December 2010, the Directors have selected suitable accounting policy and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standards, made judgments and estimates that are appropriate, and prepared the accounts on a going concern basis.

The responsibilities of the external auditor about their financial reporting are set out in the independent auditors' report on pages 64 and 65 of this report.

Auditors' Remuneration

During the year, the total fee paid and payable to Grant Thornton, the previous external auditor of the Company, amounted to HK$57,000.

Grant Thornton resigned as external auditor of the Company with effect from 21 July 2010 and Ernst & Young was appointed to fill its casual vacancy and to hold office until the conclusion of the next annual general meeting of the Company.

During the year ended 31 December 2010, the total fees paid and payable to Ernst & Young in relation to the audit and other services for the financial year ended 31 December 2010, amounted to HK$860,000 and HK$709,000 respectively. The sum for other services included HK$45,000 for taxation services, HK$512,000 for preparation of accountants' report in relation to the issue of a circular to shareholders and HK$152,000 for the review of the Group's interim results for the six months ended 30 June 2010 and the third quarterly results for the nine months ended 30 September 2010.

Internal Control

The Board is responsible for the maintenance of a sound and effective internal control system of the Group and has established the Group's internal control policies and procedures for monitoring the internal control system.

The internal control system of the Group is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure maintenance of proper books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The management and various departments conduct periodic self-assessment of the effectiveness of the internal control policies and procedures. Besides, the Board reviews at least annually the overall effectiveness of the Group's internal control system.

Based on the reviews performed by the management and comments from the external auditors and the Audit Committee, the Board is of the view that the Group's internal control system is adequate for the year ended 31 December 2010. The Board will continue to assess the effectiveness of internal controls by considering reviews to be performed by the Audit Committee, executive management, auditors and external professional consultant that the Group may engage.

Shareholders' Relations

The Group is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders.

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries. The Company also updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company has provided an effective communication platform to the public and the shareholders.

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To the shareholders of Viva China Holdings Limited
(Formerly known as Coolpoint Energy Limited)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Viva China Holdings (the "Company") and its subsidiaries (together, the "Group") set out on pages 66 to 136, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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 about 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' judgement, 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 of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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 2010, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
17 March 2011

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	Notes	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
REVENUE	5	**11,419**	10,887
Cost of sales		**(4,730)**	(6,331)
Gross profit		**6,689**	4,556
Other income and gains, net	5	**47,794**	11,462
Equity-settled share option expense	28	**(26,053)**	(9,021)
Impairment of items of property, plant and equipment	13	**(5,898)**	(18,724)
Impairment of land use rights	14	**—**	(9,572)
Impairment of goodwill	15	**(33,000)**	—
Impairment of other intangible assets	16	**—**	(1,282)
Impairment of available-for-sale investments		**—**	(194)
Selling and distribution costs		**(2,653)**	(6,198)
Administrative expenses		**(42,406)**	(18,285)
Other expenses		**(5,581)**	(4,004)
Finance costs	7	**(2,997)**	(1,384)
LOSS BEFORE TAX	6	**(64,105)**	(52,646)
Income tax	10	**479**	—
LOSS FOR THE YEAR/PERIOD		**(63,626)**	(52,646)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF INCOME TAX OF NIL —			
Exchange differences on translation of foreign operations		**373**	(387)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(63,253)**	(53,033)

	Notes	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Loss attributable to:			
Shareholders of the Company	11	**(62,957)**	(52,006)
Non-controlling interests		**(669)**	(640)
		(63,626)	(52,646)
Total comprehensive loss attributable to:			
Shareholders of the Company		**(62,658)**	(52,393)
Non-controlling interests		**(595)**	(640)
		(63,253)	(53,033)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	12		
Basic and diluted		**HK(0.57) cents**	HK(2.18) cents

Consolidated Statement of Financial Position

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**8,125**	10,419
Land use rights	14	**5,002**	5,172
Goodwill	15	**425,192**	188,434
Other intangible assets	16	**80,085**	6
Non-current deposits		**1,160**	—
Derivative financial asset	25	**5,877**	—
Total non-current assets		**525,441**	204,031
CURRENT ASSETS			
Inventories	18	**4,864**	5,765
Trade receivables	19	**1,025**	489
Prepayments, deposits and other receivables	20	**3,672**	818
Cash and bank balances	21	**1,511,979**	35,658
Total current assets		**1,521,540**	42,730
CURRENT LIABILITIES			
Trade payables	22	**237**	74
Other payables and accruals	23	**6,811**	1,318
Receipts in advance		**1,456**	280
Due to a non-controlling equity holder	24	**484**	3,634
Derivative financial liabilities	25	**17,204**	—
Total current liabilities		**26,192**	5,306
NET CURRENT ASSETS		**1,495,348**	37,424
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,020,789**	241,455
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	**20,020**	—
NET ASSETS		**2,000,769**	241,455
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	27	**190,818**	33,119
Reserves	29(a)(i)	**1,806,690**	204,480
		1,997,508	237,599
Non-controlling interests		**3,261**	3,856
TOTAL EQUITY		**2,000,769**	241,455

Ng Chi Man, Michael
Chief Executive Officer and Executive Director

Chan Ling
Executive Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

		Attributable to shareholders of the Company							
	Notes	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 August 2008		20,427	399,251	4,525	12,990	(361,792)	75,401	—	75,401
Loss for the period		—	—	—	—	(52,006)	(52,006)	(640)	(52,646)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations		—	—	—	(387)	—	(387)	—	(387)
Total comprehensive loss for the period		—	—	—	(387)	(52,006)	(52,393)	(640)	(53,033)
Ordinary share placement	27(b)	3,000	40,850	—	—	—	43,850	—	43,850
Exercise of share options	27(d)	100	1,538	(718)	—	—	920	—	920
Equity-settled share option arrangements	28	—	—	9,021	—	—	9,021	—	9,021
Lapse of share options		—	—	(215)	—	215	—	—	—
Acquisition of subsidiaries	27(c), 30	9,592	163,796	—	—	—	173,388	4,496	177,884
Disposal of a subsidiary	31	—	—	—	(12,588)	—	(12,588)	—	(12,588)
At 31 December 2009 and 1 January 2010		33,119	605,435*	12,613*	15*	(413,583)*	237,599	3,856	241,455
Loss for the year		—	—	—	—	(62,957)	(62,957)	(669)	(63,626)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		—	—	—	299	—	299	74	373
Total comprehensive income/(loss) for the year		—	—	—	299	(62,957)	(62,658)	(595)	(63,253)
Allotment of ordinary shares	27(f)	6,290	324,704	—	—	—	330,994	—	330,994
Ordinary share placement	27(g)	11,600	746,709	—	—	—	758,309	—	758,309
Repurchase and cancellation of ordinary shares	27(h)	(1,607)	(50,274)	—	—	—	(51,881)	—	(51,881)
Conversion of redeemable convertible preferred shares	27(i)	133,276	260,800	—	—	—	394,076	—	394,076
Exercise of share options	27(d)	2,240	37,831	(12,613)	—	—	27,458	—	27,458
Equity-settled share option arrangements	28	—	—	26,053	—	—	26,053	—	26,053
Acquisition of subsidiaries	27(e), 30	5,900	331,658	—	—	—	337,558	—	337,558
At 31 December 2010		**190,818**	**2,256,863***	**26,053***	**314***	**(476,540)***	**1,997,508**	**3,261**	**2,000,769**

* These reserve accounts comprise the consolidated reserves of HK$1,806,690,000 (2009: HK$204,480,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2010

	Notes	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(64,105)**	(52,646)
Adjustments for:			
Finance costs	7	**2,997**	1,384
Bank interest income		**(1,371)**	(2)
Gain on disposal of items of property, plant and equipment		**—**	(58)
Write-off of items of property, plant and equipment		**96**	395
Gain on disposal of a subsidiary		**—**	(10,744)
Depreciation	13	**1,623**	5,660
Amortisation of land use rights	14	**114**	720
Amortisation of other intangible assets	16	**3,344**	477
Provision for slow-moving inventories		**2,952**	3,057
Write-off of inventories		**1,830**	—
Impairment of items of property, plant and equipment	13	**5,898**	18,724
Impairment of land use rights	14	**—**	9,572
Impairment of goodwill	15	**33,000**	—
Impairment of other intangible assets	16	**—**	1,282
Impairment of available-for-sale investments		**—**	194
Equity-settled share option expense	28	**26,053**	9,021
Write-back of other payables		**—**	(584)
Impairment of trade receivables		**361**	123
Write-off of other deposits		**342**	—
Loss on disposal of held-to-maturity investments		**—**	125
Fair value gain on derivative financial liabilities		**(41,330)**	—
Gain on derecognition of a derivative financial liability	27(i)(ii)	**(4,181)**	—
		(32,377)	(13,300)
Increase in inventories		**(3,881)**	(1,061)
Decrease/(increase) in trade receivables		**(667)**	1,495
Decrease/(increase) in prepayments, deposits and other receivables		**(3,092)**	397
Increase/(decrease) in trade payables		**(4,804)**	222
Increase/(decrease) in other payables and accruals		**3,310**	(1,616)
Decrease in other tax payables		**—**	(430)
Increase/(decrease) in receipts in advance		**1,455**	(217)
Increase/(decrease) in an amount due to a non-controlling equity holder		**(3,150)**	227
Cash used in operations		**(43,206)**	(14,283)
PRC corporation income tax paid		**(357)**	—
Net cash flows used in operating activities		**(43,563)**	(14,283)

	Notes	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,371**	2
Purchases of items of property, plant and equipment		**(6,052)**	(287)
Proceeds from disposal of items of property, plant and equipment		**—**	261
Acquisition of subsidiaries	30	**5,839**	(28,679)
Disposal of a subsidiary	31	**—**	43,710
Proceeds from disposal of held-to-maturity investments		**—**	269
Net cash flows from investing activities		**1,158**	15,276
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from allotment of ordinary shares and issuance of warrants, net of expenses	27(f)	**389,528**	—
Proceeds from exercise of share options	27(d)	**27,458**	920
Proceeds from issuance of preferred shares, net of expenses	27(i)	**395,260**	—
Proceeds from placement of ordinary shares, net of of expenses	27(b), (g)	**758,309**	43,850
Payment for repurchase of ordinary shares (including transaction costs)	27(h)	**(51,881)**	—
Repayment of bank loans		**—**	(5,704)
Repayment of finance lease obligations		**—**	(242)
Decrease in an amount due to the former ultimate holding company		**—**	(978)
Decrease in an amount due to a former director		**—**	(2,166)
Advances from a related company		**—**	13,922
Repayment of advances from a related company		**—**	(13,922)
Interest paid on other loans		**—**	(1,254)
Interest paid on bank loans		**—**	(113)
Interest paid on finance lease obligations		**—**	(17)
Net cash flows from financing activities		**1,518,674**	34,296
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,476,269**	35,289
Cash and cash equivalents at beginning of year/period		**35,658**	230
Effect of foreign exchange rate changes, net		**52**	139
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	**1,511,979**	35,658

Statement of Financial Position

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**3,671**	6
Investments in subsidiaries	17	**337,960**	—
Total non-current assets		**341,631**	6
CURRENT ASSETS			
Due from subsidiaries	17	**348,565**	270,720
Prepayments, deposits and other receivables	20	**2,180**	234
Cash and bank balances	21	**1,163,398**	35,261
Total current assets		**1,514,143**	306,215
CURRENT LIABILITIES			
Due to a subsidiary	17	—	43,078
Other payables and accruals	23	**3,687**	481
Derivative financial liabilities	25	**17,204**	—
Total current liabilities		**20,891**	43,559
NET CURRENT ASSETS		**1,493,252**	262,656
NET ASSETS		**1,834,883**	262,662
EQUITY			
Issued capital	27	**190,818**	33,119
Reserves	29(b)	**1,644,065**	229,543
TOTAL EQUITY		**1,834,883**	262,662

Ng Chi Man, Michael
Chief Executive Officer and Executive Director

Chan Ling
Executive Director

1. CORPORATE INFORMATION

Viva China Holdings Limited ("Viva China" or the "Company", formerly known as Coolpoint Energy Limited) is a limited liability company incorporated in the Cayman Islands and the ordinary shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the"Stock Exchange").

Pursuant to a special resolution of the Company's shareholders passed on 27 October 2010 and as approved by the Registrar of Companies of the Cayman Islands, the English name of the Company was changed from "Coolpoint Energy Limited" to "Viva China Holdings Limited" and the Chinese name of "非凡中國控股有限公司" has been registered in place of the Chinese translation of the Company name of "快意節能有限公司" which has previously been used for identification purposes.

During the year, the Company and its subsidiaries (collectively the "Group") were involved in the following principal activities:

- manufacturing, marketing and installation of proprietary energy-saving air conditioning systems and water heating equipment
- production and distribution of sports content, management and marketing of sports talents
- trading of health-related products, including western medicine and Chinese herbal products

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Lead Ahead Limited ("Lead Ahead"), which is incorporated in the British Virgin Islands (the "BVI") with limited liability.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Owing to the change of the financial year end date of the Company from 31 July to 31 December with effect from 19 March 2010, the financial statements of the Company for the period ended 31 December 2009 cover a period of seventeen months from 1 August 2008 to 31 December 2009. Accordingly, the comparative amounts presented for the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and related notes to the financial statements, which were prepared for the period from 1 August 2008 to 31 December 2009, are not comparable.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring in line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Basis of consolidation from 1 January 2010 (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and amendments to HKFRS 8, HKAS 7, HKAS 17, HKAS 36 and HKAS 38 included in *Improvements to HKFRSs 2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) **HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements***

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limit to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that segment assets and liabilities need only to be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. Upon the adoption of the amendment, the Group no longer discloses segment asset information as it is not currently reviewed by the chief operating decision maker.

- HKAS 1 *Presentation of Financial Statements*: States that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17. The Group has reassessed its leases in Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases.

- HKAS 36 *Impairment of Assets*: Clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment as defined in HKFRS 8 before aggregation for financial reporting purposes.

- HKAS 38 *Intangible Assets*: Clarifies that (i) if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of assets as a single asset provided that the individual assets have similar useful lives; and (ii) the valuation techniques presented in the standard for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [6]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

Further information about those changes that are expected to significantly affect the Group is as follows:

(a) HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011.

While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group is not a government-related entity.

(c) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

- HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any accumulated impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Related parties

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

(a) the party, directly or indirectly through one or more intermediaries, (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 a member of the key management personnel of the Group or its holding company;

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

(d) 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 (b) or (c); or

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Business combinations prior to 1 January 2010 but after 1 January 2005 (Continued)

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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:

Buildings	2.5% to 5%
Leasehold improvements	Over the lease terms
Machinery and office equipment	7.5% to $33^1/_3$%
Furniture and fixtures	9% to $33^1/_3$%
Motor vehicles	9% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised 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 recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are all assessed to be finite. Intangible assets with finite lives are subsequently amortised on the straight-line basis over their estimated useful economic lives and the principal annual rates used for this purpose are as follows:

Intellectual properties	5% to 10%
Sports-related business contracts	Over the contract terms
Trademarks	10%

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

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 capitalised 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 capitalised finance leases, including land use rights under 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 profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases, net of any incentives received from the lessor, are charged to profit or loss on the straight-line basis over the lease terms.

Land use rights under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease terms.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill, inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in "Other income and gains, net" or "Other expenses" in profit or loss, as appropriate. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised when shareholders' right to receive payment has been established and in accordance with the policy set out for "Revenue recognition" below, respectively.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Other income and gains, net" in profit or loss. The loss arising from impairment is recognised in profit or loss in "Other expenses".

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Other income and gains, net" in profit or loss. The loss arising from impairment is recognised in profit or loss in "Other expenses".

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

(d) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets in unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. After initial recognition, the available-for-sale investments are stated at cost less any accumulated impairment losses as the fair value of the unlisted investments cannot be reliably measured, which is because (a) the variability in the range of reasonable fair value estimates is significant for those investments or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to "Other expenses" in profit or loss.

Available-for-sale investments carried at cost

If there is objective evidence that an impairment loss has been incurred on an unlisted equity investment that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on this asset are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

(b) Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Finance costs" in profit or loss.

Redeemable convertible preferred shares

The component of redeemable convertible preferred shares that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of redeemable convertible preferred shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option (the equity component) that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preferred shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Upon the exercise of the conversion options, the resulting ordinary shares issued are recorded by the Company as additional share capital at the nominal value of the ordinary shares issued, and the excess of the total carrying amount of the liability and equity components of the redeemable convertible preferred shares over the nominal value of the ordinary shares issued is recorded in the share premium account. When the redeemable convertible preferred shares are redeemed, the carrying amount of the equity component is transferred to retained profits/accumulated losses as a movement in reserves and any difference between the amount paid and the carrying amount of the liability component is recognised in profit or loss. Where the conversion option remains unexercised at the expiry date, any remaining balance of the equity component of the redeemable convertible preferred shares will be transferred to retained profits/accumulated losses as a movement in reserves. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments

Derivative financial instruments of the Group include contingent consideration in connection with the acquisition of subsidiaries and share warrants issued by the Company. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract or the host contract, as appropriate, is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets at fair value through profit or loss when the fair value is positive and as financial liabilities at fair value through profit or loss when the fair value is negative and are recognised as such in accordance with policies set out for "Financial assets" and "Financial liabilities" above.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current or non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis.

Repurchase and cancellation of ordinary shares

The Company's own ordinary shares which are reacquired and simultaneously cancelled are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the repurchase and cancellation of the Company's own ordinary shares. Any difference between the carrying amount and the consideration is recognised in equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis or standard costing basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, 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.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Finance costs" in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from sports events and competitions produced or organised, when the events and competitions are completed;

(c) from sports talent management and marketing services, when services are rendered or on a time apportionment basis in accordance with the agreements or contracts entered into with sponsors and clients; and

(d) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model or the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in share option reserve, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. In addition, at the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to the share premium account.

Options which are cancelled prior to their exercise date or lapsed are deleted from the register of outstanding options. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits/accumulated losses as a movement in reserves.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of those subsidiaries operating in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the subsidiaries established in Mainland China is Renminbi ("RMB"). As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rate ruling at the end of the reporting period and their statements of comprehensive income are translated into Hong Kong dollars at the weighted average exchange rate for the year/period. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of the exchange fluctuation reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the subsidiaries established in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year/period are translated into Hong Kong dollars at the weighted average exchange rate for the year/period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.4 to the financial statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows expected to be arose from the cash generating unit, the timeframe for the cash flow forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows, management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors.

(ii) Depreciation

The Group's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Group intends to derive future economic benefits from the use of these assets.

The Group depreciates the property, plant and equipment in accordance with the accounting policies stated in note 2.4 to the financial statements. The carrying amount of property, plant and equipment is disclosed in note 13 to the financial statements.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Group's management will reassess the estimations at the reporting date.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

(iv) Estimated impairment on receivables

The Group's management assesses the collectability of receivables. This estimate is based on the credit history of the Group's receivables and the current market condition. Impairment on receivables is made based on the estimation of the future cash flow expected to arise and the original effective interest rate in order to calculate the present value. The Group's management determines impairment of its receivables on a regular basis and reassesses the impairment of receivables at the reporting date.

(v) Impairment of property, plant and equipment

The carrying amounts of items of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amounts may not be recoverable in accordance with the accounting policy as disclosed in note 2.4 to the financial statements. The recoverable amount is the higher of its fair value less costs to sell and value in use, and calculations of which involve the use of estimates. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has re-grouped the following reportable operating segments during the year:

(a) the green energy business segment engages in the manufacturing, marketing and installation of proprietary energy-saving air conditioning systems and water heating equipment;

(b) the sports-related business segment engages in the production and distribution of sports content, management and marketing of sports talents; and

(c) the health-related business segment engages in the trading of health-related products, including western medicine and Chinese herbal products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, fair value gains from the Group's financial instruments, equity-settled share option expense, impairment of goodwill, amortisation of other intangible assets as well as head office and corporate expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2010

	Green energy business HK$'000	Sports-related business HK$'000	Health-related business HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	3,570	7,816	33	11,419
Other revenue	747	94	—	841
	4,317	7,910	33	12,260
Segment results	(17,120)	1,424	(29)	(15,725)
Reconciliation:				
Bank interest income				1,371
Fair value gain on derivative financial liabilities				41,330
Gain on derecognition of a derivative financial liability				4,181
Equity-settled share option expense				(26,053)
Impairment of goodwill				(33,000)
Amortisation of other intangible assets				(3,344)
Corporate and other unallocated income				70
Corporate and other unallocated expenses				(29,938)
Finance costs				(2,997)
Loss before tax				(64,105)
Other segment information:				
Depreciation	1,333	10	—	1,343
Add: depreciation related to corporate				280
				1,623
Amortisation of land use rights	114	—	—	114
Provision for slow-moving inventories	2,952	—	—	2,952
Write-off of inventories	1,830	—	—	1,830
Impairment of trade receivables	361	—	—	361
Write-off of other deposits	53	—	289	342
Impairment of items of property, plant and equipment	5,898	—	—	5,898
Capital expenditures	86	909	—	995
Add: capital expenditures related to corporate*				87,373
				88,368

4. OPERATING SEGMENT INFORMATION (Continued)

Period from 1 August 2008 to 31 December 2009

	Green energy business HK$'000	Health-related business HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	1,080	9,807	10,887
Other revenue	75	11,387	11,462
	1,155	21,194	22,349
Segment results	(1,780)	(33,023)	(34,803)
Reconciliation:			
Bank interest income			2
Equity-settled share option expense			(9,021)
Corporate and other unallocated expenses			(7,440)
Finance costs			(1,384)
Loss before tax			(52,646)
Other segment information:			
Depreciation	360	5,300	5,660
Amortisation of land use rights	66	654	720
Amortisation of other intangible assets	6	471	477
Provision for slow-moving inventories	1,495	1,562	3,057
Impairment of trade receivables	—	123	123
Impairment losses on:			
— other intangible assets	—	1,282	1,282
— buildings	—	18,724	18,724
— land use rights	—	9,572	9,572
Capital expenditures*	16,040	—	16,040

* Capital expenditures consist of additions to property, plant and equipment, land use rights and other intangible assets including assets from the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Hong Kong (domicile)	**1,023**	1,493
Mainland China	**10,396**	9,394
	11,419	10,887

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2010 HK$'000	2009 HK$'000
Hong Kong (domicile)	**3,842**	271
Mainland China	**515,722**	203,760
	519,564	204,031

The non-current asset information above is based on the location of assets and excludes financial instruments.

Information about two major customers

For the year ended 31 December 2010, revenue of approximately HK$7,083,000 and HK$1,663,000 was derived from two individual customers of the sports-related business segment and the green energy business segment, respectively.

For the period from 1 August 2008 to 31 December 2009, there was no revenue from any single external customer that contributed over 10% of the Group's total revenue from external customers.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents (i) the aggregate of the invoiced value of goods sold, net of value-added tax and after allowances for returns and trade discounts; (ii) the value of services rendered, net of business tax and government surcharges; and (iii) considerations received and receivable for organising events and competitions or licensing of related rights during the year/period.

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

	Notes	**Year ended 31 December 2010 HK$'000**	Period from 1 August 2008 to 31 December 2009 HK$'000
Revenue			
Sale of air-conditioners and ventilation systems		**3,570**	1,080
Sale of western medicine and herbal products		**33**	9,807
Sports content production and distribution income		**3,356**	—
Sports talent management income		**4,460**	—
		11,419	10,887
Other income			
Bank interest income		**1,371**	2
Write-back of other payables		**—**	584
Others		**912**	60
		2,283	646
Gains, net			
Gain on disposal of items of property, plant and equipment		**—**	58
Gain on disposal of a subsidiary	31	**—**	10,744
Fair value gain on derivative financial liabilities	25	**41,330**	—
Gain on derecognition of a derivative financial liability	27(i)(ii)	**4,181**	—
Foreign exchange differences, net		**—**	14
		45,511	10,816
Other income and gains, net		**47,794**	11,462

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	**Year ended 31 December 2010 HK$'000**	Period from 1 August 2008 to 31 December 2009 HK$'000
Cost of inventories sold		**1,699**	6,331
Cost of services provided		**3,031**	—
Depreciation	13	**1,623**	5,660
Amortisation of land use rights	14	**114**	720
Amortisation of other intangible assets*	16	**3,344**	477
Minimum lease payments under operating leases of land and buildings		**2,675**	706
Auditors' remuneration		**860**	282
Employee benefit expense (including directors' remuneration (note 8)):			
Wages and salaries		**15,177**	3,983
Equity-settled share option expense		**16,960**	5,768
Pension scheme contributions (defined contribution schemes)		**423**	947
		32,560	10,698
Write-off of items of property, plant and equipment	13	**96**	395
Provision for slow-moving inventories		**2,952**	3,057
Write-off of inventories		**1,830**	—
Impairment of trade receivables	19	**361**	123
Write-off of other deposits		**342**	—
Loss on deregistration of subsidiaries		**—**	44
Loss on disposal of held-to-maturity investments		**—**	125
Foreign exchange differences, net		**13**	(14)

* The amortisation of other intangible assets for the year is included in "Administrative expenses" on the face of the consolidated statement of comprehensive income.

7. FINANCE COSTS

	Group	
	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Imputed interest on redeemable convertible preferred shares (note 27)	**2,997**	—
Interest on bank loans	—	113
Interest on other loans repayable within one year (note 34(a)(i) and (ii))	—	1,254
Interest on a finance lease	—	17
	2,997	1,384

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year/period, disclosed pursuant to The Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Fees	**965**	315
Other emoluments:		
Salaries, allowances and benefits in kind	**4,843**	560
Equity-settled share option expense	**7,146**	5,768
Pension scheme contributions	**40**	17
	12,029	6,345
	12,994	6,660

During the current and prior years, certain directors were granted share options, in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 28 to the financial statements. The fair values of such options, which have been recognised in profit or loss over the relevant vesting periods, were determined as at the respective dates of grant and the amounts included in the financial statements for the current year are included in the above directors' remuneration disclosures.

8. DIRECTORS' REMUNERATION (Continued)

An analysis of the directors' remuneration, on a named basis, is as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 December 2010					
Executive directors:					
Mr. Li Ning (iv)	87	2,903	—	7	2,997
Mr. Li Chunyang (iv)	87	348	1,977	7	2,419
Mr. Chan Ling (iv)	87	580	1,977	7	2,651
Mr. Lee Wa Lun, Warren (ii)	78	—	329	—	407
Mr. Ng Chi Man, Michael (i)	12	311	1,215	1	1,539
Mr. Wang Yinan (iii)	—	469	—	6	475
Mr. Fung Wing Cheung, Tony (iii)	—	58	—	3	61
Mr. Fung Yiu Fai, Peter (iii)	—	58	—	3	61
Mr. Leung King Yue, Alex (iii)	—	58	—	3	61
Ms. Lam Wing Ah (iii)	—	58	—	3	61
	351	4,843	5,498	40	10,732
Non-executive directors:					
Mr. Li Chun (iv)	87	—	329	—	416
Mr. Ma Wing Man (iv)	87	—	329	—	416
Miss Fung Yee Kei, Kay (iii)	5	—	—	—	5
	179	—	658	—	837
Independent non-executive directors:					
Mr. Chee Man Sang, Eric (iii)	29	—	—	—	29
Ms. Lam Tak Yee (iii)	29	—	—	—	29
Mr. Tang Chi Chung, Matthew (iii)	29	—	—	—	29
Mr. Ng Sau Kei, Wilfred (iv)	116	—	330	—	446
Mr. Ip Shu Kwan, Stephen (iv)	116	—	330	—	446
Mr. Chen, Johnny (iv)	116	—	330	—	446
	435	—	990	—	1,425
	965	4,843	7,146	40	12,994

8. DIRECTORS' REMUNERATION (Continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Period from 1 August 2008 to 31 December 2009					
Executive directors:					
Mr. Wang Yinan (iii)	—	196	5,768	3	5,967
Mr. Fung Wing Cheung, Tony (iii)	—	47	—	3	50
Mr. Fung Yiu Fai, Peter (iii)	—	47	—	2	49
Mr. Leung King Yue, Alex (iii)	—	47	—	2	49
Ms. Lam Wing Ah (iii)	—	47	—	2	49
Mr. Ma Man Pong (v)	—	61	—	3	64
Ms. Kuo Kwan (vii)	—	113	—	2	115
Mr. Leong Chi Wai (v)	—	—	—	—	—
Ms. Chung Wai Han (v)	—	—	—	—	—
	—	558	5,768	17	6,343
Non-executive directors:					
Miss Fung Yee Kei, Kay (iii)	—	2	—	—	2
Ms. Cheng Kit Yin, Kelly (v)	—	—	—	—	—
	—	2	—	—	2
Independent non-executive directors:					
Mr. Chee Man Sang, Eric (iii)	52	—	—	—	52
Ms. Lam Tak Yee (iii)	52	—	—	—	52
Mr. Tang Chi Chung, Matthew (iii)	52	—	—	—	52
Dr. Lau Lap Ping (vi)	53	—	—	—	53
Mr. Man Kong Yui (vi)	53	—	—	—	53
Mr. Yeung Chi Hung (vi)	53	—	—	—	53
	315	—	—	—	315
	315	560	5,768	17	6,660

Notes:

(i) Appointed on 3 December 2010

(ii) Appointed on 24 June 2010

(iii) Resigned on 24 June 2010

(iv) Appointed on 2 June 2010

(v) Resigned on 21 October 2009

(vi) Resigned on 18 February 2009

(vii) Resigned on 14 September 2008

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (period ended 31 December 2009: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (period ended 31 December 2009: one) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (period ended 31 December 2009: four) non-director, highest paid employee for the year are as follows:

	Group	
	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Salaries, allowances and benefits in kind	**490**	926
Equity-settled share option benefits	**1,465**	—
Pension scheme contributions	**7**	15
	1,962	941

The number of non-director, highest paid employees among the five highest paid employees of the Group whose remuneration fell within the following bands is as follows:

	Number of employees	
	Year ended 31 December 2010	Period from 1 August 2008 to 31 December 2009
Nil to HK$1,000,000	**—**	4
HK$1,500,001 to HK$2,000,000	**1**	—
	1	4

During the year, share options were granted to the non-director, highest paid employee in respect of his services to the Group, further details of which are set out in note 28 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. INCOME TAX

No provision for Hong Kong profits tax has been made for the year ended 31 December 2010 as the Group did not generate any assessable profits arising in Hong Kong during the year (period ended 31 December 2009: Nil). The PRC corporate income tax provision in respect of operations in Mainland China for the year ended 31 December 2010 is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. No PRC corporate income tax was provided for the period ended 31 December 2009 as the Group did not generate any assessable profits arising in Mainland China during that period.

	Group	
	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Current — Mainland China	**357**	—
Deferred (note 26)	**(836)**	—
	(479)	—

A reconciliation of the tax credit applicable to loss before tax at the statutory rate of Hong Kong, where the Company is headquartered, to the tax credit at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Group			
	Year ended 31 December 2010		Period from 1 August 2008 to 31 December 2009	
	HK$'000	%	HK$'000	%
Loss before tax	**(64,105)**		(52,646)	
Tax at the statutory tax rate of 16.5% (2009: 16.5%)	**(10,577)**	**16.5**	(8,687)	16.5
Lower tax rate enacted by local authority	**(949)**	**1.5**	(235)	0.4
Income not subject to tax	**(7,736)**	**12.0**	(1,797)	3.4
Expenses not deductible for tax	**13,547**	**(21.1)**	8,063	(15.3)
Tax losses not recognised	**5,835**	**(9.1)**	2,656	(5.0)
Disallowed accounting depreciation				
— permanent difference	**46**	**(0.1)**	—	—
— temporary difference	**1**	**(0.0)**	—	—
Tax depreciation allowance	**(279)**	**0.4**	—	—
Utilisation of tax losses previously not recognised	**(183)**	**0.3**	—	—
Tax concession of a PRC subsidiary	**(184)**	**0.3**	—	—
Tax credit at the Group's effective rate of 0.7% (2009: 0%)	**(479)**	**0.7**	—	—

11. LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to shareholders of the Company for the year ended 31 December 2010 includes a loss of HK$71,859,000 (period ended 31 December 2009: HK$40,612,000) which has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year/period attributable to shareholders of the Company, and the weighted average number of ordinary shares of 11,127,136,271 (period ended 31 December 2009: 2,384,648,615) in issue during the year/period.

In respect of diluted loss per share amounts, no adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2010 and the period ended 31 December 2009 as the impact of the warrants and share options of the Company outstanding during the year/period had an anti-dilutive effect on the basic loss per share amounts for the year/period.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000 (notes (a) and (b))	Leasehold improvements HK$'000	Machinery and office equipment HK$'000 (note (c))	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 December 2010						
At 1 January 2010:						
Cost	2,600	69	10,912	130	308	14,019
Accumulated depreciation and impairment	(39)	—	(3,506)	(33)	(22)	(3,600)
Net carrying amount	2,561	69	7,406	97	286	10,419
Net carrying amount:						
At 1 January 2010	2,561	69	7,406	97	286	10,419
Acquisition of subsidiaries (note 30)	—	—	52	—	—	52
Additions	—	2,505	1,276	1,112	—	4,893
Depreciation provided during the year	(221)	(187)	(1,096)	(73)	(46)	(1,623)
Impairment during the year recognised in profit or loss	—	—	(5,898)	—	—	(5,898)
Written-off	—	(70)	(15)	(11)	—	(96)
Exchange realignment	93	—	261	15	9	378
At 31 December 2010	2,433	2,317	1,986	1,140	249	8,125
At 31 December 2010:						
Cost	2,702	2,487	9,317	1,212	319	16,037
Accumulated depreciation and impairment	(269)	(170)	(7,331)	(72)	(70)	(7,912)
Net carrying amount	2,433	2,317	1,986	1,140	249	8,125

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

	Buildings HK$'000 (notes (a) and (b))	Leasehold improvements HK$'000	Machinery and office equipment HK$'000 (note (c))	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Period from 1 August 2008 to 31 December 2009							
At 1 August 2008:							
Cost	103,572	3,288	31,229	164	2,143	4,113	144,509
Accumulated depreciation and impairment	(56,604)	(2,893)	(27,137)	(95)	(1,653)	(4,113)	(92,495)
Net carrying amount	46,968	395	4,092	69	490	—	52,014
Net carrying amount:							
At 1 August 2008	46,968	395	4,092	69	490	—	52,014
Acquisition of subsidiaries (note 30)	2,600	—	7,567	34	308	—	10,509
Additions	—	69	154	64	—	—	287
Depreciation provided during the period	(4,671)	(93)	(715)	(15)	(166)	—	(5,660)
Impairment during the period recognised in profit or loss	(18,724)	—	—	—	—	—	(18,724)
Written-off	—	(302)	(41)	(52)	—	—	(395)
Disposals	—	—	(4)	(3)	(196)	—	(203)
Disposal of a subsidiary (note 31)	(23,311)	—	(3,621)	—	(149)	—	(27,081)
Exchange realignment	(301)	—	(26)	—	(1)	—	(328)
At 31 December 2009	2,561	69	7,406	97	286	—	10,419
At 31 December 2009:							
Cost	2,600	69	10,912	130	308	—	14,019
Accumulated depreciation and impairment	(39)	—	(3,506)	(33)	(22)	—	(3,600)
Net carrying amount	2,561	69	7,406	97	286	—	10,419

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Year ended 31 December 2010				
At 1 January 2010:				
Cost	—	71	—	71
Accumulated depreciation	—	(65)	—	(65)
Net carrying amount	—	6	—	6
Net carrying amount:				
At 1 January 2010	—	6	—	6
Additions	2,434	956	561	3,951
Depreciation provided during the year	(160)	(83)	(37)	(280)
Disposals	—	(6)	—	(6)
At 31 December 2010	2,274	873	524	3,671
At 31 December 2010:				
Cost	2,434	956	561	3,951
Accumulated depreciation	(160)	(83)	(37)	(280)
Net carrying amount	2,274	873	524	3,671

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company (Continued)

	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Period from 1 August 2008 to 31 December 2009			
At 1 August 2008:			
Cost	1,834	32	1,866
Accumulated depreciation	(1,825)	(32)	(1,857)
Net carrying amount	9	—	9
Net carrying amount:			
At 1 August 2008	9	—	9
Additions	6	—	6
Depreciation provided during the period	(3)	—	(3)
Disposals	(6)	—	(6)
At 31 December 2009	6	—	6
At 31 December 2009:			
Cost	71	—	71
Accumulated depreciation	(65)	—	(65)
Net carrying amount	6	—	6

Notes:

(a) The Group's buildings are situated in Mainland China and are held under medium term leases.

(b) During the period ended 31 December 2009, the Group carried out a detailed review of the recoverable amounts of the assets (including buildings) of Golden Unit Limited ("Golden Unit", a former subsidiary of the Company) before the Group disposed of its entire interest in that subsidiary in July 2009. Based on the valuations of the subsidiary's buildings by Asset Appraisal Limited, independent professionally qualified valuers, on an open market value basis, impairment losses of HK$18,724,000 in aggregate against the Group's buildings were recognised in profit or loss during the period ended 31 December 2009.

(c) As a result of the change in business focus and mode of operations in respect of the Group's green energy business, certain machinery of the green energy business would have minimal use in future and accordingly, impairment losses of HK$5,898,000 in aggregate against the Group's machinery were recognised in profit or loss during the year ended 31 December 2010 after an impairment assessment carried out by the Group's management. The amount of the impairment losses recognised was determined based on estimated 10% residual values of these assets.

14. LAND USE RIGHTS

	Group	
	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Carrying amount at beginning of year/period	**5,172**	29,225
Acquisition of subsidiaries (note 30)	**—**	5,238
Amortisation provided during the year/period	**(114)**	(720)
Impairment during the year/period recognised in profit or loss (note (b))	**—**	(9,572)
Disposal of a subsidiary (note 31)	**—**	(18,806)
Exchange realignment	**(56)**	(193)
Carrying amount at end of year/period	**5,002**	5,172

Notes:

(a) The Group's land use rights are situated in Mainland China and are held under medium term leases.

(b) During the period ended 31 December 2009, the Group carried out a detailed review of the recoverable amounts of the assets (including land use rights) of Golden Unit before the Group disposed of its entire interest in that subsidiary in July 2009. Based on the valuations of the subsidiary's land use rights by Asset Appraisal Limited, independent professionally qualified valuers, on an open market value basis, impairment losses of HK$9,572,000 in aggregate against the Group's land use rights were recognised in profit or loss during the period ended 31 December 2009.

15. GOODWILL

	Group	
	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
At beginning of year/period:		
Cost and net carrying amount	**188,434**	—
Net carrying amount:		
At beginning of year/period	**188,434**	—
Acquisition of subsidiaries (note 30)	**269,758**	188,434
Impairment during the year/period recognised in profit or loss	**(33,000)**	—
At end of year/period	**425,192**	188,434
At end of year/period:		
Cost	**458,192**	188,434
Accumulated impairment	**(33,000)**	—
Net carrying amount	**425,192**	188,434

Impairment testing of goodwill

The net carrying amount of the goodwill, which arose on the acquisitions of subsidiaries, has been allocated to the relevant cash-generating units of the following individual operating segments of the Group for impairment testing, which is summarised as follows:

	Notes	**2010 HK$'000**	2009 HK$'000
Green energy business	(a)	**155,434**	188,434
Sports-related business	(b)	**269,758**	—
		425,192	188,434

Each of the recoverable amounts of the above cash-generating units was determined based on the value in use calculations covering a detailed five-year financial budget plan and the estimated terminal value at the end of the five-year financial budget plan period prepared by the Group's management. There are a number of key assumptions and estimates involved in the preparation of the cash flow projections for the period covered by the Group's management prepared financial budget plans and the estimated terminal value. Key assumptions include the expected growth in revenues, stable profit margins, expectation of market share, availability of comparable products, selection of published market research discount rates as well as the risk factors associated with the cash-generating units.

15. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Notes:

(a) *Green energy business cash-generating unit*

Value in use of the cash-generating unit in the green energy business was determined by reference to a business valuation performed by the Group's management (2009: Asset Appraisal Limited, independent professionally qualified valuers) on a value in use calculation which was derived at by discounting the expected future cash flow projection at a 19% discount rate (2009: 20%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. The Group's management has assumed growth rates ranging from 3% to 5% (2009: a flat growth rate of 10%) in its budget revenues which reflects the long-term growth rates for the product lines of the cash-generating unit.

Based on the impairment testing result, an impairment loss of HK$33,000,000 (period ended 31 December 2009: Nil) was recognised in profit or loss for the year with respect to the goodwill attributable to the green energy business cash-generating unit.

(b) *Sports-related business cash-generating unit*

Value in use of the cash-generating unit in the sports-related business was determined by reference to a business valuation performed by American Appraisal China Limited, independent professionally qualified valuers, on a value in use calculation which was derived at by discounting the expected future cash flow projection at a 19.4% discount rate. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. The Group's management has assumed growth rates ranging from 12% to 20% in its budget revenues in its five-year financial budget plan which reflects the Group's management's expectation for market development in the coming years.

Based on the impairment testing result, no impairment loss against the goodwill attributable to the sports-related business cash-generating unit is considered necessary as at 31 December 2010.

16. OTHER INTANGIBLE ASSETS

Group

Year end 31 December 2010

	Sports-related business contracts HK$'000 (note (a))	Trademarks HK$'000	Total HK$'000
At 1 January 2010:			
Cost and net carrying amount	—	6	6
Net carrying amount:			
At 1 January 2010	—	6	6
Acquisition of subsidiaries (note 30)	83,423	—	83,423
Amortisation provided during the year	(3,344)	—	(3,344)
At 31 December 2010	80,079	6	80,085
At 31 December 2010:			
Cost	83,423	6	83,429
Accumulated amortisation	(3,344)	—	(3,344)
Net carrying amount	80,079	6	80,085

16. OTHER INTANGIBLE ASSETS (Continued)

Group (Continued)

Period from 1 August 2008 to 31 December 2009

	Intellectual properties HK$'000 (note (b))	Trademarks HK$'000	Total HK$'000
At 1 August 2008:			
Cost	71,076	—	71,076
Accumulated amortisation and impairment	(69,279)	—	(69,279)
Net carrying amount	1,797	—	1,797
Net carrying amount:			
At 1 August 2008	1,797	—	1,797
Acquisition of subsidiaries (note 30)	—	6	6
Additions	—	6	6
Amortisation provided during the period	(471)	(6)	(477)
Impairment during the period recognised in profit or loss	(1,282)	—	(1,282)
Disposal of a subsidiary (note 31)	(33)	—	(33)
Exchange realignment	(11)	—	(11)
At 31 December 2009	—	6	6
At 31 December 2009			
Cost and net carrying amount	—	6	6

Notes:

(a) Sports-related business contracts of the Group represented certain sports talent management contracts, sport event and competition contracts acquired upon the Group's acquisition of 100% equity interest in Viva China Sports Holding Limited ("Viva China Sports") in October 2010, as further detailed in note 30(a) to the financial statements. These contracts were initial recognised at their respective fair values at the date of acquisition, as determined by reference to valuations performed by American Appraisal China Limited, independent professional valuers, and are subsequently amortised on the straight-line basis over their then respective remaining terms. As at 31 December 2010, these contracts had unexpired terms ranging from 3 months to 5 years and 9 months.

(b) Intellectual properties of the Group represented traditional Chinese medicine formulae, certain protocols for herbal medicine and licences for western medicine acquired by the Group in 2002. These assets were disposed of by the Group upon disposal of the Group's entire equity interest in Golden Unit, as further detailed in note 31 to the financial statements.

17. INTERESTS IN SUBSIDIARIES

	Notes	Company 2010 HK$'000	2009 HK$'000
Investments in subsidiaries, included in non-current assets			
Unlisted shares, at cost		337,960	—
Due from subsidiaries, included in current assets	(a)	693,324	436,992
Less: Impairment	(b)	(344,759)	(166,272)
		348,565	270,720
Due to a subsidiary, included in current liabilities	(a)	—	(43,078)
Interests in subsidiaries		686,525	227,642

Notes:

(a) The amounts due from/to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and have no fixed terms of repayment.

(b) The movement in the provision for impairment of the amounts due from subsidiaries during the year/period is as follows:

	Company Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
At beginning of year/period	166,272	192,761
Impairment/(reversal of impairment) recognised during the year/period in profit or loss	178,487	(26,489)
At end of year/period	344,759	166,272

(c) Particulars of the principal subsidiaries are as follows:

Company name	Place of incorporation/ registration/ establishment and operations	Nominal value of issued ordinary shares/ registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
GC Investment (China) Limited #	BVI/Hong Kong	US$1	100	—	Sale of pharmaceutical and healthcare products
Coolpoint Energy (Hong Kong) Limited	BVI/Hong Kong	US$1	100	—	Investment holding
Coolpoint Equipment (HK) Limited	Hong Kong	HK$1	—	100	Sale and marketing of energy-saving equipment
Coolpoint Ventilation Equipment Limited	Hong Kong	HK$42,232,017	—	96.72	Investment holding and sale of energy-saving equipment

17. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(c) (Continued)

Company name	Place of incorporation/ registration/ establishment and operations	Nominal value of issued ordinary shares/ registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Fully Link Company Limited #	BVI/Hong Kong	US$1	—	100	Holding of trademarks and patents
GreaterChina Biotherapeutics Company Limited #	BVI/Hong Kong	US$1	100	—	Investment holding
GreaterChina Technology Exchange Limited	Hong Kong	HK$2	—	100	Trading of Chinese herbal products
herbs N senses Health Products Limited	Hong Kong	HK$2	—	100	Trading of Chinese herbal products
Viva China Community Development Holdings Limited # @	BVI	US$1	100	—	Investment holding
Viva China Community Development (Nanyang) Holdings Limited # @	BVI	US$1	—	100	Investment holding
Viva China Sports Holding Limited @	Hong Kong	HK$100,000	100	—	Investment holding
Winner Rich Investment Limited @	Hong Kong	HK$1	100	—	Provision of treasury service
中山市快意空調設備有限公司 # &	PRC/Mainland China	HK$33,473,906	—	74.37	Research and development of energy-saving equipment
快意節能設備(深圳)有限公司 # * @	PRC/Mainland China	HK$600,000	—	100	Not yet commence business
非凡領越體育發展(北京)有限公司 # * @	PRC/Mainland China	HK$500,000	—	100	Sports talent management, and competition and event production and management

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& This entity is registered as a Sino-foreign joint venture under PRC Law

* These entities are registered as wholly-foreign-owned enterprises under PRC law

@ Acquired/incorporated/established during the year

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

During the year, the Group acquired the entire equity interest in Viva China Sports and its subsidiaries (collectively the "Viva China Sports Group"). Further details of this acquisition are included in note 30 to the financial statements.

18. INVENTORIES

	Group 2010 HK$'000	2009 HK$'000
Raw materials	**1,804**	1,973
Finished goods	**3,060**	3,792
	4,864	5,765

19. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. In the opinion of the directors, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	Group 2010 HK$'000	2009 HK$'000
Within 3 months	**1,003**	120
Over 3 months	**22**	369
	1,025	489

The movements in provision for impairment of trade receivables are as follows:

	Group Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
At beginning of year/period	**—**	1,063
Impairment during the year/period recognised in profit or loss (note 6)	**361**	123
Amount written off as uncollectible	**(361)**	(1,186)
At end of year/period	**—**	—

19. TRADE RECEIVABLES (Continued)

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group 2010 HK$'000	2009 HK$'000
Neither past due nor impaired	**1,003**	120
Less than 1 year past due	**22**	369
	1,025	489

Receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Prepayments	**874**	342	**451**	234
Deposits and other receivables	**2,798**	476	**1,729**	—
	3,672	818	**2,180**	234

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. CASH AND BANK BALANCES

	Group 2010 HK$'000	Group 2009 HK$'000	Company 2010 HK$'000	Company 2009 HK$'000
Cash and bank balances other than time deposits	**116,104**	35,658	**113,398**	35,261
Time deposits with original maturity of less than three months when acquired	**1,395,875**	—	**1,050,000**	—
Cash and bank balances	**1,511,979**	35,658	**1,163,398**	35,261

At 31 December 2010, cash and bank balances of the Group denominated in RMB amounted to approximately RMB30,776,000 (2009: RMB164,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Bank balances other than time deposits earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

The trade payables of the Group as at 31 December 2010 and 2009 were all aged within three months, as determined based on the invoice date. They are non-interest-bearing and are normally settled on terms ranging from 30 to 60 days.

23. OTHER PAYABLES AND ACCRUALS

	Group 2010 HK$'000	Group 2009 HK$'000	Company 2010 HK$'000	Company 2009 HK$'000
Accruals	**4,916**	590	**3,687**	410
Other payables	**1,895**	728	—	71
	6,811	1,318	**3,687**	481

Other payables are non-interest-bearing and are normally settled on an average term of three months.

24. DUE TO A NON-CONTROLLING EQUITY HOLDER

The balance is unsecured, interest free and has no fixed terms of repayment.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial asset

The derivative financial asset of the Group as at 31 December 2010 represented the profit guarantee (the "Profit Guarantee") provided by the vendors to the Company in respect of the acquisition of the Viva China Sports Group. The vendors undertake that the audited consolidated net profit of the Viva China Sports Group shall not be less than HK$30,000,000, HK$40,000,000 and HK$50,000,000 for the year ending 31 December 2011, 2012 and 2013, respectively, and will compensate the Company for any shortfall between the guaranteed profits and the actual profits for the relevant years. Further details of the acquisition of the Viva China Sports Group are included in note 30 to the financial statements. The Profit Guarantee represents a right to the return of previously transferred consideration for the acquisition of the Viva China Sports Group when the specified conditions are met and hence constitutes a kind of contingent consideration arrangement to be accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 3 and HKAS 39. The Profit Guarantee was initially recognised in the consolidated statement of financial position at the acquisition-date fair value of HK$5,877,000, as determined by reference to a valuation performed by American Appraisal China Limited, independent professionally qualified valuers. As at 31 December 2010, in the opinion of the directors, there was no significant change in the fair value of the Profit Guarantee from the initial recognised amount.

Derivative financial liabilities

The derivative financial liabilities of the Group and the Company as at 31 December 2010 are 314,519,000 warrants of the Company (the "Share Warrants") issued by the Company to certain independent third parties on 2, 3 and 9 November 2010, as further detailed in note 27(f) to the financial statements. The movements of the number of Share Warrants and their corresponding carrying amounts during the year ended 31 December 2010 and the period ended 31 December 2009 are as follows:

		Group and Company	
	Notes	Number of Share Warrants	Carrying amount HK$'000
At 1 August 2008, 31 December 2009 and 1 January 2010		—	—
Issue of Share Warrants (note 27(f))	(a), (b)	314,519,000	58,534
Fair value gain on revaluation recognised in profit or loss	(b)	—	(41,330)
At 31 December 2010		314,519,000	17,204

Notes:

(a) Each Share Warrant carries the right to subscribe for one ordinary share of the Company at HK$0.80 per share, subject to adjustments in certain events, at any time within 30 months from the date of issue.

(b) Based on the terms and conditions of the Share Warrants, the Share Warrants are classified as derivative financial instruments (financial liabilities at fair value through profit or loss) in these financial statements and recognised in the statements of financial position at fair value. The fair values of the Share Warrants as at their respective dates of issue and 31 December 2010 were determined by reference to valuations performed by American Appraisal China Limited, independent professionally qualified valuers.

26. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities of the Group, which arose from the fair value adjustment in connection with acquisition of subsidiaries, during the year/period is as follows:

	HK$'000
At 1 August 2008, 31 December 2009 and 1 January 2010	—
Acquisition of subsidiaries (note 30)	20,856
Deferred tax credited to profit or loss during the year (note 10)	(836)
At 31 December 2010	**20,020**

Notes:

(a) At 31 December 2010, the Group has tax losses arising in Hong Kong of approximately HK$140,507,000 (2009: HK$105,075,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

(b) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2010, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China as, in the opinion of the directors, the relevant amount is not significant to the Group.

27. SHARE CAPITAL

Shares

	Notes	**2010** **No. of shares**	**Nominal value HK$'000**	2009 No. of shares	Nominal value HK$'000
Authorised:					
Ordinary shares of HK$0.01 each ("Ordinary Shares")	(a)	**45,000,000,000**	**450,000**	5,000,000,000	50,000
Redeemable convertible preferred shares of HK$0.01 each ("Preferred Shares")	(a)	**6,000,000,000**	**60,000**	—	—
Total		**51,000,000,000**	**510,000**	5,000,000,000	50,000
Issued and fully paid:					
Ordinary Shares		**19,081,859,785**	**190,818**	3,311,916,027	33,119

A summary of the movements in the Company's issued share capital during the year ended 31 December 2010 and the period ended 31 December 2009 is as follows:

Ordinary Shares

	Notes	**Number of Ordinary Shares in issue**	**Issued capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
At 1 August 2008		2,042,695,590	20,427	399,251	419,678
Ordinary Share placement	(b)	300,000,000	3,000	40,850	43,850
Allotment of Ordinary Shares for the acquisition of subsidiaries	(c)	959,220,437	9,592	163,796	173,388
Exercise of share options	(d)	10,000,000	100	1,538	1,638
At 31 December 2009 and 1 January 2010		3,311,916,027	33,119	605,435	638,554
Allotment of Ordinary Shares for the acquisition of subsidiaries	(e)	590,000,000	5,900	331,658	337,558
Allotment of Ordinary Shares for cash	(f)	629,038,000	6,290	324,704	330,994
Ordinary Share placement	(g)	1,160,000,000	11,600	746,709	758,309
Exercise of share options	(d)	224,000,000	2,240	37,831	40,071
Repurchase and cancellation of Ordinary Shares	(h)	(160,654,000)	(1,607)	(50,274)	(51,881)
Issue of Ordinary Shares upon conversion of Preferred Shares	(i)	13,327,559,758	133,276	260,800	394,076
At 31 December 2010		**19,081,859,785**	**190,818**	**2,256,863**	**2,447,681**

27. SHARE CAPITAL (Continued)

Shares (Continued)

Preferred Shares

	Note	Group Number of Preferred Shares	 Financial liability stated at amortised cost HK$'000
At 1 August 2008, 31 December 2009 and 1 January 2010		—	—
Issue of Preferred Shares	(i)	5,479,452,054	391,079
Imputed interest during the year recognised in profit or loss (note 7)		—	2,997
Conversion to Ordinary Shares	(i)	(5,479,452,054)	(394,076)
At 31 December 2010		**—**	**—**

Notes:

(a) Pursuant to an ordinary resolution of the Company's shareholders passed on 25 May 2010, the Company's authorised share capital was increased from HK$50,000,000 to HK$510,000,000 by the creation of an additional 40,000,000,000 Ordinary Shares and 6,000,000,000 Preferred Shares. The Ordinary Shares rank pari passu with the then existing Ordinary Shares of the Company in all respects. The Preferred Shares do not carry the right to vote in shareholders' meetings and will rank prior to the Ordinary Shares in the event of liquidation.

(b) Pursuant to a placing agreement entered into between the Company and a placing agent on 24 June 2009, 300,000,000 Ordinary Shares were allotted and issued at a price of HK$0.15 per Ordinary Share to certain independent investors on 31 July 2009 for a total net proceeds of HK$43,850,000 (net of transaction costs of HK$1,150,000).

(c) Pursuant to two sale and purchase agreements dated 23 June 2009 and 14 August 2009, respectively, entered into between the Group and certain independent third parties, 950,000,000 and 9,220,437 Ordinary Shares were issued by the Company on 17 August 2009 and 30 October 2009 to the third parties as part of the purchase consideration for the acquisition of 66.58% and 4.09% equity interests in Coolpoint Ventilation Equipment Limited ("Coolpoint Ventilation"), respectively. The fair values of these Ordinary Shares, determined by reference to the closing quoted market prices of the Ordinary Shares on the Stock Exchange at the respective dates of acquisition, amounted to approximately HK$171,950,000 and HK$1,438,000, respectively. Further details of the transactions are set out in note 30(b) to the financial statements.

(d) The subscription rights attaching to 224,000,000 (period ended 31 December 2009: 10,000,000) share options were exercised during the year ended 31 December 2010 at an average subscription price of approximately HK$0.1226 (period ended 31 December 2009: HK$0.092) per Ordinary Share, resulting in the issue of 224,000,000 (period ended 31 December 2009: 10,000,000) Ordinary Shares for a total cash consideration of HK$27,458,000 (period ended 31 December 2009: HK$920,000). At the time when the share options were exercised, the fair values of these share options in an aggregate amount of HK$12,613,000 (period ended 31 December 2009: HK$718,000) previously recognised in the share option reserve were transferred to the share premium account.

(e) Pursuant to an acquisition agreement entered into between the Company and two independent third parties on 31 August 2010, 590,000,000 new Ordinary Shares were issued on 12 October 2010 as the consideration for the acquisition of the entire equity interest in Viva China Sports. The fair value of these Ordinary Shares at the date of acquisition of 12 October 2010, determined by reference to a valuation performed by American Appraisal China Limited, independent professionally qualified valuers, amounted to approximately HK$337,960,000. The related transaction costs amounting to HK$402,000 have been netted off with the deemed proceeds. Further details of the transaction are set out in note 30(a) to the financial statements.

27. SHARE CAPITAL (Continued)

Shares (Continued)

Notes: (Continued)

(f) Pursuant to three subscription agreements entered into between the Company and eight independent third parties (the "Subscribers") on 25 October 2010, (i) 467,748,000 and 161,290,000 new Ordinary Shares were allotted and issued to the Subscribers on 3 and 9 November 2010, respectively, at a subscription price of HK$0.62 per Ordinary Share for a total cash consideration, before any issuance expenses, of HK$390,004,000, for the purpose of providing additional working capital to the Group; and (ii) in consideration of the Subscribers entering into the subscription agreements, 201,616,000, 32,258,000 and 80,645,000 warrants (the "Share Warrants") of the Company conferring the rights to subscribe for an initial aggregate of 314,519,000 new Ordinary Shares at an initial exercise price of HK$0.80 each (subject to adjustments in certain events) were issued to the Subscribers on 2, 3 and 9 November 2010, respectively, at nil consideration. Further details of the subscription agreements were set out in the Company's announcement dated 25 October 2010.

The net proceeds to the Company in respect of the issue of the new Ordinary Shares under the subscription agreements amounted to HK$389,528,000 (net of transaction costs of HK$476,000), which have been apportioned between the Ordinary Shares and the Share Warrants issued for accounting purposes. Based on the terms and conditions of the Share Warrants, the Share Warrants were designated as financial liabilities at fair value through profit or loss (note 25) and were initially recognised in the statements of financial position as derivative financial liabilities at their fair value of HK$58,534,000 at the date of issuance. The remainder of the net proceeds of HK$330,994,000, being the difference between the total net proceeds and the initial fair value of the Share Warrants recognised, was allocated to Ordinary Shares.

(g) Pursuant to a placing and subscription agreement entered into between the Company, Lead Ahead (the ultimate holding company) and two placing agents on 26 October 2010, a total of 1,160,000,000 Ordinary Shares were issued to Lead Ahead on 1 November 2010 at the subscription price of HK$0.67 per Ordinary Share for total net proceeds of HK$758,309,000 (net of transaction costs of HK$18,891,000). The purpose of the share placement was to provide additional working capital to the Group.

(h) During the year ended 31 December 2010, the Company repurchased a total of 160,654,000 Ordinary Shares on the Stock Exchange and these Ordinary Shares were subsequently cancelled by the Company on 3 January 2011. These Ordinary Shares are deemed to be automatically cancelled upon their repurchase for presentation in the above table. The summary details of these transactions are as follows:

Month of repurchase	Number of Ordinary Shares repurchased as at 31 December 2010	Price per Ordinary Share Highest	Lowest	Total consideration paid
		HK$	HK$	HK$'000
December 2010	**160,654,000**	**0.37**	**0.28**	**51,881**

27. SHARE CAPITAL (Continued)

Shares (Continued)

Notes: (Continued)

(i) Pursuant to a subscription agreement entered into between the Company and Lead Ahead on 8 April 2010, 5,479,452,054 Preferred Shares were issued to Lead Ahead on 31 May 2010 at a subscription price of HK$0.073 per Preferred Share for total net proceeds of HK$395,260,000 (net of transaction costs of HK$4,740,000), for the purpose of the development of the green energy business of the Group as well as expanding into other businesses. Below is the summary of the key terms of the Preferred Shares:

- In each fiscal year, a holder of the Preferred Shares will receive a cumulative dividend from time to time payable out of any funds legally available therefor, prior to and in preference to any dividends on any Ordinary Shares and shares of any other class in the capital of the Company, at the rate of 10% per annum on the subscription price of the Preferred Shares.

- The Preferred Shares are convertible into Ordinary Shares of the Company at an initial conversion ratio of one, subject to adjustments in certain events, during a 9-year period ending on 31 May 2019.

- In certain circumstances, the Preferred Shares could be redeemed by the holder of the Preferred Shares, in whole or in part, at a price equal to (a) 100% of the subscription price of the Preferred Shares plus (b) an amount which would give the holder an internal rate of return of 10.38% per annum in respect of the subscription price of such number of issued and outstanding Preferred Shares calculated from the date of subscription to the maturity date of 31 May 2019, without taking into account any dividends that may have been paid or to be paid.

In addition, in connection with the aforesaid subscription of the Preferred Shares, the two parties also entered into a supplemental agreement to the subscription agreement on 9 April 2010, pursuant to which the Company and Lead Ahead agreed that at nil consideration, (i) Lead Ahead will be entitled to demand the issue of (the "Lead Ahead CB Option"), and (ii) the Company will be entitled to issue to Lead Ahead (the "Viva China CB Option") convertible bonds with an aggregate principal amount of HK$300,000,000 which can be convertible at the option of the bondholder into the Company's Ordinary Shares at an initial conversion price of HK$0.073 each, subject to adjustments in certain events, during an original 5-year period ending on 24 June 2015. The Lead Ahead CB Option was subsequently cancelled and the exercise period of the Viva China CB Option was revised to a two-year period ending on 24 June 2012 pursuant to a supplementary deed entered into between the two parties on 28 July 2010.

Details of the above transactions are set out in the Company's circular and announcement dated 3 May 2010 and 28 July 2010, respectively.

The net proceeds of HK$395,260,000 from the issue of the 5,479,452,054 Preferred Shares had been allocated to the following components for accounting purposes:

	Notes	**Type of financial instruments**	HK$'000
Liability component of the Preferred Shares	(i)	Loans and borrowings	391,079
Equity component of the Preferred Shares	(i)	Equity instrument	—
Lead Ahead CB Option	(ii)	Derivative financial liability	4,181
Viva China CB Option	(iii)	Derivative financial asset	—
			395,260

27. SHARE CAPITAL (Continued)

Shares (Continued)

Notes: (Continued)

(i) (Continued)

Notes:

(i) Based on the terms and conditions of the Preferred Shares, the Preferred Shares are bifurcated into a liability component and an equity component as further described in the accounting policy for "Redeemable convertible preferred shares" set out in note 2.4 to the financial statements. No value has been allocated to the equity component of the Preferred Shares upon initial recognition because the total value of the liability component and the Lead Ahead CB Option is more than the total net proceeds.

All the Preferred Shares have been converted into 13,327,559,758 Ordinary Shares of the Company during the year. The difference of HK$260,800,000 between nominal value of the Ordinary Shares issued and the aggregate carrying amount of the liability component of the Preferred Shares of HK$394,076,000 at the dates of conversion was transferred to the Company's share premium account.

(ii) The Lead Ahead CB Option was derecognised upon its cancellation pursuant to the supplementary deed entered into between the Company and Lead Ahead on 28 July 2010. Accordingly, a gain on derecognition of a derivative financial liability of HK$4,181,000 was recognised in profit or loss during the year (note 5).

(iii) In the opinion of the directors, the fair value of the Viva China CB Option as at the date of issue and as at 31 December 2010 was not significant as it was deeply out of money as at these dates.

Share Options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 28 to the financial statements.

Share Warrants

Details of the Company's Share Warrants are included in note 25 to the financial statements.

28. SHARE OPTION SCHEMES

Share option scheme approved on 8 April 2002

Pursuant to an ordinary resolution passed by the shareholders of the Company on 8 April 2002, the Company adopted a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations in compliance with the amended Chapter 23 of the GEM Listing Rules. Eligible participants of the Old Scheme include the Company's directors, independent non-executive directors, other employees of the Group, consultants, suppliers of goods or services to the Group, customers of the Group, and any non-controlling equity holders of in the Company's subsidiaries. The Old Scheme became effective on 18 April 2002 and, unless otherwise cancelled or amended, would have remained in force for 10 years from that date.

On 29 June 2010, the Old Scheme was terminated pursuant to an ordinary resolution of the shareholders of the Company passed on the same date at an extraordinary general meeting but any options outstanding remain valid. Further details of the Old Scheme are set out in note 33 to the consolidated financial statements of the Company for the period ended 31 December 2009, which were approved and authorised for issue by the board of directors (the "Board") on 19 March 2010.

28. SHARE OPTION SCHEMES (Continued)

Share option scheme approved on 8 April 2002 (Continued)

The following share options were outstanding under the Old Scheme during the year/period:

	Notes	**Year ended 31 December 2010** Weighted average exercise price (HK$ per share)	**Year ended 31 December 2010** Number of options '000	Period from 1 August 2008 to 31 December 2009 Weighted average exercise price (HK$ per share)	Period from 1 August 2008 to 31 December 2009 Number of options '000
At beginning of year/period		**0.123**	**224,000**	0.092	126,000
Granted during the year/period	(a)	**—**	**—**	0.152	114,000
Exercised during the year/period	(b)	**0.123**	**(224,000)**	0.092	(10,000)
Cancelled during the year/period	(c)	**—**	**—**	0.092	(6,000)
At end of year/period	(d)	**—**	**—**	0.123	224,000

Notes:

(a) No share option was granted under the Old Scheme during the year. The fair values of the 114,000,000 share options granted under the Old Scheme during the period ended 31 December 2009 were HK$9,021,000 in aggregate, which was estimated as at the respective dates of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the input to the model used:

	Period from 1 August 2008 to 31 December 2009
Dividend yield (%)	—
Expected volatility (%)	62.43–66.17
Expected life of options (years)	5
Risk-free interest rate (%)	0.14–0.22
Weighted average share price (HK$ per share)	0.18

The expected life of the share options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted under the Old Scheme was incorporated into the measurement of fair value.

There was no equity-settled share option expense recognised in profit or loss during the year in respect of the share options granted under the Old Scheme in prior periods (period ended 31 December 2009: HK$9,021,000).

28. SHARE OPTION SCHEMES (Continued)

Share option scheme approved on 8 April 2002 (Continued)

Notes: (Continued)

(b) The 224,000,000 (period ended 31 December 2009: 10,000,000) share options exercised during the year resulted in the issue of 224,000,000 (period ended 31 December 2009: 10,000,000) Ordinary Shares and new share capital of HK$2,240,000 (period ended 31 December 2009: HK$100,000) and share premium of HK$37,831,000 (period ended 31 December 2009: HK$1,538,000), as further detailed in note 27(d) to the financial statements. The weighted average share price at the date of exercise for these 224,000,000 (period ended 31 December 2009: 10,000,000) share options under the Old Scheme exercised during the year was HK$0.579 (period ended 31 December 2009: HK$0.179).

(c) 6,000,000 share options granted under the Old Scheme were cancelled during the period ended 31 December 2009 upon the resignation of an executive director of the Company and an employee during that period.

(d) At 31 December 2010, there was no share option outstanding under the Old Scheme.

In respect of the prior period, the exercise prices and exercise periods of the 224,000,000 share options outstanding under the Old Scheme as at 31 December 2009 are as follows:

Number of options '000	Exercise price* (HK$ per share)	Exercise period
110,000	0.092	24 Jul 2008 to 23 Jul 2018
2,000	0.156	7 Oct 2009 to 6 Oct 2019
70,000	0.154	21 Oct 2009 to 20 Oct 2014
30,000	0.157	22 Oct 2009 to 21 Oct 2019
12,000	0.128	24 Dec 2009 to 23 Dec 2019
224,000		

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

28. SHARE OPTION SCHEMES (Continued)

Share option scheme approved on 29 June 2010

On 29 June 2010, the Company passed an ordinary resolution to adopt a new share option scheme (the "New Scheme") for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Participants of the New Scheme include employee, officer, agent, consultant, business associate or representative of the Company or any subsidiary or otherwise contributes to the success of the Group, including any executive, non-executive or independent non-executive director of the Company or any subsidiary who, as the Board or a committee comprising directors and members of the senior management of the Company (the "Committee") (as the case may be) may determine in its absolute discretion, is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors, and subject to such conditions as the Board or the Committee (as the case may be) may think fit. The New Scheme will remain in force for period of ten years commencing on 29 June 2010.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the number of shares in issue from time to time. In addition, the total number of shares which may be issued upon exercise of all options granted together with all options to be granted under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the nominal amount of all the shares in issue as at the date of adoption of the New Scheme (the "Scheme Mandate Limit"). The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the shareholders in general meeting. Once refreshed, the total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the number of shares in issue as at the date of approval of the refreshment by the shareholders of the Company.

As at the date of this report, the total number of shares available for issue under the New Scheme is 1,349,384,602 representing 7% of the existing issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the New Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the proposed date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options under the New Scheme may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board or the Committee, save that such period shall not be more than 10 years from the date of grant. Unless the Board may otherwise determine, there is no minimum period required under the New Scheme for the holding of an option before it can be exercised.

The exercise price of share options is determinable by the Board or the Committee, but shall be at least the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the New Scheme during the year:

		Year ended 31 December 2010	
	Notes	**Weighted average exercise price (HK$ per share)**	**Number of options '000**
At beginning of year		**—**	**—**
Granted during the year	(a)	**0.794**	**376,400**
Cancelled during the year	(b)	**0.830**	**(2,250)**
At end of year	(c)	**0.794**	**374,150**

28. SHARE OPTION SCHEMES (Continued)

Share option scheme approved on 29 June 2010 (Continued)

Notes:

(a) The fair values of the share options granted under the New Scheme during the year were HK$95,517,000 in aggregate, which were estimated as at the respective dates of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Year ended 31 December 2010
Dividend yield (%)	—
Expected volatility (%)	61.63–66.15
Expected life of options (years)	2.5–7.5
Risk-free interest rate (%)	0.68–1.66
Weighted average share price (HK$ per share)	0.58

The expected life of the share options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. No other feature of the share options granted was incorporated into the measurement of fair value.

Equity-settled share option expense of HK$26,053,000 was recognised in profit or loss during the year in respect of the share options granted under the New Scheme in the current year.

(b) 2,250,000 share options granted under the New Scheme were cancelled during the year ended 31 December 2010 upon the resignation of two employees during the year.

(c) At 31 December 2010 and at the date of approval of these financial statements, the Company had 374,150,000 share options outstanding under the New Scheme, which represented approximately 1.96% of the Ordinary Shares in issue as at these dates.

The exercise prices and exercise periods of the share options outstanding under the New Scheme as at 31 December 2010 are as follows:

Number of options '000	Exercise price* (HK$ per share)	Exercise period
50,000	0.78	2 Jul 2010 to 1 Jul 2015
72,666	0.78	2 Jul 2011 to 1 Jul 2016
72,667	0.78	2 Jul 2012 to 1 Jul 2017
72,667	0.78	2 Jul 2013 to 1 Jul 2018
13,050	0.83	6 Sep 2011 to 5 Sep 2016
13,050	0.83	6 Sep 2012 to 5 Sep 2017
13,050	0.83	6 Sep 2013 to 5 Sep 2018
36,000	0.83	6 Sep 2014 to 5 Sep 2019
31,000	0.83	6 Sep 2015 to 5 Sep 2020
374,150		

* The exercise price of the share options is subject to adjustment in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Ordinary Shares as consideration in respect of a transaction).

The exercise in full of the outstanding share options under the New Scheme would, under the present capital structure of the Company, result in the issue of 374,150,000 additional Ordinary Shares and additional share capital of HK$3,742,000 and share premium of HK$293,403,000, before taking into account any transfer of share option reserve to the share premium account.

29. RESERVES

(a) Group

(i) The amounts of the Group's reserves and the movements therein for the current year and the prior period are presented in the consolidated statement of changes in equity.

(ii) The share option reserve comprises the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payment transactions in note 2.4 to the financial statements. The amount will either to be transferred to the share premium account when the related share options are exercised, or transferred to retained profits/accumulated losses should the related share options lapse or be forfeited.

(b) Company

	Notes	Share premium account HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 August 2008		399,251	4,525	(348,108)	55,668
Loss for the period and total comprehensive loss for the period		—	—	(40,612)	(40,612)
Ordinary Share placement	27(b)	40,850	—	—	40,850
Allotment of Ordinary Shares for the acquisition of subsidiaries	27(c)	163,796	—	—	163,796
Exercise of share options	27(d)	1,538	(718)	—	820
Equity-settled share option arrangements	28	—	9,021	—	9,021
Lapse of share options		—	(215)	215	—
At 31 December 2009 and 1 January 2010		605,435	12,613	(388,505)	229,543
Loss for the year and total comprehensive loss for the year		—	—	(250,346)	(250,346)
Allotment of Ordinary Shares for the acquisition of subsidiaries	27(e)	331,658	—	—	331,658
Allotment of Ordinary Shares for cash	27(f)	324,704	—	—	324,704
Ordinary Share placement	27(g)	746,709	—	—	746,709
Exercise of share options	27(d)	37,831	(12,613)	—	25,218
Repurchase and cancellation of Ordinary Shares	27(h)	(50,274)	—	—	(50,274)
Issue of Ordinary Shares upon conversion of Preferred Shares	27(i)	260,800	—	—	260,800
Equity-settled share option arrangements	28	—	26,053	—	26,053
At 31 December 2010		**2,256,863**	**26,053**	**(638,851)**	**1,644,065**

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is available for distributions or payment of dividends to shareholders of the Company subject to the provisions of the Company's articles of association and provided that immediately following the distribution of dividends, the Company is able to pay off its debts as and when they fall due in the ordinary course of business.

30. BUSINESS COMBINATIONS

The fair values of the identifiable assets and liabilities of the subsidiaries acquired during the year ended 31 December 2010 and the period ended 31 December 2009 as at their respective dates of acquisition were as follows:

	Notes	**Year ended 31 December 2010 HK$'000 (note (a))**	Period from 1 August 2008 to 31 December 2009 HK$'000 (note (b))
Property, plant and equipment	13	**52**	10,509
Land use rights	14	**—**	5,238
Other intangible assets	16	**83,423**	6
Inventories		**—**	6,264
Trade receivables		**234**	615
Prepayments, deposits and other receivables		**100**	—
Cash and bank balances		**6,241**	1,382
Trade payables		**(4,966)**	(1,096)
Other payables and accruals		**(1,903)**	—
Due to a non-controlling equity holder		**—**	(3,407)
Deferred tax liabilities	26	**(20,856)**	—
Non-controlling interests		**—**	(4,496)
Total identifiable net assets at fair value		**62,325**	15,015
Goodwill on acquisition	15	**269,758**	188,434
		332,083	203,449
Satisfied by:			
Cash		**—**	28,800
Allotment of new Ordinary Shares		**337,960**	173,388
Profit guarantee classified as a derivative financial asset	25	**(5,877)**	—
Costs associated with the acquisition		**—**	1,261
		332,083	203,449

30. BUSINESS COMBINATIONS (Continued)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Cash and bank balances acquired	**6,241**	1,382
Cash consideration	—	(28,800)
Transaction costs for the acquisition included in cash flows from investing activities	—	(1,261)
Net outflow of cash and cash equivalents included in cash flows from investing activities	**6,241**	(28,679)
Transaction costs for the acquisition included in cash flows from operating activities	**(402)**	—
	5,839	(28,679)

Since its acquisition, the subsidiaries acquired during the year contributed HK$7,816,000 (period ended 31 December 2009: HK$1,080,000) to the Group's revenue and had a profit of HK$1,424,000 (period ended 31 December 2009: a loss of HK$2,769,000) dealt with in the Group's results for the year ended 31 December 2010.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been HK$12,924,000 (period ended 31 December 2009: HK$22,478,000) and HK$64,334,000 (period ended 31 December 2009: HK$58,633,000), respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes:

(a) Pursuant to an acquisition agreement entered into between the Company and independent third parties on 31 August 2010, the Company acquired the entire equity interest in Viva China Sports by the allotment and issuance of 590,000,000 new Ordinary Shares of the Company. The fair value of these Ordinary Shares at the date of acquisition of 12 October 2010, determined by reference to a valuation performed by American Appraisal China Limited, independent professionally qualified valuers, amounted to HK$337,960,000. The Viva China Sports Group are engaged in the sport events and competitions production and organisation and sport talents management services. The acquisition allows the Group to develop the sports-related business. Further details of the acquisition transaction are set out in the Company's circular dated 21 September 2010.

The Group incurred transaction costs of HK$402,000 for this acquisition. These transactions costs have been accounted for as a deduction from equity.

(b) On 20 August 2009, the Group acquired a total of 96.72% equity interest in Coolpoint Ventilation. Coolpoint Ventilation and its subsidiary are engaged in the manufacture and trading of energy-saving equipment. Further details of the acquisition transactions are set out in the Company's circulars dated 20 July 2009 and 14 September 2009.

31. DISPOSAL OF A SUBSIDIARY

	Notes	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000 (note)
Net assets disposed of:			
Property, plant and equipment	13	—	27,081
Land use rights	14	—	18,806
Other intangible assets	16	—	33
Inventories		—	2,277
Trade receivables		—	642
Prepayments, deposits and other receivables		—	83
Cash and bank balances		—	489
Trade payables		—	(1,224)
Other payables and accruals		—	(1,027)
Receipts in advance		—	(901)
Other tax payables		—	(216)
		—	46,043
Exchange fluctuation reserve realised		—	(12,588)
Gain on disposal of a subsidiary	5	—	10,744
		—	44,199
Satisfied by cash		—	44,199

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Cash consideration	—	44,199
Cash and bank balances disposed of	—	(489)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	—	43,710

Note: Pursuant to a sale and purchase agreement dated 21 April 2009, the Group disposed of its entire equity interest in Golden Unit, a then wholly-owned subsidiary indirectly held by the Company, to an independent third party for a cash consideration of HK$44,199,000. Further details of the disposal transaction are set out in the Company's circular dated 26 June 2009. The disposal transaction was completed on 17 July 2009.

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Apart from the transactions detailed in note 30 to the financial statements, the Group had no major non-cash transactions of investing and financing activities during the year ended 31 December 2010 and the period ended 31 December 2009.

33. COMMITMENTS

(a) Operating lease commitments

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1.5 to 3.5 years.

At 31 December 2010, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**5,905**	331	**3,345**	—
In the second to fifth years, inclusive	**9,578**	325	**4,600**	—
	15,483	656	**7,945**	—

(b) Capital commitments

At 31 December 2010, the Group had capital commitments of HK$2,324,000 (2009: Nil) in respect of leasehold improvements, which was contracted, but not provided for.

At 31 December 2010, the Company did not have any significant capital commitments (2009: Nil).

34. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year/period:

		Group	
	Notes	**Year ended 31 December 2010 HK$'000**	Period from 1 August 2008 to 31 December 2009 HK$'000
Interest expenses paid to a former director	(i)	**—**	108
Interest expenses paid to the former ultimate holding company	(i)	**—**	174
Interest expenses paid to a related company	(ii)	**—**	972
Administration fee paid to a related company*	(iii)	**112**	180
Equity-settled share option expense recognised in respect of share options granted to a close family member of a director	(iv)	**—**	2,433
Storage and rental fee paid to a related company*	(v)	**134**	—

* These items were continuing connected transactions (as defined in the GEM Listing Rules) which were exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

Notes:

(i) Interest expenses paid in respect of amounts due to a former director and the former ultimate holding company were charged at the HSBC prime rate. The transactions were made with reference to the terms negotiated between the relevant parties.

(ii) The Group had during the period ended 31 December 2009 borrowed an interest-bearing loan from a related company, United Sky Resources Limited ("United Sky"), which bore interest at the rate of 18% per annum. Mr. Fung Yiu Fai, Peter is a beneficial equity holder of United Sky and a director of Blue Bright Limited, a shareholder of the Company. The transaction was made with reference to the terms negotiated between the relevant parties.

(iii) Administration fee paid to Yu Ming Property Management Limited ("Yu Ming") was charged in accordance with the terms negotiated between the relevant parties. Mr. Fung Wing Cheung, Tony and Mr. Fung Yiu Fai, Peter and Ms. Lam Wing Ah are the ex-directors of the Company and the directors of Yu Ming.

(iv) Equity-settled share option expense recognised in respect of share options granted to a close family member of an ex-director of the Company, Mr. Wang Yinan.

(v) Storage fee and rental fee were paid to All Star (HK) Limited ("All Star") in accordance with the terms negotiated between the related parties, Mr. Fung Yiu Fai, Peter and Ms. Lam Wing Ah, who are the ex-directors of the Company and directors of the subsidiaries of the Company and All Star.

34. RELATED PARTY DISCLOSURES (Continued)

(b) Compensation of key management personnel of the Group

	Year ended 31 December 2010 HK$'000	Period from 1 August 2008 to 31 December 2009 HK$'000
Short term employee benefits	**5,194**	1,801
Equity-settled share option expense	**5,498**	5,768
Pension scheme contributions	**40**	32
Total compensation paid to key management personnel	**10,732**	7,601

Further details of directors' emoluments and highest paid employees are included in notes 8 and 9 to the financial statements, respectively.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The Group does not have written risk management policies and guidelines. However, the board of directors of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to market risk (including foreign currency risk, interest risk and other price risk), liquidity risk and credit risk. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk (including foreign currency risk, interest risk and other price risk), liquidity risk and credit risk are kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed are discussed below.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has interest-bearing assets in relation to cash at banks carried at effective interest rates with reference to the market. Details of which are disclosed in note 21 to the financial statements. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Group's cash at banks is considered minimal.

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is operated in Hong Kong and Mainland China. Most of the sales and trading transactions are settled in RMB. Deposits invested into various bank deposits are denominated in RMB and HK$. As at the end of the reporting period, foreign currencies were translated into HK$ at the closing rate. As at 31 December 2010, cash and bank balances denominated in RMB amounted to RMB30,776,000 (equivalent to HK$36,283,000) and the remaining balance of HK$1,475,696,000 was denominated in HK$. The foreign currency exchange rate fluctuations in connection with its bank deposits to the Group is not significant. The Company does not have significant exposure to foreign currency risk at the reporting date. The policies to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations. The carrying amounts of trade receivables, other receivables and deposits, amounts due from subsidiaries and cash and cash equivalents included in the face of the statements of financial position represent the Group's or the Company's maximum exposure to credit risk in relation to its financial assets.

The Group generally has established long-term and stable relationships with its customers. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group allows a range of credit periods from 30 days to 90 days to its trade customers. The Group has no other significant concentration of credit risk in respect of its trade receivables. The Group maintains its cash and cash equivalents with reputable banks in Hong Kong and the PRC, therefore the directors consider that the credit risk for such is minimal. The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables, other payables and accruals, and a non-controlling shareholder, also in respect of its cash flow management.

The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 3 months projection. Long term liquidity needs for a 180-day and 365-day lookout period are identified monthly. Net cash requirements are compared to available funds in order to determine headroom or any shortfalls. This analysis shows if available funds are expected to be sufficient over the lookout period. The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of borrowings and the ability to sell longer-term financial assets. The Group's liquidity is mainly dependent upon the cash received from its trade customers.

The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future. The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is within one year or on demand.

The contractual undiscounted payments are approximate to their carrying amounts.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group's existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value risk and disclosures

At 31 December 2010, the Group held certain derivative financial instruments which are carried in the financial statements at fair value, as further detailed in note 25 to the financial statements. In respect of the derivative financial asset, its fair value was measured based on a valuation technique for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (the "Level 3 measurement"). In respect of the derivative financial liabilities, their fair values were measured based on a valuation technique for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (the "Level 2 measurement"). During the year ended 31 December 2010, there were no transfers into or out of Level 3 fair value measurements (period ended 31 December 2009: Nil).

In respect of the Group's financial assets and liabilities as at 31 December 2010 and 2009 which are carried in the financial statements at other than fair value, in the opinion of the directors, the carrying amounts of these financial assets and liabilities are reasonable approximation of their respective fair values as these financial instruments are due to be received or settled within one year. Accordingly, no disclosure of the fair values of these financial instruments is made.

Capital management

The primary objectives of the Group's capital management are 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 shareholders' value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing and projected capital expenditure, projected strategic investment opportunities and economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2010 and the period ended 31 December 2009.

The Group regards total equity attributable to the shareholders of the Company presented on the face of the consolidated statement of financial position as capital, for capital management purposes. The amount of capital as at 31 December 2010 amounted to approximately HK$1,997,508,000 (2009: HK$237,599,000), which the management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

36. FINANCIAL INSTRUMENTS BY CATEGORY

Other than derivative financial instruments being classified as financial asset/liabilities at fair value through profit or loss as disclosed in note 25 to the financial statements, all financial assets and liabilities of the Group and the Company as at 31 December 2010 and 2009 are loans and receivables, and financial liabilities stated at amortised cost, respectively.

37. EVENT AFTER THE REPORTING PERIOD

In August 2010, the Group entered into an agreement with certain independent third parties for the acquisition of two companies for the purpose of acquiring the land and rights for developing the Industrial Park and the rights to develop certain lands upon completion of the acquisition. This original acquisition agreement was subsequently terminated in March 2011 and replaced by another acquisition agreement under which the Group would proceed with the acquisition of the Industrial Park at different terms from different vendors. Details of the transaction are set out in the Company's announcement dated 6 March 2011.

38. COMPARATIVE AMOUNTS

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

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 17 March 2011.

Five Year Financial Summary

A summary of the results and of the assets and liabilities and total equity of the Group for the last five financial years/period, as extracted from the published audited financial statements of the Group, is set out below:

RESULTS

	Year ended 31 December	Period from 1 August 2008 to 31 December	Year ended 31 July		
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**11,419**	10,887	11,799	18,622	13,523
LOSS BEFORE TAX	**(64,105)**	(52,646)	(30,521)	(12,185)	(19,961)
LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**(62,957)**	(52,006)	(30,521)	(11,894)	(18,457)

ASSETS AND LIABILITIES

	31 December	31 December	31 July	31 July	31 July
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS	**525,441**	204,031	83,230	88,358	106,984
CURRENT ASSETS	**1,521,540**	42,730	7,830	17,759	21,577
CURRENT LIABILITIES	**26,192**	5,306	15,596	6,157	9,425
NET CURRENT ASSETS/(LIABILITIES)	**1,495,348**	37,424	(7,766)	11,602	12,152
TOTAL ASSETS	**2,046,981**	246,761	91,060	106,117	128,561
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,020,789**	241,455	75,464	99,960	119,136
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**1,997,508**	237,599	75,401	94,569	84,509

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