Far East Holdings International Limited

Stock Code : 0036

Annual Report

09

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The English text of this Annual Report shall prevail over the Chinese text.

PLACE OF INCORPORATION

Hong Kong

BOARD OF DIRECTORS

Executive Directors:

Deacon Te Ken Chiu, J.P. (Chairman)
Mr. Duncan Chiu, B.Sc. (Managing Director and Chief Executive Officer)
Mr. Dennis Chiu, B.A.

Non-executive Directors:

Tan Sri Dato' David Chiu, B.Sc.
Mr. Daniel Tat Jung Chiu
Mr. Derek Chiu, B.A.
Mr. Desmond Chiu, B.A.
Ms. Margaret Chiu, LLB

Independent Non-executive Directors:

Dr. Lee G. Lam
Mr. Eugene Yun Hang Wang, MBA
Mr. Andrew Chun Wah Fan, BBA, CPA, LLB

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Hung Kwong Lui, FCPA, FCCA, CGA, ACA

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Duncan Chiu, B.Sc.
Mr. Hung Kwong Lui, FCPA, FCCA, CGA, ACA

AUDIT COMMITTEE

Dr. Lee G. Lam (Chairman)
Mr. Eugene Yun Hang Wang, MBA
Mr. Derek Chiu, B.A.
Mr. Andrew Chun Wah Fan, BBA, CPA, LLB

REMUNERATION COMMITTEE

Mr. Duncan Chiu, B.Sc. (Chairman)
Dr. Lee G. Lam
Mr. Eugene Yun Hang Wang, MBA

INVESTMENT COMMITTEE

Dr. Lee G. Lam (Chairman)
Mr. Duncan Chiu, B.Sc.
Mr. Derek Chiu, B.A.
Mr. Desmond Chiu, B.A.

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

REGISTERED OFFICE

16th Floor, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

PRINCIPAL OFFICE

Room 2101-2102, 21st Floor
Far East Consortium Building
121 Des Voeux Road Central
Hong Kong
Telephone: 3521 3800
Facsimile: 3521 3821
Email: info@feholdings.com.hk

SHARE REGISTRAR AND TRANSFER OFFICE

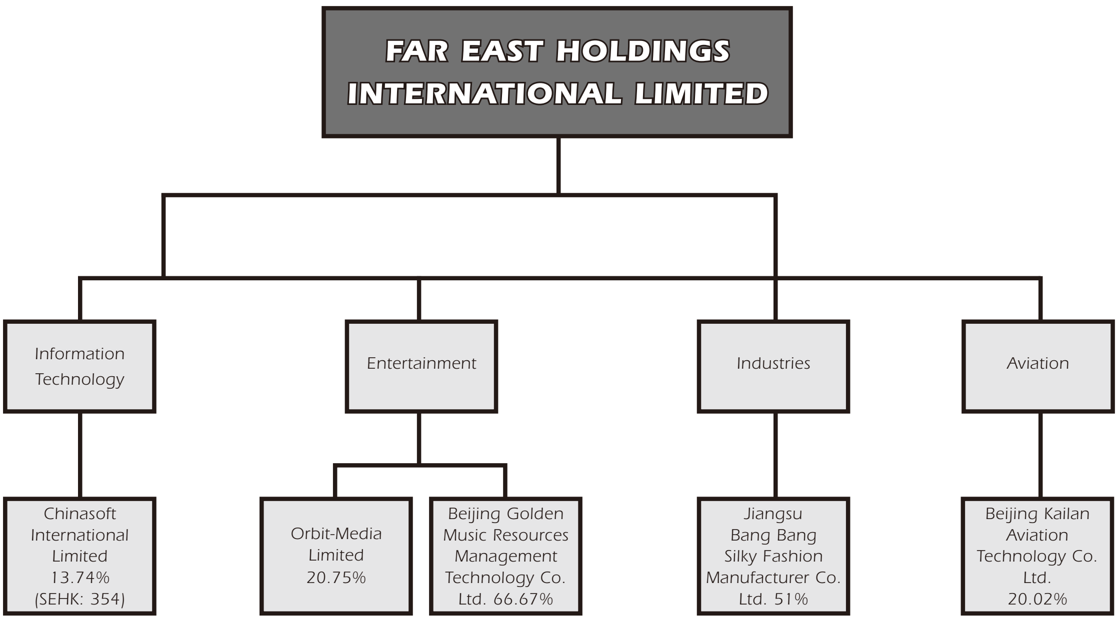
Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

LISTING INFORMATION

Stock Exchange of Hong Kong ("SEHK"): 36
Board Lot Size: 3000

WEBSITE

http://www.feholdings.com.hk


FAR EAST HOLDINGS INTERNATIONAL LIMITED
Information Technology
Entertainment
Industries
Aviation
Chinasoft International Limited 13.74% (SEHK: 354)
Orbit-Media Limited 20.75%
Beijing Golden Music Resources Management Technology Co. Ltd. 66.67%
Jiangsu Bang Bang Silky Fashion Manufacturer Co. Ltd. 51%
Beijing Kailan Aviation Technology Co. Ltd. 20.02%

CORPORATE RESULTS

For the year ended 31st December, 2009, the Company and its subsidiaries (the "Group") recorded revenue from operations of approximately HK$21.04 million (2008: 22.72 million), representing a decline of 7.39% compared with last year.

The Group's loss attributable to owners of the Company approximately HK$38.7 million (2008: loss of HK$66.24 million), an improvement of 41.58% from last year. The loss per share for the year ended 31st December, 2009 was 12.8 HK cents (2008: loss per share of 30.9 HK cents), an improvement of 58.58% over last year.

DIVIDEND

No interim dividend was paid during the year and the Board did not recommend a final dividend.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2009, the Group had cash and bank balances and deposits held at financial institutions amounting to HK$28 million (2008: HK$29.74 million). Fundamentally, the Group's funding policy was to finance the business operations with internally net generated cash and bank facilities. As at 31st December, 2009, the Group had total borrowings of HK$24.70 million (2008: HK$22.71 million) of which HK$8.72 million (2008: HK$5.92 million) was payable within one year and the remaining was payable after one year and was fully secured. The Group's borrowings were denominated in Hong Kong dollar and Japanese Yen.

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate. The Group did not have any financial instruments used for hedging purpose.

GEARING RATIO AND CURRENT RATIO

The Group's gearing ratio (total bank and other loans to shareholders' equity) as at 31st December, 2009 increased to 8.93% (2008: 7.52%). The Group's current ratio (current assets to current liabilities) as at 31st December, 2009 declined to 2.26 (2008: 3.54). On the whole, the financial position and liquidity of the Group were healthy.

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company. As at 31st December 2009, the total number of issued ordinary shares of the Company was 302,837,886 shares.

DISPOSAL OF PROPERTY AND PLEDGE OF ASSETS

During the year, the Group had disposed an investment property of a cinema (including part of G/F to 3/F), which was situated at Tung Fai Court, 2 Shui Che Kwun Street, Yuen Long, New Territories. The disposal was completed on 29th October, 2009 and the aggregate consideration amounted to HK$9.21 million.

At 31st December, 2009, the Group had pledged certain listed investments, bank deposits and certain properties with an aggregate carrying value of approximately HK$163 million (2008: HK$184.8 million) to banks and financial institutions for margin trading facilities, and other loan facilities to the Group to the extent of approximately HK$287.1 million (2008: HK$278.4 million).

EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS

The Group had no significant exposure to foreign fluctuation during the year.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities

As at 31st December, 2009, the Company is contingently liable for guarantee issued to a bank in respect of a mortgage loan granted to a subsidiary. The mortgage loan utilised by the subsidiary amounted to HK$18.9 million (2008: HK$17.6 million). The maximum amount the Company could be required to settle under the arrangement is HK$20,082,000 (2008: HK$21,257,000).

In the opinion of the directors, the fair value of the financial guarantee contract is insignificant. Accordingly, no value has been recognised in the consolidated financial statements.

Capital Commitments

At 31st December, 2009, the Group had no significant capital commitments (2008: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 9th December 2009, a shareholders' agreement entered into among Mr. Lam Wing Kwan Ringo, Mr. Chan Kin Pong, Mr. Luo Jianguang, Smart Castle Limited, Far East Capital Management Company Limited (a wholly-owned subsidiary of the Company) and Orbit-Media Limited pursuant to which, inter alia, Far East Capital Management Company Limited shall (i) subscribe for a total 17,850 shares in the share capital of Orbit-Media Limited at a consideration of HK$1.75 million and (ii) provide Orbit-Media Limited with a shareholder's loan in the amount of HK$2.45 million for working capital purpose, on and subject to the terms and conditions mentioned in the Shareholders' Agreement.

EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2009, the Group had approximately 340 employees in Hong Kong and PRC (2008: 330 employees). The Group offers its employees competitive remuneration packages based on industry's practices and performance of individual employee. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Group was adopted a share option scheme on 23rd May, 2005 and discretionary share options would be granted to reward and motivate those well performed employees. There were totaling 2.3 million (2008: 2.3 million) share options outstanding under the share option scheme as at 31st December, 2009.

BUSINESS REVIEW AND PROSPECTS

Information Technology Holdings

Chinasoft International Limited ("Chinasoft")

It was reported a loss attributable to owners of Chinasoft approximately RMB126.74 million for the year ended 31st December, 2009 (2008: profit of RMB63.34 million) representing a decline of approximately three times from that of last year due to the effect of non cash provisions for bad and doubtful debts, cost of option and exchange gain and loss. All these affect in a way that the net profit in financial statements for prior periods cannot directly reflect the actual profitability of the Chinasoft's business operation. Professional investors may recognise that non-business factors contribute to the loss of Chinasoft's final results and will not post adverse effects on its business operation and cash flow.

Chinasoft will snatch its potential merger and acquisition opportunities, and deploy the listing advantage to materialize a favorable comprehensive setting and continue to strive for its market shares in China and position itself a world-class leading enterprise in providing comprehensive software and information technology service.

Entertainment Holdings

Beijing Golden Music Resources Management Technology Co., Ltd. ("GMR")

GMR supplies hotels, shopping centers, exclusive shops, restaurants, entertainments, beauty salons, etc. with high quality background music at a low price with copyright and plays a leading role in the background music service market and is also the initiator of the industry standards. GMR is the only supplier of integrated solutions of music programming, distant hosting service for clients, and new media solutions for the music industry in China. Cooperated with copyright administrations all over China, various industry associations, system integrators and content providers, GMR has served thousands of customers in more than ten provinces. For the year ended 31st December 2009, GMR achieves a turnover of HK$5.44 million (2008: HK$1.42 million) representing 2.83 times increase over last year and incurs a net loss of HK$18.2 million representing a decrease of 21.55% comparing with last year (2008: net loss of HK$23.2 million).

GMR will continue to maintain the advantages of its proprietary technology, copyright database, online control platform and services to make its professional background music services unique and valuable to our clients so as to enlarge industry area and market share, in order to become the leader of background music service supplier in China.

Aviation Holdings

Beijing Kailan Aviation Technology Co., Ltd. ("Beijing Kailan")

During the year, Beijing Kailan has recorded a net profit of HK$6.15 million (2008: net profit HK$5.2 million) representing an improvement of 18.27% over that of 2008. Notwithstanding there was an improvement in profit in 2009, the demand for aero-related business was reduced in response to the global economic downturn.

With the gradual recovery of the international market, the continual rise of the domestic market in China and the opening of World Expo 2010 Shanghai in May, Beijing Aviation anticipates that its areo-related business will pick up progressively in 2010.

Industries

Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited ("Jiangsu Bang Bang")

For the year ended 31st December, 2009, Jiangsu Bang Bang reported a turnover of approximately HK$14.97 million (2008: HK$20.41 million) representing 26.65% decrease comparing with 2008 which was mainly due to the decline in weakening overseas market demand. It recorded a net loss of approximately HK$148,000 (2008: net loss of HK$342,000) was recorded representing an improvement of 56.73% comparing with 2008.

In response to the challenging market environment in 2010 for the textile industry, Jiangsu Bang Bang will reinforce internal management, strengthen cost control, enhance product quality and operating efficiency so as to improve its business in the coming year.

Outlook

The directors will persist to exploit potential investment opportunities in greater China in order to enhance the competitive advantage of the Group and generate better returns to the shareholders. The directors are confident that the Group's business will recover gradually.

EVENT AFTER THE REPORTING PERIOD

On 22nd February 2010, River Joy Limited, a wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement with Federal Profit Company Limited, an independent third party, pursuant to which River Joy Limited agreed to dispose of the property situated at Flat C on 22nd Floor and car park space No. 26 on Level 5 of Tower 3 Tregunter, No. 14 Tregunter Path, Hong Kong, a residential property with a gross floor area of 3,001 sq. ft. at a consideration of HK$48,000,000. The disposal was expected to be completed on or before 31st May, 2010.

Duncan Chiu
Managing Director and Chief Executive Officer

Hong Kong, 26th April, 2010

EXECUTIVE DIRECTORS

Mr. Deacon Te Ken Chiu, *J.P. (Chairman)*

Mr. Chiu, aged 85, is the founder of the Far East Group and has been the Chairman of the Company since 1981. He is also the Chairman of Far East Consortium International Limited (stock code: 35) and Far East Hotels and Entertainment Limited (stock code: 37). Mr. Chiu has more than 50 years of business experience in property investment and development; operation of entertainment and tourism related business; hotel ownership and management; financing and banking. He was a member of the Chinese People's Political and Consultative Conference from the 6th to 9th; the founder of the Yan Chai Hospital and the Vice Patron of the Community Chest since 1968; the founder and permanent Honorary Chairman of The New Territories General Chamber of Commerce; the founder and Chairman of the Ju Ching Chu Secondary School since 1966. Mr. Chiu is the father of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Ms. Margaret Chiu.

Mr. Duncan Chiu, *B.Sc. (Managing Director and Chief Executive Officer)*

Mr. Chiu, aged 35, is the Managing Director and Chief Executive Officer of the Group. Mr. Chiu graduated with a bachelor's degree in business administration from Pepperdine University of California, USA in 1996. He serves as a Non-executive Director of Far East Hotels and Entertainment Limited (stock code: 37) and Chinasoft International Limited (stock code: 354). He also serves as Deputy Chairman of The Chamber of Hong Kong Listed Companies, Chairman of Hong Kong & Mainland Software Industry Cooperation Association, Vice President of Innovation & Technology Association, Committee Member of All-China Youth Federation, Vice Chairman of Henan Provincial Youth Federation, Member of The Chinese People's Political Consultative Conference, Shanghai Committee and Convenor of Hong Kong Digicreate Alliance. He is the son of Deacon Te Ken Chiu, J.P. and the brother of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu and Ms. Margaret Chiu.

Mr. Dennis Chiu, *B.A.*

Mr. Chiu, aged 51, was appointed as an Executive Director of the Company in 1981. Mr. Chiu has been actively involved in the business development in the People's Republic of China ("PRC"), Singapore and Malaysia. He is an Executive Director of Far East Consortium International Limited and a Non-executive Director of Far East Hotels and Entertainment Limited. He is also a Non-executive Director of London-listing Fortune Oil Plc. He is the son of Deacon Te Ken Chiu, J.P and the brother of Messrs. David Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Ms. Margaret Chiu.

NON-EXECUTIVE DIRECTORS

Tan Sri Dato' David Chiu, *B.Sc.*

Tan Sri Dato' David Chiu, aged 55, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He has over 30 years' experience in the property development and related business. Since 1978, he had been the Managing Director of Far East Consortium Limited (the predecessor of Far East Consortium International Limited ("FECIL")). He was appointed as Deputy Chairman and Chief Executive Officer of FECIL on 8th December, 1994 and 8th October, 1997 respectively. FECIL is listed on The Stock Exchange of Hong Kong Limited.

In 1987, Tan Sri Dato' David Chiu founded Malaysia Land Holdings Berhad (Mayland Group) in Malaysia. Over the years, Mayland Group has extensive development and become one of the largest real estate developers in Malaysia. Tan Sri Dato' David Chiu is also the Chairman and substantial shareholder of Tokai Kanko Company Limited, which is listed on the Tokyo Stock Exchange. In regards of his devotion to the community services, Tan Sri Dato' David Chiu is a trustee member of The Better Hong Kong Foundation and the Chairman of Mid-Autumn Festival Celebration – People & Forces. In Malaysia, he was first conferred an honorary award which carried the title "Dato" by His Majesty, the King of Malaysia, in July 1997. At the end of 2005, he was awarded a more senior honorary title of "Tan Sri" by His Majesty of Malaysia. He is the second son of Deacon Te Ken Chiu J.P. and the brother of Messrs. Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Ms. Margaret Chiu.

Mr. Daniel Tat Jung Chiu

Mr. Chiu, aged 49, has been appointed as a Director of the Company since 1983. He is also a Non-executive Director of Far East Consortium International Limited. He is the major shareholder and Vice Chairman of London-listing Fortune Oil Plc. He is the founder of Harrow International School. Mr. Chiu has extensive experience in China trade, petroleum trading and infrastructure investments. He also takes an active part in several kinds of projects in Hong Kong and the P.R.C.. He is the son of Deacon Te Ken Chiu, J.P. and the brother of Messrs. David Chiu, Dennis Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Ms. Margaret Chiu.

Mr. Derek Chiu, B.A.

Mr. Chiu, aged 44, was appointed as a Director of the Company in 1989. He is also the Managing Director and Chief Executive of Far East Hotels and Entertainment Limited (stock code: 37). Mr. Chiu has extensive experience in the operation of amusement parks and entertainment business. He is the son of Deacon Te Ken Chiu, J.P. and the brother of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Desmond Chiu, Duncan Chiu and Ms. Margaret Chiu.

Mr. Desmond Chiu, B.A.

Mr. Chiu, aged 43, was first appointed as a Director of the Company in 1991. He was graduated from the University of Cambridge, the United Kingdom. He is the son of Deacon Te Ken Chiu, J.P..

Ms. Margaret Chiu, LLB

Ms. Chiu, aged 50, was appointed as a Director of the Company in 1995. She is also an Executive Director of Far East Hotels and Entertainment Limited. She graduated with law degree from the University of Buckingham, the United Kingdom and has extensive experience in entertainment, television and motion picture business in Hong Kong, the PRC and overseas. She is the daughter of Deacon Te Ken Chiu, J.P. and sister of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu and Duncan Chiu.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lee G. Lam

Dr. Lam, aged 50, has been an Independent Non-executive Director of the Company since 30 September, 2004. He holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in law (and has completed the Bar Course) from the City University of Hong Kong, a LLM in law from the University of Wolverhampton in the U.K., and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 28 years of multinational general management, strategy consulting, corporate governance, investment banking, and direct investment experience in the telecommunications, media and technology (TMT), retail, property and financial services sector. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Committee (CPPCC), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Committee, a Member of the General Committee and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing.

Mr. Eugene Yun Hang Wang, MBA

Mr. Wang, aged 36, has been appointed as an Independent Non-executive Director of the Company on 1 December, 2007. He holds a Bachelor of Science in Business Administration from the University of Southern California in the United States and a Master of Business Administration from The Hong Kong University of Science and Technology in Hong Kong. He has over 10 years of experience in audit work, accounting and financial management and is currently the executive director of Sterling Products Limited, a garment and textile manufacturing company.

Mr. Andrew Chun Wah Fan, BBA., CPA, LLB

Mr. Fan, aged 31, was appointed as an Independent Non-executive Director and member of the audit committee of the Company on 9 October 2009. He holds a bachelor's degree in business administration (accounting and finance) from the University of Hong Kong and a bachelor's degree in law from the University of London. He is a practicing CPA under the name of C. W. Fan & Co. and prior to that, he was a vice president of Citigroup and a manager of PricewaterhouseCoopers, Hong Kong. Mr. Fan is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and Council member of The Society of Chinese Accountants & Auditors, served on the administration and finance committee, the mainland and international affairs committee and the small and medium practitioners committee of HKICPA in 2008. Mr. Fan is a member of the Tenth Chinese People's Political Consultative Conference of Zhejiang Province (中國人民政治協商會議第十屆浙江省委員會), a member of the Fourth Chinese People's Political Consultative Conference of Shenzhen (中國人民政治協商會議第四屆廣東省深圳市委員會), a standing *member of the Tenth Shanghai United Youth Association (第十屆上海市青年聯合會), a member of the Ninth Shanghai United Young Association (第九屆上海市青年聯合會), a vice secretary of the Hong Kong United Youth Association, an executive director of the Zhejiang Overseas Association (浙江海外聯誼會) and an executive director of the Ningbo Overseas Association (寧波海外聯誼會), Part Time Member of The Government of HKSAR, Central Policy Unit and Member of The Government of HKSAR, the Greater Pearl River Delta Business Council.*

SENIOR MANAGEMENT

Mr. Hung Kwong Lui, *FCPA, FCCA, CGA, ACA*

Mr. Lui, aged 50, is the Qualified Accountant and Company Secretary of the Company and the Financial Controller of the Group. He has over 20 years experience in audit and finance function in various sizeable and multinational companies. He is a Fellow Member of the Hong Kong Institute of Certified Public Accountants as well as Fellow Member of The Association of Chartered Certified Accountants in the United Kingdom. He is also an Associate Member of the Certified General Accountants Association of Canada and the Institute of Chartered Accountants in England and Wales.

The directors of Far East Holdings International Limited (the "Company") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries, associates and jointly controlled entities are set out in notes 23 to 25 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 26 of the consolidated financial statements.

No interim dividend was paid during the year and the directors did not recommend the payment of a final dividend.

FIXED ASSETS

Details of movements during the year in fixed assets of the Group and the Company are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 42 to the consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 102 of the consolidated financial statements.

PROPERTIES

Details of the properties held by the Group at 31st December, 2009 are set out on pages 103 to 104 of the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

There is no reserve available for distribution to shareholders as at 31st December, 2009 amounted to approximately HK$5.4 million (2008: distributable reserve HK$12.5 million).

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the year under review, the Company and its subsidiaries have not purchased, sold or redeemed any of the listed securities in the Company.

DIRECTORS

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

Executive Directors

Deacon Te Ken Chiu J.P. (Chairman)
Mr. Duncan Chiu (Managing Director and Chief Executive Officer)
Mr. Dennis Chiu

Non-executive Directors

Tan Sri Dato' David Chiu
Mr. Daniel Tat Jung Chiu
Mr. Derek Chiu
Mr. Desmond Chiu
Ms. Margaret Chiu

Independent Non-executive Directors

Dr. Lee G. Lam	
Mr. Eugene Yun Hang Wang	
Mr. Andrew Chun Wah Fan	(was appointed on 9th October 2009)
Mr. Hing Wah Yim	(deceased on 14th July 2009)

Pursuant to Articles 79 and 80 of the Company's Articles of Association, Dr. Lee G. Lam shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Mr. Andrew Chun Wah Fan was appointed as an independent non-executive Director by the Board on 9 October 2009. According to Article 84, Mr. Andrew Chun Wah Fan shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. As such, Mr. Andrew Chun Wah Fan would retire and, being eligible would offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, (other than statutory compensation).

DIRECTORS' AND SENIOR EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

At 31st December, 2009, the interests of the Directors and senior executives of the Company and their associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(1) Long positions

(a) Ordinary shares of HK$0.01 each of the Company

	Number of issued ordinary Shares held				Percentage of the issued share capital
Name of Director	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests**	**of the Company**
Deacon Te Ken Chiu, J.P.	20,848,664	4,175,160 [1]	1,869,366	26,893,190	8.88%
Tan Sri Dato' David Chiu	3,740,000	–	12,337,600 [2]	16,077,600	5.31%
Ms. Margaret Chiu	2,200,000	–	–	2,200,000	0.73%
Mr. Dennis Chiu	7,040,088	–	4,400,000 [3]	11,440,088	3.78%
Mr. Daniel Tat Jung Chiu	4,840,000	–	22,880,088 [4]	27,720,088	9.15%
Mr. Derek Chiu	88,440	–	–	88,440	0.03%
Mr. Desmond Chiu	4,000	–	–	4,000	0.001%
Mr. Duncan Chiu	59,695,932	–	–	59,695,932	19.71%

Notes:

(1) These Shares are held by Madam Ching Lan Ju Chiu, wife of Deacon Te Ken Chiu, J.P..

(2) These Shares are held by Rocket High Investments Limited, a company wholly-owned by Tan Sri Dato' David Chiu.

(3) These Shares are held by Cape York Investments Limited ("Cape York"), a company owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu equally.

(4) Of the 22,880,088 Shares, 4,400,000 Shares are held by Cape York, and the remaining 18,480,088 Shares are held by Gorich Holdings Limited, a company wholly-owned by Mr. Daniel Tat Jung Chiu.

Save as disclosed above, none of directors had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies at 31st December, 2009.

(2) (b) Share options

The Company's share option scheme was adopted pursuant to a resolution passed on 23rd May, 2005 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees or executive or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Particulars of the Company's share option scheme are set out in note 43 to the consolidated financial statements. The following table discloses movements in the Company's share options during the year:

	Number of Shares Options					
Grantee	Outstanding as at 1/1/2009	Exercised during the period	Outstanding as at 31/12/2009	Exercise price HK$	Date of grant	Exercisable period (Both days inclusive)
Employees	660,000	–	660,000	0.6091	21/4/2006	23/5/2006-22/5/2016
	1,640,000	–	1,640,000	0.6091	21/4/2006	23/5/2007-22/5/2017
	2,300,000	–	2,300,000			

No share options of the Company were granted and lapsed during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors' and senior executives' interests in shares and share options", at no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS

At 31st December, 2009 the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors under the section headed "Directors' and senior executives' interests in shares and share options", the following shareholders had notified the Company of any interest, directly or indirectly, in 5% or more of the issued share capital of the Company:

Long positions

Ordinary shares of HK$0.01 each of the Company

Name of Substantial Shareholder	***Number of issued ordinary shares of the Company held***	***Percentage of issued share capital of the Company***
Madam Ju Ching Lan[(1)]	26,893,190	8.88%
Gorich Holdings Limited ("Gorich")[(2)]	18,480,088	6.10%
Max Point Holdings Limited ("Max Point")[(3)]	15,528,480	5.13%
Mr. Chan Wai Ki [(3)]	15,528,480	5.13%

Notes:

(1) Of the 26,893,190 Shares, 22,718,030 Shares are held by Deacon Te Ken Chiu, J.P., Madam Ju Ching Lan is the spouse of Deacon Te Ken Chiu, J.P. The interests of Deacon Te Ken Chiu, J.P. in the Company is stated under the section headed "Directors' Interests" above.

(2) Gorich is wholly-owned by Mr. Daniel Tat Jung Chiu. The interests of Mr. Daniel Tat Jung Chiu in the Company is stated under the section headed "Directors' Interests" in shares above.

(3) The entire share capital of Max Point is beneficially owned by Mr. Chan Wai Ki.

(4) All interests disclosed above represent long positions in the Shares.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions representing 5% or more of the Company's issued share capital at 31st December, 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and considers the independent non-executive Directors to be independent.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$41,000.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales of the Group's five largest and the Group's largest customer accounted for approximately 43% and 67% of total turnover, respectively.

Aggregate purchases of the Group's five largest and the Group's largest supplier accounted for approximately 7% and 16% of total purchases, respectively.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Director owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate governance report" on pages 19 to 23.

AUDIT COMMITTEE

The Company's audit committee comprising Independent Non-executive Directors and Non-executive Director.

The principal duties of the audit committee are reviewing the internal controls and the financial reporting requirements of the Group. The audit committee is satisfied with the Company's internal control procedures and the financial reporting disclosures.

SUFFICIENCY OF PUBLIC FLOAT

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

EMOLUMENT POLICY

Details of the directors' emoluments and of the five highest paid individuals in the Group are set out in notes 11 and 12 to the consolidated financial statements, respectively.

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible participants, details of the scheme is set out in note 43 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 51 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Duncan Chiu
Managing Director and Chief Executive Officer

Hong Kong, 26th April, 2010

COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The Board and the Senior Management of the Company ensure that effective self-regulatory practices exist to protect the interests of the shareholders of the Company.

The Company has applied the principles of the Code Provisions under the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st December, 2009.

THE BOARD OF DIRECTORS

The Board's primary responsibilities are to formulate long-term corporate strategy, to oversee the management of the Group, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board. The Board is directly accountable to the shareholders and is responsible for preparing the accounts.

The Board comprises eleven Directors, whose biographical details are set out in the "Profile of the Directors and Senior Management" on pages 8 to 11 of this annual report. Three of the Directors are executive, five are non-executive and three are independent non-executive. The eight non-executive Directors bring a broad range of financial, regulatory and commercial experience and skills to the Board, which contributes to the effective strategic management of the Group. The executive Directors are not permitted to engage in any other business which is in competition with that of the Group, and are required, with the exception of the Chairman, to devote all of their active business time to the business and affairs of the Group.

Please refer to the Report of Directors on page 13 for the composition of the Board.

The posts of Chairman and Group Chief Executive Officer are held separately by Deacon Te Ken Chiu, J.P. and Mr. Duncan Chiu respectively and their roles and responsibilities are separate and are set out in writing.

The Chairman is responsible for formulating and setting Group strategies and policies in conjunction with the Board.

The Group Chief Executive Officer is responsible for managing Group strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions and financing.

Pursuant to the requirement of the Listing Rules, the Company has received written confirmation from all three independent non-executive Directors of their independence from the Company and considers them to be independent.

REGULAR BOARD MEETING

The Board met on four times during the year. The attendance of individual Directors at the Board meetings were set out in the table below.

	Number of meetings attended	Attendance rate
Executive Directors		
Deacon Te Ken Chiu J.P. (Chairman)	2/4	50%
Mr. Duncan Chiu (Managing Director and Chief Executive Officer)	4/4	100%
Mr. Dennis Chiu	0/4	0%
Non-executive Directors		
Tan Sri Dato' David Chiu	0/4	0%
Mr. Daniel Tat Jung Chiu	0/4	0%
Mr. Derek Chiu	3/4	75%
Mr. Desmond Chiu	1/4	25%
Ms Margaret Chiu	0/4	0%
Independent Non-executive Directors		
Dr. Lee G. Lam	3/4	75%
Mr. Eugene Yun Hang Wang	2/4	50%
Mr. Andrew Chun Wah Fan (appointed on 9th October 2009)	1/4	25%
Mr. Hing Wah Yim (deceased on 14 July 2009)	1/4	25%

CORPORATE GOVERNANCE

The Board confines itself to making broad policy decisions, such as the Group's overall strategies and policies and business plans, while delegating responsibility for more detailed consideration to the various Board Committees and management. Management is responsible for overseeing the Group's business operations, implementing the strategies laid down by the Board and making day-to-day operating decisions.

The Board has established Audit and Remuneration Committees in accordance with the Code and a majority of the members of Committees are independent non-executive directors.

The Company has complied with Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2009, with deviations from code provision A.4.1 of the Code in respect of the service term and rotation of Directors.

None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors of the Company are subject to the retirement by rotation at each annual general meeting under Articles 79 and 80 of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

COMMUNICATION WITH SHAREHOLDERS

The Board adopts an open and transparent communication policy and encourages full disclosure to the public as a way to enhance corporate governance. The Board aims to provide our shareholders and the public with the necessary information for them to form their own judgement on the Company.

AUDITOR'S REMUNERATION

For the year ended 31st December, 2009, the Auditors of the Company received approximately HK$1,250,000 for audit service (2008: HK$1,580,000).

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted a new code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Directors confirmed that there were not any non-compliance with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31st December, 2009.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the consolidated financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the consolidated financial statements of the Group is in a timely manner.

The Statement of the Auditors of the Company regarding their reporting responsibilities on the consolidated financial statements is set out in the Report of the Auditors on pages 24 to 25.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The terms of the Committee are consistent with the provisions set out in the relevant section of the Code and are available on the Company's website at www.feholdings.com.hk.

The Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements. The Committee comprises three independent non-executive directors, namely, Dr. Lee G. Lam, Mr. Andrew Chun Wah Fan and Mr. Eugene Yun Hang Wang and one non-executive director, Mr. Derek Chiu. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditors in matters within the scope of the group audit. Three meetings were held during the financial year ended 31st December, 2009.

The Group's interim report for the six months ended 30th June, 2009 and the annual report for the year ended 31st December, 2009 have been reviewed by the Audit Committee, and with recommendation to the Board for approval.

During the financial year ended 31st December, 2009, three meetings, were held by the Audit Committee. The individual attendance record of each member of the Audit Committee was as follows:

	Number of meetings rate	Attendance attended
Dr. Lee G. Lam (Chairman)	3/3	100%
Mr. Derek Chiu	3/3	100%
Mr. Eugene Yun Hang Wang	2/3	67%
Mr. Hing Wah Yim (deceased on 14th July 2009)	2/3	67%
Mr. Andrew Chun Wah Fan (appointed on 9th October 2009)	0/3	0%

REMUNERATION COMMITTEE

The Company had established a Remuneration Committee with written terms of reference pursuant to the provisions set out in the Code. The committee comprised two independent non-executive directors, namely Dr. Lee G. Lam, Mr. Eugene Yun Hang Wang and the Managing Director, Mr. Duncan Chiu of the Company. The Remuneration Committee is principally responsible for formulation and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management. A written resolution passed during the financial year ended 31st December, 2009.

The terms of reference of the Remuneration Committee are consistent with the terms set out in the relevant section of the Code, and the terms of reference of the Remuneration Committee are available from the Company's website www.feholdings.com.hk. No Director is involved in deciding his own remuneration.

During the financial year ended 31st December, 2009, No meeting was held by the Remuneration Committee. The individual attendance record of each member of the Remuneration Committee is as follows:

	Number of meetings attended	Attendance rate
Mr. Duncan Chiu (Chairman)	0/0	N/A
Dr. Lee G. Lam	0/0	N/A
Mr. Eugene Yun Hang Wang	0/0	N/A

INVESTMENT COMMITTEE

For sake of better control risk management of the Company, on 13 July 2009 Investment Committee of the Company was formed. Dr Lee G. Lam was appointed as chairman of Investment Committee. Mr. Duncan Chiu, Mr. Derek Chiu and Mr. Desmond Chiu were appointed as members of Investment Committee.

During the financial year ended 31st December, 2009, No meeting was held by the Investment Committee. The individual attendance record of each member of the Investment Committee is as follows:

	Number of meetings attended	Attendance rate
Dr. Lee G. Lam (Chairman)	0/0	N/A
Mr. Duncan Chiu	0/0	N/A
Mr. Derek Chiu	0/0	N/A
Mr. Desmond Chiu	0/0	N/A

Deloitte.
德勤

TO THE MEMBERS OF FAR EAST HOLDINGS INTERNATIONAL LIMITED
遠東控股國際有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Far East Holdings International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 101, which comprise the consolidated and the Company's statements of financial position as at 31st December, 2009, 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 notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 31st December, 2009 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 Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26th April, 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	7	**21,037**	22,720
Cost of sales		**(19,086)**	(24,077)
Gross profit (loss)		**1,951**	(1,357)
Dividend income from available-for-sale investments		**46**	337
Dividend income from held-for-trading investments		**272**	877
Other income	9	**520**	1,670
Other gains and losses	10	**4,854**	(58,890)
Selling and distribution costs		**(9,392)**	(4,815)
Administrative expenses		**(20,931)**	(16,247)
Finance costs	13	**(544)**	(572)
Share of results of associates		**(19,826)**	8,951
Share of results of jointly controlled entities		**(403)**	(453)
Loss before tax	14	**(43,453)**	(70,499)
Income tax (expense) credit	15	**(108)**	69
Loss for the year		**(43,561)**	(70,430)
Other comprehensive income			
Exchange differences arising from the translation of foreign operations		**34**	3,379
Fair value gain (loss) on available-for-sale financial assets		**5,622**	(15,616)
Share of other comprehensive income of an associate		**136**	9,611
Reclassification adjustment on impairment of available-for-sale investments		**–**	4,328
Reclassification adjustment on sales of available-for-sale investments		**–**	10,774
		5,792	12,476
Total comprehensive expense for the year		**(37,769)**	(57,954)
Loss attributable to:			
Owners of the Company		**(38,700)**	(66,244)
Minority interests		**(4,861)**	(4,186)
		(43,561)	(70,430)
Total comprehensive expense attributable to:			
Owners of the Company		**(32,923)**	(55,018)
Minority interests		**(4,846)**	(2,936)
		(37,769)	(57,954)
		HK cents	HK cents
LOSS PER SHARE			
– Basic and diluted	17	**(12.8)**	(30.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Investment properties	18	**14,845**	23,695
Property, plant and equipment	19	**24,298**	20,955
Prepaid lease payments	20	**23,019**	23,675
Goodwill	21	**30,926**	27,126
Interests in associates	24	**109,693**	125,160
Interests in jointly controlled entities	25	**37,990**	36,643
Available-for-sale investments	26	**27,536**	21,868
Other non-current assets	27	**5,477**	10,644
Amount due from a jointly controlled entity	28	**2,030**	–
		275,814	289,766
CURRENT ASSETS			
Prepaid lease payments	20	**596**	598
Held-for-trading investments	29	**23,443**	32,291
Inventories	30	**3,613**	4,256
Trade and other receivables	31	**3,896**	2,525
Amount due from a minority shareholder	32	**4,588**	3,057
Amount due from a related company	33	**9**	9
Tax prepaid		**–**	106
Deposits held at financial institutions	34	**2,324**	3,177
Pledged bank deposits	35	**2,501**	–
Bank balances and cash	34	**23,201**	26,564
		64,171	72,583
CURRENT LIABILITIES			
Trade and other payables	36	**15,304**	10,430
Amounts due to directors	37	**1,565**	1,630
Amount due to minority shareholders	32	**1,207**	297
Amounts due to a related company	33	**1,136**	1,557
Tax liabilities		**107**	–
Derivative financial instruments	39	**–**	109
Bank and other loans – due within one year	40	**8,724**	5,918
Dividend payable to a minority shareholder		**20**	175
Obligations under finance leases – due within one year	41	**336**	410
		28,399	20,526
NET CURRENT ASSETS		**35,772**	52,057
TOTAL ASSETS LESS CURRENT LIABILITIES		**311,586**	341,823

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	NOTES	**2009** **HK$'000**	2008 HK$'000
CAPITAL AND RESERVES			
Share capital	42	**3,028**	3,028
Share premium and reserves		**273,601**	298,924
Equity attributable to owners of the Company		**276,629**	301,952
Minority interests		**18,769**	22,293
		295,398	324,245
NON-CURRENT LIABILITIES			
Bank and other loans – due after one year	40	**15,972**	16,794
Obligations under finance leases – due after one year	41	**216**	552
Deferred tax liabilities	45	**–**	232
		16,188	17,578
		311,586	341,823

The consolidated financial statements on pages 26 to 101 were approved and authorised for issue by the Board of Directors on 26th April, 2010 and are signed on its behalf by:

Duncan Chiu
DIRECTOR

Derek Chiu
DIRECTOR

	NOTES	**2009** **HK$'000**	2008 HK$'000
NON-CURRENT ASSETS			
Investment properties	18	**5,645**	5,645
Property, plant and equipment	19	**447**	66
Investments in subsidiaries	23	**5,053**	4,987
Interests in associates	24	**18,865**	16,604
Amounts due from subsidiaries	38	**142,958**	144,166
Available-for-sale investments	26	**1,130**	427
Other non-current assets	27	**5,477**	6,126
		179,575	178,021
CURRENT ASSETS			
Held-for-trading investments	29	**23,123**	32,121
Other receivables		**578**	233
Amount due from a related company	33	**9**	9
Deposits held at financial institutions	34	**2,324**	3,177
Bank balances and cash	34	**948**	703
		26,982	36,243
CURRENT LIABILITIES			
Other payables		**4,497**	2,103
Amounts due to directors	37	**1,565**	1,630
Amount due to a related company	33	**1,136**	1,557
Amounts due to subsidiaries	38	**18,433**	18,998
Derivative financial instruments	39	**–**	109
Bank and other loans	40	**5,856**	5,113
Obligation under a finance lease – due within one year	41	**–**	114
		31,487	29,624
NET CURRENT (LIABILITIES) ASSETS		**(4,505)**	6,619
TOTAL ASSETS LESS CURRENT LIABILITIES		**175,070**	184,640
CAPITAL AND RESERVES			
Share capital	42	**3,028**	3,028
Share premium and reserves	44	**172,042**	181,612
		175,070	184,640

Duncan Chiu
DIRECTOR

Derek Chiu
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2009

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Exchange reserve**	**Investment revaluation reserve**	**Share option reserve**	**Retained profits**	**Total**	**Minority interests**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January, 2008	1,304	137,894	15,345	514	1,052	171,989	328,098	17,107	345,205
Loss for the year	–	–	–	–	–	(66,244)	(66,244)	(4,186)	(70,430)
Other comprehensive income for the year									
Exchange differences arising on translation of foreign operations	–	–	2,129	–	–	–	2,129	1,250	3,379
Fair value loss on available-for-sale financial assets	–	–	–	(15,616)	–	–	(15,616)	–	(15,616)
Share of exchange difference of an associate	–	–	9,611	–	–	–	9,611	–	9,611
Reclassification adjustment on impairment of available-for-sale investments	–	–	–	4,328	–	–	4,328	–	4,328
Reclassification adjustment on sales of available-for-sale investment	–	–	–	10,774	–	–	10,774	–	10,774
	–	–	11,740	(514)	–	–	11,226	1,250	12,476
Total comprehensive income for the year	–	–	11,740	(514)	–	(66,244)	(55,018)	(2,936)	(57,954)
Acquisition of subsidiaries	–	–	–	–	–	–	–	6,231	6,231
Dilution of interests in subsidiaries	–	–	–	–	–	–	–	2,105	2,105
Dividend paid to minority interests	–	–	–	–	–	–	–	(214)	(214)
Dividends recognised as distribution	–	–	–	–	–	(3,028)	(3,028)	–	(3,028)
Transaction costs attributable to issue of new shares	–	(59)	–	–	–	–	(59)	–	(59)
Issue of bonus shares	1,514	(1,514)	–	–	–	–	–	–	–
Exercise of share options	10	1,623	–	–	(484)	–	1,149	–	1,149
Shares issued in consideration for the acquisition of subsidiaries	200	30,610	–	–	–	–	30,810	–	30,810
At 31st December, 2008	3,028	168,554	27,085	–	568	102,717	301,952	22,293	324,245
Loss for the year	–	–	–	–	–	(38,700)	(38,700)	(4,861)	(43,561)
Other comprehensive income for the year									
Exchange differences arising from translation of foreign operations	–	–	19	–	–	–	19	15	34
Fair value gain on available-for-sale investments	–	–	–	5,622	–	–	5,622	–	5,622
Share of exchange difference of an associate	–	–	136	–	–	–	136	–	136
	–	–	155	5,622	–	–	5,777	15	5,792
Total comprehensive income for the year	–	–	155	5,622	–	(38,700)	(32,923)	(4,846)	(37,769)
Adjustment in respect of contingent consideration for acquisition of subsidiaries (Note 46)	–	7,600	–	–	–	–	7,600	–	7,600
Capital contribution from minority interests	–	–	–	–	–	–	–	1,428	1,428
Dividend paid to minority interests	–	–	–	–	–	–	–	(106)	(106)
At 31st December, 2009	3,028	176,154	27,240	5,622	568	64,017	276,629	18,769	295,398

	NOTES	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(43,453)**	(70,499)
Adjustments for:			
Amortisation of prepaid lease payments		**659**	656
Impairment loss on goodwill		**3,800**	13,200
Impairment loss on other non-current assets		**481**	977
Impairment loss on interest in a jointly controlled entity		**–**	7,509
Impairment loss on available-for-sale investments – listed		**–**	4,328
Impairment loss on available-for-sale investments – unlisted		**–**	1,486
Finance costs		**544**	572
Interest income		**(195)**	(1,223)
Scrip dividend received from available-for-sale investments		**(46)**	(83)
Scrip dividend received from held-for-trading investments		**–**	(33)
Depreciation		**3,819**	2,294
Loss on dilution of interests in subsidiaries		**–**	2,105
Net loss (gain) on deemed disposal of an associate		**222**	(127)
Loss on disposal of available-for-sale investments		**465**	10,774
Loss on disposal of property, plant and equipment		**436**	28
Discount on acquisition of additional interest in an associate		**(1,842)**	–
Share of results of associates		**19,826**	(8,951)
Share of results of jointly controlled entities		**403**	453
Amount due from an associate written off		**–**	640
(Increase) decrease in fair value of held-for-trading investments		**(8,787)**	14,898
(Increase) decrease in fair value of investment properties		**(360)**	535
(Decrease) increase in fair value of derivative financial instruments		**(109)**	109
Gain on disposal of non-current assets		**(127)**	–
Write down of inventories		**902**	–
Operating cash flows before movements in working capital		**(23,362)**	(20,352)
(Increase) decrease in inventories		**(255)**	2,666
Decrease (increase) in held-for-trading investments		**17,635**	(4,118)
Increase in trade and other receivables		**(1,366)**	(1,348)
Increase in amount due from a minority shareholder		**(1,532)**	(592)
Increase in trade and other payables		**5,053**	1,729
Cash used in operations		**(3,827)**	(22,015)
People's Republic of China ("PRC") Enterprise Income tax paid		**(127)**	–
NET CASH USED IN OPERATING ACTIVITIES		**(3,954)**	(22,015)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2009

	NOTE	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Interest received		**195**	1,223
Decrease in amount due from a related company		**–**	4,478
Acquisition of property, plant and equipment		**(3,406)**	(5,240)
Acquisition of available-for-sale investments		**–**	(5,814)
Acquisition of other non-current assets		**(125)**	(6,351)
Acquisition of subsidiaries	46	**–**	2,800
Acquisition of additional interest in associates		**(2,603)**	(3,782)
Acquisition of additional interest in a subsidiary		**–**	(8,507)
Acquisition of a jointly controlled entity		**(1,750)**	(44,605)
Additional investment in available-for-sale investment		**(465)**	–
Proceeds from disposal of investment property		**9,210**	–
Proceeds from disposal of property, plant and equipment		**335**	21
Proceeds from disposal of non-current assets		**420**	–
Proceeds on disposal of available-for-sale investments		**–**	5,780
Dividend received from an associate		**–**	653
Increase in pledged bank deposits		**(2,501)**	–
Decrease in deposits held at financial institutions		**853**	7,712
Decrease in amount due from a director		**–**	22,103
Increase in amount due from a jointly controlled entity		**(2,030)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(1,867)**	(29,529)
FINANCING ACTIVITIES			
Proceeds from exercise of share options		**–**	1,149
Capital contribution from minority interests		**1,428**	8,567
Transaction costs attributable to issue of new shares		**–**	(59)
Decrease in amount due to a related company		**(421)**	(37)
(Decrease) increase in amounts due to directors		**(65)**	154
Increase in amount due to minority shareholders		**910**	–
New bank and other loans raised		**11,561**	1,188
Repayment of bank and other loans		**(9,756)**	(6,491)
Repayment of obligations under finance leases		**(410)**	(159)
Interest paid on bank and other loans		**(446)**	(539)
Interest paid on finance leases		**(98)**	(33)
Dividend paid		**–**	(3,028)
Dividend paid to a minority shareholder		**(261)**	(39)
Repayment of amount due to former shareholder		**–**	(6,518)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**2,442**	(5,845)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,379)**	(57,389)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		**26,564**	82,687
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**16**	1,266
CASH AND CASH EQUIVALENTS CARRIED FORWARD, represented by bank balances and cash		**23,201**	26,564

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate information" in the annual report.

The Company is engaged in investment holding and securities trading. The principal activities of its subsidiaries, associates and jointly controlled entities are set out in notes 23, 24 and 25, respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (collectively the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 8).

Amendments to HKFRS 7 Financial Instruments: Disclosures

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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

[1] Effective for annual periods beginning on or after 1st July, 2009

[2] Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate

[3] Effective for annual periods beginning on or after 1st January, 2010

[4] Effective for annual periods beginning on or after 1st February, 2010

[5] Effective for annual periods beginning on or after 1st July, 2010

[6] Effective for annual periods beginning on or after 1st January, 2011

[7] Effective for annual periods beginning on or after 1st January, 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company are in the process of assessing the potential impact and so far concluded that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

Business combinations

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

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

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

Goodwill

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

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit ("CGU") to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against goodwill.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable during the year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or jointly control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the associate.

Interests in associates are included in the Company's statement of financial position at cost less any identified impairment loss.

Acquisition of additional interest in associates

On acquisition of additional interest in associates, the excess of the cost of the acquisition over the fair values of the underlying assets and liabilities attributable to the additional interest in the associate is recognised as goodwill and forms part of the carrying amount of the investment, while discount arising on the excess of the fair values of the underlying assets and liabilities attributable to the additional interest in associates over the cost of the acquisition is credited to profit or loss for the period.

Interests in jointly controlled entities

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in jointly controlled entities (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entities recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any assets, including goodwill, that forms part of the carrying amount of the investment in the jointly controlled entities. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Leasehold land held for undetermined future use

Leasehold land held for undetermined future use is regarded as held for capital appreciation purpose and classified as an investment property, and carried at fair value. Changes in fair value of the leasehold land are recognised directly in profit or loss for the period in which changes take place.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including building held for use for administrative purpose are stated at cost less subsequent accumulated depreciation and any identified impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, and after taking into account their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Paintings and other display items

Paintings and other display items are stated at cost less any identified impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees after 7th November, 2002 and vested on or after 1st January, 2005

The fair value of services received determined by reference to the fair value of the share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to the share option reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Revenue from sales of merchandise is recognised when goods are delivered and title has passed.

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

Service income are recognised when services are provided.

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

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases payment are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis, except for those that are classified and accounted for as investment properties under fair value model.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

Retirement benefit costs

Payments to defined contribution retirement benefits plans or the Mandatory Provident Fund schemes are charged as an expense when employees have rendered services entitling them to the contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets held for trading, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets held for trading

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets held for trading are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a jointly controlled entity/a minority shareholder/a related company, deposits held at financial institutions, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets held for trading or loans and receivables. Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities (including trade and other payables, amounts due to directors/ minority shareholders/a related company, bank and other loans, dividend payable to a minority shareholder and obligation under finance leases) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derivative financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

Impairment

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of goodwill within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December, 2009, the carrying amount of goodwill is HK$30,926,000 (2008: HK$27,126,000) (net of accumulated impairment loss of HK$17,000,000 (2008: HK$13,200,000)). Details of the recoverable amount calculation are disclosed in note 22.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the bank and other loans, less cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Held-for-trading investments	**23,443**	32,291	**23,123**	32,121
Loans and receivables (including cash and cash equivalents)	**38,549**	34,155	**170,027**	148,269
Available-for-sale investments	**27,536**	21,868	**1,130**	427
Financial liabilities				
Amortised cost	**34,288**	31,291	**27,015**	27,849
Derivative financial instruments held for trading	**–**	109	**–**	109

6b. Financial risk management objectives and polices

Details of the Group's and Company's financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and polices (continued)

Market risk

(i) Currency risk

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Assets				
Renminbi	**9**	9	**9**	9
US dollars	**5,946**	4,772	**1**	1
Japanese Yen	**7**	7	**7**	7
	5,962	4,788	**17**	17
Liabilities				
US dollars	**–**	259	**–**	–
Japanese Yen	**5,856**	5,113	**5,856**	5,113
	5,856	5,372	**5,856**	5,113

Sensitivity analysis

The Group and the Company are mainly exposed to Japanese Yen fluctuation.

As Hong Kong dollars are pegged with US dollars, the currency risk exposure to US dollars is considered minimal. Hence, no foreign currency sensitivity analysis is presented in respect of US dollars.

As the currency risk arising from Renminbi denominated monetary assets is insignificant, no foreign currency sensitivity analysis is presented as well.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and polices (continued)

Market risk (continued)

(i) Currency risk *(continued)*

Sensitivity analysis (continued)

The following table details the Group's and the Company's sensitivity to a 10% (2008: 10%) increase and decrease in functional currency of respective group entities against the relevant foreign currency. 10% (2008: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2008: 10%) change in foreign currency rates. The negative number below indicates a decrease in post-tax loss where Hong Kong dollars strengthen 10% (2008: 10%) against the relevant currency. For a 10% (2008: 10%) weakening of Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the post-tax results and the balances below would be positive.

	THE GROUP		**THE COMPANY**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Japanese Yen	**(488)**	(426)	**(488)**	(426)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and polices (continued)

Market risk (continued)

(ii) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to obligations under finance lease. The Group and the Company is also exposed to cash flow interest rate risk in relation to bank deposits, deposits held at financial institutions and variable-rate bank and other loan.

The Group and the Company currently do not have an interest rate hedging policy to hedge against its exposures. However, the management closely monitors interest rate exposures and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

The cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Lending Rate arising from the Group's Hong Kong dollar borrowings.

The directors of the Company consider that the overall cash flow interest rate risk is not significant as interest rates are currently at low level and no significant changes are expected for the foreseeable future, accordingly, no sensitivity analysis is prepared.

(iii) Other price risk

The Group and the Company are exposed to equity price risk through its investment in the held-for-trading investments and available-for-sale investments. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange and Tokyo Stock Exchange Group, Inc. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective held-for-trading investments had been 10% (2008: 10%) higher/lower, post-tax loss of the Group and the Company for the year would decrease/increase by HK$1,957,000 and HK$1,931,000 (2008: decrease/increase by HK$2,696,000 and HK$2,682,000), respectively, as a result of the changes in fair value of held-for-trading investments.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and polices (continued)

Market risk (continued)

(iii) Other price risk *(continued)*

Sensitivity analysis (continued)

At 31st December, 2009, if the price of the respective available-for-sale listed equity investments had been 10% higher/lower, the investment revaluation reserve of the Group and the Company would increase/decrease by HK$924,000 and HK$113,000, respectively as a result of the changes in fair value of available-for-sale investments. At 31st December, 2008, if the price of the respective available-for-sale listed equity investments had been 10% higher/lower, loss of the Group and the Company for the year would decrease/increase by HK$357,000 and HK$43,000, respectively as a result of the changes in fair value of available-for-sale investments.

Credit risk

As at 31st December, 2009, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group and the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company reviews the recoverable amount of each individual trade debts at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances and deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group and the Company rely on bank loans as a source of liquidity. As at 31st December, 2009, the Group and the Company has available unutilised short-term bank loan facilities of approximately HK$20,015,000 and HK$17,061,000 (2008: HK$18,352,000 and HK$17,051,000), respectively.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and polices (continued)

Liquidity risk (continued)

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

THE GROUP

	Weighted average interest rate	Repayable on demand and less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2009 HK$'000
2009								
Non-derivative								
Trade and other payables		5,112	–	–	–	–	5,112	5,112
Amounts due to directors		1,565	–	–	–	–	1,565	1,565
Amount due to minority shareholders		1,207	–	–	–	–	1,207	1,207
Amounts due to a related company		1,136	–	–	–	–	1,136	1,136
Bank and other loans	2.1%	5,968	216	2,999	4,702	14,204	28,089	24,696
Obligation under a finance lease	5.3%	32	64	289	225	–	610	552
Dividend payable to a minority shareholder		20	–	–	–	–	20	20
		15,040	280	3,288	4,927	14,204	37,739	34,288

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and polices (continued)

Liquidity risk (continued)

Liquidity tables (continued)

THE GROUP

	Weighted average interest rate	Repayable on demand and less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2008 HK$'000
2008								
Non-derivative								
Trade and other payables		3,958	–	–	–	–	3,958	3,958
Amounts due to directors		1,630	–	–	–	–	1,630	1,630
Amount due to a minority shareholders		297	–	–	–	–	297	297
Amounts due to a related company		1,557	–	–	–	–	1,557	1,557
Bank and other loans	1.9%	5,216	196	882	4,702	15,379	26,375	22,712
Obligation under a finance lease	5.5%	45	91	369	611	–	1,116	962
Dividend payable to a minority shareholder		175	–	–	–	–	175	175
Derivative								
Derivative financial instruments (note 2)		1,172	–	–	–	–	1,172	109
		14,050	287	1,251	5,313	15,379	36,280	31,400

The amounts included above for variable rate bank and other loans are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and polices (continued)

Liquidity risk (continued)

Liquidity tables (continued)

THE COMPANY

	Weighted average interest rate	Repayable on demand and less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2009 HK$'000
2009								
Non-derivative								
Other payables		25	–	–	–	–	25	25
Amounts due to directors		1,565	–	–	–	–	1,565	1,565
Amounts due to a related company		1,136	–	–	–	–	1,136	1,136
Amounts due to subsidiaries		18,433	–	–	–	–	18,433	18,433
Other loans	0.79%	5,860	–	–	–	–	5,860	5,856
Financial guarantee contract (note 1)		98	196	882	4,702	14,204	20,082	–
		27,117	196	882	4,702	14,204	47,101	27,015

	Weighted average interest rate	Repayable on demand and less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2008 HK$'000
2008								
Non-derivative								
Other payables		437	–	–	–	–	437	437
Amounts due to directors		1,630	–	–	–	–	1,630	1,630
Amounts due to a related company		1,557	–	–	–	–	1,557	1,557
Amounts due to subsidiaries		18,998	–	–	–	–	18,998	18,998
Other loans	1.1%	5,118	–	–	–	–	5,118	5,113
Obligation under a finance lease	7%	13	27	80	–	–	120	114
Financial guarantee contract (note 1)		98	196	882	4,702	15,379	21,257	–
Derivative								
Derivative financial instruments (note 2)		1,172	–	–	–	–	1,172	109
		29,023	223	962	4,702	15,379	50,289	27,958

Note 1: The undiscounted cash flows on financial guarantee contract have been categorised into time bands based on the earliest date the bank borrowings obtained by a subsidiary is due for repayment in accordance with the loan repayment schedule agreed with banker.

The amounts included above for financial guarantee contract are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Note 2: The undiscounted cash outflows of derivative financial instruments represent the consideration to purchase listed equity securities under the arrangement as explained in note 39.

6. FINANCIAL INSTRUMENTS (continued)

6c. Fair value

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

(i) The fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

(ii) The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(iii) The fair value of derivative financial instruments is based on the valuation provided by the counterparty financial institution.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	THE GROUP Level I 2009 HK$'000	THE COMPANY Level I 2009 HK$'000
Financial assets held for trading	**23,443**	23,123
Available-for-sale investments – listed equity securities	**9,236**	1,130
Total	**32,679**	24,253

7. REVENUE

An analysis of the Group's revenue is as follow:

	2009	2008
	HK$'000	HK$'000
Sales of goods	**14,974**	20,406
Provision of background music and music licensing services	**5,441**	1,417
Property rental income	**622**	897
	21,037	22,720

In 2008, the Group acquired new subsidiaries which are principally engaged in the provision of background music and music licensing services. Details of this acquisition are disclosed in note 46.

8. SEGMENTS INFORMATION

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

Specifically, in prior years, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions (i.e. securities investment and trading, property development and investment, industrial – manufacturing and sales of garment and provision of background music and music licensing services). However, information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment is more specifically focused on the category of different industries. The principal categories of these industries are industrial, entertainment, technology, aviation and other operation. The Group's operating segments under HKFRS 8 are therefore as follows:

1. Industrial – manufacturing and sale of garments
2. Entertainment – provision of background music and music licensing and video on demand services by the subsidiaries and a jointly controlled entity
3. Technology – provision of information technology services by an associate
4. Aviation – provision of aviation maintenance services provided by a jointly controlled entity
5. Other operation – property investment

8. SEGMENTS INFORMATION *(continued)*

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

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

2009

	Industrial HK$'000	Entertainment HK$'000	Technology HK$'000	Aviation HK$'000	Other operation HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment revenue							
External revenue	14,974	5,441	–	–	622	–	21,037
Inter-segment revenue	–	–	–	–	1,440	(1,440)	–
Total	14,974	5,441	–	–	2,062	(1,440)	21,037
Segment result	(108)	(19,809)	(18,078)	1,172	(1,537)	–	(38,360)
Other income							520
Finance costs							(544)
Unallocated expenses							(12,891)
Decrease in fair value of derivative financial instruments							109
Impairment loss on other non-current assets							(481)
Increase in fair value of held-for-trading investments							8,787
Loss on disposal of available-for-sale investments							(465)
Net loss on deemed disposal of an associate							(91)
Share of result of an associate							(37)
Loss before tax							(43,453)

8. SEGMENTS INFORMATION (continued)

Segment revenues and results (continued)

2008

	Industrial HK$'000	Entertainment HK$'000	Technology HK$'000	Aviation HK$'000	Other operation HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment revenue							
External revenue	20,406	1,417	–	–	897	–	22,720
Inter-segment revenue	–	–	–	–	1,080	(1,080)	–
Total	20,406	1,417	–	–	1,977	(1,080)	22,720
Segment result	(1,076)	(25,410)	9,244	(6,458)	(2,009)	–	(25,709)
Other income							1,670
Finance costs							(572)
Unallocated expenses							(9,541)
Impairment loss on available-for-sale investments – listed							(4,328)
Impairment loss on available-for-sale investments – unlisted							(1,486)
Decrease in fair value of held-for-trading investments							(14,898)
Loss on disposal of available-for-sale investments							(10,774)
Increase in fair value of derivative financial instruments							(109)
Impairment loss on other non-current assets							(977)
Loss on dilution of interests in subsidiaries							(2,105)
Share of result of an associate							(166)
Share of result of a jointly controlled entity							(1,504)
Loss before tax							(70,499)

Inter-segment revenue are charged at mutually agreed terms.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the (loss) profit from each segment including items disclosed in other segment information below, but without allocation of central administration costs, selling and distribution costs, directors' emoluments and other income, finance costs, impairment loss/loss on disposal of available-for-sale investments, change in fair value of held-for-trading investments and derivative financial instruments, impairment loss/gain on disposal of other non-current assets and loss on dilution of interests in subsidiaries, net loss on deemed disposal of an associate, share of results of an associate and a jointly controlled entity and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

8. SEGMENTS INFORMATION (continued)

Other segment information

The following other segment information is included in the measure of segment profit or loss:

2009

	Industrial HK$'000	Entertainment HK$'000	Technology HK$'000	Aviation HK$'000	Other operation HK$'000	Unallocated amount HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	921	1,627	–	–	1,189	82	3,819
Impairment loss on goodwill	–	3,800	–	–	–	–	3,800
Increase in fair value of investment properties	–	–	–	–	(360)	–	(360)
Discount on acquisition of additional interest of an associate	–	–	(1,842)	–	–	–	(1,842)
Loss on disposal of property, plant and equipment	–	436	–	–	–	–	436
Interest income	(192)	(3)	–	–	–	–	(195)
Net loss on deemed disposal of an associate	–	–	131	–	–	91	222
Share of results of associates	–	–	19,789	–	–	37	19,826
Share of results of jointly controlled entities	–	1,575	–	(1,172)	–	–	403
Write down of inventories	902	–	–	–	–	–	902

2008

	Industrial HK$'000	Entertainment HK$'000	Technology HK$'000	Aviation HK$'000	Other operation HK$'000	Unallocated amount HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	1,248	103	–	–	713	230	2,294
Impairment loss on goodwill	–	13,200	–	–	–	–	13,200
Impairment loss on interest in a jointly controlled entity	–	–	–	7,509	–	–	7,509
Loss on disposal of property, plant and equipment	28	–	–	–	–	–	28
Decrease in fair value of investment properties	–	–	–	–	535	–	535
Interest income	(665)	(42)	–	–	–	(516)	(1,223)
Net gain on deemed disposal of an associate	–	–	(127)	–	–	–	(127)
Share of results of associates	–	–	(9,117)	–	–	166	(8,951)
Share of results of jointly controlled entities	–	–	–	(1,051)	–	1,504	453

Segment assets and liabilities

As the chief operating decision maker reviews the Group's assets and liabilities for the Group as a whole on a consolidated basis, no assets or liabilities are allocated to the operating segments. Therefore, no analysis of segment assets and liabilities is presented.

8. SEGMENTS INFORMATION (continued)

Revenue from major products

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

	2009 HK$'000	2008 HK$'000
Garments	14,974	20,406
Provision of background music and music licensing services	5,441	1,417
Property rental income	622	897
	21,037	22,720

Geographical information

The Group's revenue from external customers analysed by geographical location of customers and information about its non-current assets (excluding available-for-sale investments and financial instruments) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Hong Kong	6,113	6,244	43,417	56,134
PRC	5,990	2,397	202,831	211,764
Japan	8,934	14,079	–	–
	21,037	22,720	246,248	267,898

Information about major customers

Revenues from two customers of the corresponding years individually contributing over 10% of total revenue of the Group are as follows:

	2009 HK$'000	2008 HK$'000
Customer A (from industrial segment)	4,995	5,200
Customer B (from industrial segment)	9,097	14,079
	14,092	19,279

9. OTHER INCOME

Included in other income are:

	2009 HK$'000	2008 HK$'000
Interest income from banks and financial institution	195	1,125
Interest income from a director	–	98

10. OTHER GAINS AND LOSSES

	2009 HK$'000	2008 HK$'000
Amount due from an associate written off	–	640
(Decrease) increase in fair value of derivative financial instruments	(109)	109
Discount on acquisition of additional interest in an associate	(1,842)	–
Exchange loss, net	65	2,428
Gain on disposal of non-current assets	(127)	–
Impairment loss on available-for-sale investments – listed	–	4,328
Impairment loss on available-for-sale investments – unlisted (Note 26)	–	1,486
Impairment loss on interest in a jointly controlled entity (Note 25)	–	7,509
Impairment loss on goodwill (Note 21)	3,800	13,200
Impairment loss on other non-current assets (Note 27)	481	977
(Gain) loss on held-for-trading investments	(8,787)	14,898
(Increase) decrease in fair value of investment properties (Note 18)	(360)	535
Loss on dilution of interests in subsidiaries	–	2,105
Loss on disposal of available-for-sale investments	465	10,774
Loss on disposal of property, plant and equipment	436	28
Net loss (gain) on deemed disposal of an associate (Note 24)	222	(127)
Write down of inventories	902	–
	(4,854)	58,890

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the twelve (2008: twelve) directors is as follows:

2009

		Other emoluments		
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits schemes contributions HK$'000	Total emoluments HK$'000
Deacon Te Ken Chiu, *J.P.*	15	–	–	15
Mr. Duncan Chiu	15	540	12	567
Mr. Dennis Chiu	15	–	–	15
Tan Sri Dato' David Chiu	15	–	–	15
Mr. Daniel Tat Jung Chiu	15	–	–	15
Mr. Derek Chiu	15	–	–	15
Mr. Desmond Chiu	15	414	12	441
Ms. Margaret Chiu	15	–	–	15
Dr. Lee G Lam	120	–	–	120
Mr. Hing Wah Yim (Deceased on 14th July, 2009)	43	–	–	43
Mr. Eugene Yun Hang Wang	120	–	–	120
Mr. Fan Chun Wah, Andrew	27	–	–	27
	430	954	24	1,408

In addition to the above, the rateable value of the property provided to Mr. Duncan Chiu as director's quarter during the year is HK$912,000 (2008: HK$1,080,000).

11. DIRECTORS' EMOLUMENTS (continued)

2008

		Other emoluments		
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits schemes contributions HK$'000	Total emoluments HK$'000
Deacon Te Ken Chiu, *J.P.*	15	–	–	15
Mr. Duncan Chiu	15	578	12	605
Mr. Dennis Chiu	15	–	–	15
Tan Sri Dato' David Chiu	15	–	–	15
Mr. Daniel Tat Jung Chiu	15	–	–	15
Mr. Derek Chiu	15	–	–	15
Mr. Desmond Chiu	15	454	12	481
Ms. Margaret Chiu	15	–	–	15
Ms. Min Tang	50	–	–	50
Dr. Lee G Lam	120	–	–	120
Mr. Hing Wah Yim (Deceased on 14th July, 2009)	80	–	–	80
Mr. Eugene Yun Hang Wang	120	–	–	120
	490	1,032	24	1,546

There was no arrangement under which a director waived or agreed to waive any remuneration and no payment of inducement fees and compensation for loss of office as director during the current year and previous year.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2008: one) is executive director and one (2008: one) is non-executive director whose emoluments are included in note 11 above. The emoluments of the remaining three (2008: three) individuals within the band of HK$nil to HK$1,000,000 are as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**899**	962
Retirement benefits schemes contributions	**36**	36
	935	998

13. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Interests on:		
Bank loans		
– wholly repayable within five years	**125**	112
– not wholly repayable within five years	**276**	349
Other loans wholly repayable within five years	**45**	78
Obligations under finance leases	**98**	33
	544	572

14. LOSS BEFORE TAX

	2009	2008
	HK$'000	HK$'000
Loss before tax has been arrived at after charging:		
Amortisation of prepaid lease payments	**659**	656
Auditor's remuneration		
– current year	**1,250**	1,206
– underprovision in prior year	**400**	346
Cost of inventories recognised as expense	**12,312**	18,717
Royalty payment for background music and music licensing services (included in cost of sales)	**5,256**	5,343
Depreciation	**3,819**	2,294
Directors' remuneration and other staff costs, including retirement benefits schemes contributions of approximately HK$2,427,000 (2008: HK$1,264,000)	**13,951**	12,430
Operating lease in respect of rented premise	**1,553**	258
Share of tax of associates (included in share of results of associates)	**2,100**	1,341
and after crediting:		
Rental income from investment properties, less outgoings of HK$13,000 (2008: HK$16,000)	**622**	897

15. INCOME TAX EXPENSE (CREDIT)

	2009 HK$'000	2008 HK$'000
The income tax expense (credit) comprises:		
PRC Enterprise Income Tax:		
Current year	**281**	22
Underprovision in prior years	**59**	–
	340	22
Deferred taxation (Note 45)	**(232)**	(91)
	108	(69)

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both years.

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25% from 1st January, 2008 onwards.

15. INCOME TAX EXPENSE (CREDIT) (continued)

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

	2009 HK$'000	2008 HK$'000
Loss before tax	(43,453)	(70,499)
Tax at the domestic income tax rate of 16.5%	(7,170)	(11,632)
Tax effect of expenses not deductible for tax purpose	2,573	5,210
Tax effect of income not taxable for tax purpose	(1,716)	(383)
Tax effect of tax losses not recognised	3,032	8,113
Tax effect of different tax rates of subsidiaries operating in the PRC	6	7
Tax effect of share of results of associates	3,271	(1,477)
Tax effect of share of results of jointly controlled entities	66	75
Underprovision in respect of prior years	59	–
Others	(13)	18
Tax charge (credit) for the year	108	(69)

16. DIVIDEND

	2009 HK$'000	2008 HK$'000
Dividend recognised as distribution during the year:		
2007 final dividend – HK2 cents per share	–	3,028

17. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2009 **HK$'000**	2008 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(38,700)**	(66,244)

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**302,837,886**	214,369,788

The weighted average numbers of ordinary shares for the year ended 31st December, 2008 for the purposes of basic and diluted loss per share have been adjusted for the bonus issue on 10th June, 2008.

No diluted loss per share has been presented for both years as the effect arising from share options would result in a decrease in loss per share.

No adjustment has been made for the potential ordinary shares of associate as the effect in both 2009 and 2008 are anti-dilutive.

18. INVESTMENT PROPERTIES

	THE GROUP HK$'000	THE COMPANY HK$'000
FAIR VALUE		
At 1st January, 2008	**24,230**	5,180
Net (decrease) increase in fair value recognised in profit and loss	**(535)**	465
At 31st December, 2008	**23,695**	5,645
Net increase in fair value recognised in profit and loss	**360**	–
Disposals	**(9,210)**	–
At 31st December, 2009	**14,845**	5,645

The carrying value of investment properties shown above are situated on:

	THE GROUP		**THE COMPANY**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Land in Hong Kong				
Medium-term lease	**9,345**	18,695	**5,645**	5,645
Land and buildings in Macau				
Medium-term lease	**5,500**	5,000	**–**	–
	14,845	23,695	**5,645**	5,645

All of the Group's and the Company's investment properties including both land and building elements are situated in Hong Kong and Macau held under medium-term leases.

The fair value of the Group's investment properties at 31st December, 2009 and 2008 have been arrived at on the basis of a valuation carried out by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations of HK$Nil (2008: HK$10,500,000) and HK$14,845,000 (2008: HK$13,195,000) were arrived at by considering the capitalised income to be derived from properties and by reference to market evidence of recent transaction prices for similar properties, respectively.

The investment properties of the Group and the Company includes an amount of HK$5,645,000 (2008: HK$5,645,000), the title of which has not been transferred to the Group and the Company and are still registered in the name of the vendor companies which are controlled by certain directors as trustee for the Company.

19. PROPERTY, PLANT AND EQUIPMENT

	Building in Hong Kong held under medium term lease	Building in PRC held under medium term lease	Leasehold improvements	Lifts, electrical and office equipment	Trams, coaches and motor vehicles	Service equipments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP							
COST							
At 1st January, 2008	4,039	11,268	1,993	28,971	1,532	–	47,803
Acquired on acquisition of subsidiaries (note 46)	–	–	–	453	–	251	704
Currency realignment	–	705	–	1,762	41	10	2,518
Additions	–	–	–	168	1,531	4,413	6,112
Disposal	–	–	–	(47)	(227)	–	(274)
At 31st December, 2008	4,039	11,973	1,993	31,307	2,877	4,674	56,863
Currency realignment	–	7	–	19	–	3	29
Additions	–	–	393	310	–	7,221	7,924
Disposal	–	–	–	(20)	–	(756)	(776)
At 31st December, 2009	4,039	11,980	2,386	31,616	2,877	11,142	64,040
DEPRECIATION							
At 1st January, 2008	94	4,294	276	26,097	1,126	–	31,887
Currency realignment	–	284	–	1,631	36	1	1,952
Provided for the year	94	522	398	905	346	29	2,294
Eliminated on disposal	–	–	–	(20)	(205)	–	(225)
At 31st December, 2008	188	5,100	674	28,613	1,303	30	35,908
Currency realignment	–	3	–	17	–	–	20
Provided for the year	94	538	393	611	665	1,518	3,819
Eliminated on disposal	–	–	–	(5)	–	–	(5)
At 31st December, 2009	282	5,641	1,067	29,236	1,968	1,548	39,742
CARRYING VALUES							
At 31st December, 2009	3,757	6,339	1,319	2,380	909	9,594	24,298
At 31st December, 2008	3,851	6,873	1,319	2,694	1,574	4,644	20,955

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
THE COMPANY				
COST				
At 1st January, 2008	272	178	577	1,027
Additions	–	67	–	67
At 31st December, 2008	272	245	577	1,094
Additions	378	85	–	463
At 31st December, 2009	650	330	577	1,557
DEPRECIATION				
At 1st January, 2008	190	175	433	798
Provided for the year	54	32	144	230
At 31st December, 2008	244	207	577	1,028
Provided for the year	48	34	–	82
At 31st December, 2009	292	241	577	1,110
CARRYING VALUES				
At 31st December, 2009	358	89	–	447
At 31st December, 2008	28	38	–	66

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Building in Hong Kong and PRC	over the shorter of the lease term of land and estimated useful life of 50 years
Leasehold improvements	10%
Lifts, electrical and office equipment	10% – 20%
Trams, coaches and motor vehicles	20% – 30%
Service equipments	33.33%

The carrying value of motor vehicles of the Group includes an amount of HK$861,000 (2008: HK$1,435,000) in respect of assets held under finance leases.

20. PREPAID LEASE PAYMENTS

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
The prepaid lease payments comprise the following leasehold land held under medium term leases:		
Land in Hong Kong	**22,521**	23,084
Land in the PRC	**1,094**	1,189
	23,615	24,273
Analysed for reporting purposes as:		
Current	**596**	598
Non-current	**23,019**	23,675
	23,615	24,273

21. GOODWILL

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
COST		
At 1st January	**40,326**	–
Arising on acquisition of subsidiaries (Note 46)	**–**	40,326
Adjustment in respect of contingent consideration (Note 46)	**7,600**	–
At 31st December	**47,926**	40,326
IMPAIRMENT		
At 1st January	**13,200**	–
Impairment loss recognised in the year	**3,800**	13,200
At 31st December	**17,000**	13,200
CARRYING VALUES		
At 31st December	**30,926**	27,126

During the year ended 31st December, 2009, adjustment in respect of contingent consideration for acquisition of subsidiaries amounting to HK$7,600,000 has been recognised as additional goodwill and an impairment loss of HK$3,800,000 has been recognised in profit and loss.

22. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill has been allocated to individual CGU relating to the subsidiary in Entertainment segment.

The basis of the recoverable amount of the CGU and their major underlying assumptions are summarised below:

At 31st December, 2009, the recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 10%. The cash flows of the CGU beyond the five-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted services revenue, such estimation is based on the unit's past performance and management's expectation for the market development. At 31st December, 2009, the aggregate carrying amount of this unit exceeded the recoverable amount by HK$3,800,000 and accordingly, an impairment loss of HK$3,800,000 has been made to profit or loss.

At 31st December, 2008, the recoverable amount of the CGU had been determined on the basis of fair value less cost to sell, which was determined based on the price of the CGU's shares agreed in a recent arm's length transaction involving the shares of this CGU. The recent transaction related to a transaction completed in December 2008, whereby an independent third party signed a subscription and shareholders' agreement with the Group to subscribe for 9.9% equity interest in the CGU. In the opinion of the directors, the amount obtained from the sale at an arm's length transaction between knowledgeable, willing parties was representative of the fair value of the CGU. In this regard, the directors considered the fair value of the CGU to be the recoverable amount.

23. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**18,628**	18,515
Less: Impairment loss recognised	**(13,575)**	(13,528)
	5,053	4,987

The impairment loss is estimated by the directors based on the expected future cash flows generated from the Company's investment in these subsidiaries.

Particulars of the subsidiaries of the Company at 31st December, 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued share capital/ registered capital	Proportion of ownership interest held by the Company Direct 2009	Direct 2008	Indirect 2009	Indirect 2008	Principal activities
Beijing Golden Music Resources Management Technology Co. Ltd. ("Beijing Golden Music")	PRC/PRC*	RMB30,000,000 paid up capital/ RMB36,000,000 registered capital	**–**	–	**67%**	65%	Provision of background music and music licensing services
Brentford Investments Inc.	Republic of Liberia/ Hong Kong	US$200 Ordinary shares	**100%**	100%	**–**	–	Securities investment
Cathay Motion Picture Studios Limited	Hong Kong/ Hong Kong	HK$3,000,000 Ordinary shares	**100%**	100%	**–**	–	Property investment
China Entertainment (Jiangsu) Development Ltd.	Hong Kong/ Hong Kong	HK$2 Ordinary shares	**100%**	100%	**–**	–	Investment holding
Epoch Sino Investments Limited	British Virgin Islands/ Hong Kong	US$10 Ordinary shares	**100%**	100%	**–**	–	Investment holding
Far East Art and Cultural Corporation Limited	Hong Kong/ Hong Kong	HK$2 Ordinary shares	**100%**	100%	**–**	–	Property investment

23. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued share capital/ registered capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2009	2008	2009	2008	
Far East Capital Management Company Limited	Hong Kong/ Hong Kong	HK$1 Ordinary share	100%	100%	–	–	Investment holding
Far East Holdings China Limited	Hong Kong/ Hong Kong	HK$2 Ordinary shares	100%	100%	–	–	Investment holding
Far East Technology International Limited	Hong Kong/ Hong Kong	HK$10,000 Ordinary shares	–	–	100%	100%	Inactive
Far East Holdings (Jiangsu) Limited	Hong Kong/ Hong Kong	HK$10,000 Ordinary shares	–	–	100%	100%	Investment holding
Golden Music International Limited ("Golden Music International") (formerly known as Wealth Trend Investment Limited)	Hong Kong/ Hong Kong	HK$32,850,461 Ordinary share	–	–	70%	68%	Investment holding
Golden Star Investment Limited	Hong Kong/ Hong Kong	HK$1 Ordinary share	100%	100%	–	–	Investment holding
Jiangsu Bang Bang Silky Fashion Manufacturer Co., Ltd.	PRC/PRC*	US$3,940,000 Paid up registered capital	–	–	51%	51%	Manufacturing and sales of garment products
Jubilee Star Limited	Hong Kong/ Hong Kong	HK$1 Ordinary share	–	–	100%	100%	Investment holding
Kwong Ming Amusement Company, Limited	Hong Kong/ Hong Kong	HK$1,000 Ordinary shares HK$448,000 Deferred shares	100%	100%	–	–	Inactive
Marvel Star Group Limited	British Virgin Islands/ Hong Kong	US$1 Ordinary share	100%	100%	–	–	Investment holding

23. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued share capital/ registered capital	Proportion of ownership interest held by the Company Direct 2009	Direct 2008	Indirect 2009	Indirect 2008	Principal activities
Panlong Investments (Holdings) Company Limited	Hong Kong/ Hong Kong	HK$1 Ordinary share	**–**	–	**51%**	51%	Investment holding
Panlong Asset Management Company Limited#	Hong Kong/ Hong Kong	HK$1 Ordinary share	**–**	–	**51%**	51%	Inactive
Panlong Far East Auction Company Limited#	Hong Kong/ Hong Kong	HK$1 Ordinary share	**–**	–	**51%**	51%	Inactive
Peterfame Company Limited	Hong Kong/ Hong Kong	HK$10,000 Ordinary shares	**100%**	100%	**–**	–	Property investment
Power Profit Far East Limited	Hong Kong/ Hong Kong	HK$1 Ordinary share	**100%**	100%	**–**	–	Investment holding
River Joy Limited	Hong Kong/ Hong Kong	HK$1 Ordinary share	**100%**	100%	**–**	–	Property investment
Skydynamic Holding Limited	British Virgin Islands/ Hong Kong	US$1 Ordinary share	**100%**	100%	**–**	–	Property investment

* Sino-foreign equity joint venture
\# Deregistered in 2010

None of the subsidiaries had issued any debt securities at the end of the year.

24. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cost of investment in associates				
Listed in Hong Kong	**18,865**	16,357	**18,865**	16,357
Unlisted in Hong Kong	**342**	247	**–**	247
Share of post-acquisition reserves, net of dividends received	**90,486**	108,556	**–**	–
	109,693	125,160	**18,865**	16,604
Market value of listed associate	**126,481**	77,877	**126,481**	77,877

Particulars of associates of the Group at 31st December, 2009 and 2008 are as follows:

Name of associate	Place of incorporation/ operation	Proportion of nominal value of issued ordinary share capital held by the Group 2009	2008	Principal activity
Chinasoft International Limited ("Chinasoft")*	Cayman Islands/ PRC	**13.74%**	13.33%	Provision of information technology services
Vigor Capital Limited ("Vigor")	Hong Kong/ Hong Kong	**20.24%**	19.84%	Inactive

* Listed in the Main Board of the Stock Exchange.

Chinasoft

In April 2008, Chinasoft allotted and issued 8,790,313 new shares to the shareholders of Japan Powerise Co., Ltd. ("Japan Powerise") at a price of HK$1.26 per share for the acquisition of 100% equity interest of Japan Powerise. The issuance of shares resulted in a gain on deemed disposal of HK$446,000.

During the year ended 31st December, 2009, Chinasoft has issued a total of 4,070,000 (2008: 8,650,000) new shares to share option holders on exercise of their rights under the share options. Accordingly, the Group's shareholding in Chinasoft was diluted and resulted in a loss on deemed disposal of HK$131,000 (2008: HK$319,000). In addition, the Group acquired 4,720,000 (2008: 3,850,000) shares of Chinasoft at a consideration of approximately HK$2,508,000 (2008: HK$3,687,000) resulting in discount on acquisition of additional interest of HK$1,842,000.

24. INTERESTS IN ASSOCIATES (continued)

Chinasoft (continued)

As a result of the acquisition of shares by the Group and issuance of new shares by Chinasoft to share option holders, the Group's shareholding in Chinasoft as at 31st December, 2009 is increased to 13.74% (2008: 13.33%).

The directors of the Group believe that the Group is able to exert significant influence over Chinasoft as the Group has nominated Mr. Duncan Chiu as a director of Chinasoft who also participates in the financial and operating decisions of Chinasoft.

During the year ended 31st December, 2008, Chinasoft received letters from lawyers acting for certain selling shareholders of Hinge Global Resource Inc. ("HGR") who sold their shares ("Selling Shareholders") to Chinasoft in 2007. The legal letters related to contingent purchase consideration as set out in the share sale and purchase agreement ("SPA") in connection with the acquisition of HGR in 2007. Under the SPA, the Selling Shareholders would be entitled to a payment of the contingent purchase consideration if the audited net profit of HGR for the year ended 31st December, 2007 was above a certain amount as set out in the SPA. The total final consideration for the acquisition of HGR may not be more than US$55 million of which US$45.04 million was paid in 2007. In the opinion of the directors of Chinasoft, the net profit of HGR for the year ended 31st December, 2007 was lower than the amount set out in the SPA and accordingly, no additional consideration would be payable by Chinasoft. Accordingly, the consolidated financial statements of Chinasoft for the years ended 31st December, 2007 and 31st December, 2008 did not include any adjustments in respect of the contingent purchase consideration.

As announced by the Chinasoft on 29th March, 2010, Chinasoft, HGR and 99.63% of the Selling Shareholders confirmed and agreed that the net profit of HGR for the year ended 31st December, 2007 shall be deemed less than US$3.16 million and the earn-out payment shall not be payable. As a result, the directors of the Chinasoft do not believe that the ultimate resolution of this matter will have a material adverse effect on the consolidated financial statements of Chinasoft and accordingly, no adjustment in respect of the contingent purchase consideration is required by Chinasoft as at the end of 2009.

Vigor

In 2009, Vigor allotted and issued 445,000 new shares to its shareholders at a price of HK$1 per share. During this share allotment, the Group subscribed for additional 95,000 (2008: 95,000) shares in Vigor at a consideration of HK$95,000 (2008: HK$95,000), resulting in an increase of the Group's shareholding in Vigor from 19.84% to 20.24%.

The directors of the Group believe that the Group is able to exert significant influence over Vigor as the Group has nominated Mr. Duncan Chiu as a director of Vigor who also participates in the financial and operating decisions of Vigor.

24. INTERESTS IN ASSOCIATES (continued)

The summarised financial information in respect of the Group's associates is set out below:

	2009 HK$'000	2008 HK$'000
Total assets	**1,612,850**	1,597,812
Total liabilities	**(786,648)**	(608,171)
Net assets	**826,202**	989,641
Group's share of net assets of associates	**109,693**	125,160
Revenue	**1,256,207**	1,085,195
(Loss) profit for the year	**(144,322)**	78,311
Other comprehensive income for the year	**(629)**	(129)
Group's share of (loss) profit and other comprehensive income of associates for the year	**(19,690)**	18,562

The associate's loss for the year ended 31st December, 2009 included an impairment loss on goodwill and loss arising from changes in fair value of redeemable convertible preferred shares amounting to approximately HK$91,800,000 (2008: HK$19,700,000) and HK$54,300,000 (2008: gain of HK$61,800,000) respectively.

25. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Unlisted investments in jointly controlled entities, at cost less impairment	**38,846**	37,096
Share of post-acquisition loss	**(856)**	(453)
	37,990	36,643

At 31st December, 2009 and 2008, the Group had interests in the following jointly controlled entities:

Name of entity	Forms of entity	Place of establishment/ operation	Proportion of nominal value of registered capital/ held by the Group 2009	2008	Principal activity
Beijing Kailan Aviation Technology Co., Ltd. ("Beijing Kailan") (Note 1)	Incorporated	PRC	**20.02%**	20.02%	Provision of aviation maintenance services
Orbit-Media Limited (Note 2)	Incorporated	Hong Kong	**20.75%**	–	Provision of video on demand technology licensing services
北京金瑞高華科技有限公司 (Note 3)#	Incorporated	PRC	**–**	45%	Provision of internet technology services

Note 1: In November, 2008, the Group acquired 20.02% interest in Beijing Kailan. Under a joint venture agreement, all operating and financial decisions have to be jointly approved by the Group and the joint venture partner.

Note 2: In December, 2009, the Group acquired 20.75% interest in Orbit-Media Limited. Under the shareholder agreement, all operating and financial decisions have to be jointly approved by the Group and the joint venture partners.

Note 3: In May 2008, the Group established北京金瑞高華科技有限公司in which the Group held 45% equity interest. Under the Memorandum and Articles of Association, all operating and financial decisions have to be jointly approved by the Group and the joint venture partners.

Disposed of in June 2009.

25. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

Included in the cost of unlisted investments in jointly controlled entities is goodwill of HK$7,509,000 (2008: HK$7,509,000) arising on acquisition of Beijing Kailan. The movements of goodwill is set out below:

	HK$'000
COST	
At 1st January, 2008	–
Arising on acquisition of a jointly controlled entity	7,509
At 31st December, 2008 and 2009	7,509
IMPAIRMENT	
At 1st January, 2008	–
Impairment loss recognised	7,509
At 31st December, 2008 and 2009	7,509
CARRYING VALUES	
At 31st December, 2009	–
At 31st December, 2008	–

At 31st December, 2009, the directors of the Company assessed the entire carrying amount of the interests in jointly controlled entities and consider the carrying amount is recoverable.

At 31st December, 2008, due to the general slowdown in the global economy brought by the financial tsunami, the unstable economic environment imposed a negative impact on the airlines industry which in turn affected the business of Beijing Kailan. The Group assessed the recoverable amount of the entire carrying amount of the interests in jointly controlled entities.

The recoverable amount had been determined on the basis of value in use calculation. The calculation used cash flow forecasts derived from the most recent financial budgets and forecast over the five-year period, approved by the management of the jointly controlled entities using a discount rate of 6% and growth rate of 8%. The directors reviewed the anticipated profitability and the anticipated future operating cash flows of Beijing Kailan. The directors of the Company identified an impairment loss of HK$7,509,000 for the year ended 31st December, 2008 and such amount was charged to the consolidated statement of comprehensive income.

25. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

The summarised financial information in respect of the Group's interests in jointly controlled entities which are accounted for using the equity method is set out below:

	2009 **HK$'000**	2008 HK$'000
Current assets	**28,699**	25,349
Non-current assets	**30,521**	39,266
Current liabilities	**(14,324)**	(19,346)
Non-current liabilities	**(6,906)**	(8,626)
Income	**(17,431)**	(2,327)
Expenses	**17,028**	2,780

26. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		**THE COMPANY**	
	2009 **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Equity securities listed in Hong Kong, at fair value	**9,236**	3,568	**1,130**	427
Unlisted equity securities in Hong Kong	**18,300**	19,786	**–**	–
Less: Impairment loss recognised during the year	**–**	(1,486)	**–**	–
	18,300	18,300	**–**	–
	27,536	21,868	**1,130**	427

The above unlisted investment represents investment in unlisted equity securities issued by an unlisted entities incorporated in the Hong Kong which operate in the money lending industry and the provision of internet technology services. These investments are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

During the year ended 31st December, 2009, the Group disposed of certain unlisted equity securities with carrying amount of nil to an independent third party at HK$1.

26. AVAILABLE-FOR-SALE INVESTMENTS (continued)

The impairment loss of the unlisted equity securities was estimated by the directors based on the expected future cash flows to be derived from the investments in unlisted equity securities.

At 31st December, 2009, an increase in fair value of certain listed investments amounting to HK$5,622,000 is recognised in other comprehensive income and accumulated in investment revaluation reserve. At 31st December, 2008, a significant decline in fair value of certain listed equity investments below cost of HK$4,328,000 was charged to profit or loss.

27. OTHER NON-CURRENT ASSETS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Paintings and other display items, at cost	**6,888**	7,103	**6,888**	7,103
Less: Impairment loss recognised	**(1,458)**	(977)	**(1,458)**	(977)
Add: Release of impairment upon disposal	**47**	–	**47**	–
	5,477	6,126	**5,477**	6,126
Advance payment for purchase of property, plant and equipment	**–**	4,518	**–**	–
	5,477	10,644	**5,477**	6,126

The impairment loss is estimated by the directors based on market evidence of recent transaction prices on similar paintings.

28. AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

The amount due from a jointly controlled entity is unsecured and repayable in December 2011. The amount is interest-free for a period of eighteen months from the date of advance and charging at 4% per annum thereafter.

29. HELD-FOR-TRADING INVESTMENTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities:				
Hong Kong	**6,864**	17,994	**6,544**	17,824
Overseas	**16,579**	14,297	**16,579**	14,297
	23,443	32,291	**23,123**	32,121

The fair values of held-for-trading investments have been determined by reference to the quoted market bid prices available on the relevant exchanges.

30. INVENTORIES

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Raw materials	**1,180**	1,541
Work in progress	**1,570**	1,507
Finished goods	**863**	1,208
	3,613	4,256

31. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 30 days to its trade customers. Rentals receivable from tenants are payable on receipt of invoices. The following is an aged analysis of trade receivables:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Current:		
0 – 30 days	**77**	246
Past due:		
31 – 60 days	**714**	430
61 – 90 days	**401**	113
Over 90 days	**77**	126
Total trade receivables	**1,269**	915
Other receivables	**2,627**	1,610
	3,896	2,525

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$1,192,000 (2008: HK$669,000) which are past due at the reporting date for which the Group has not provided for impairment loss as the Group considered that the default risk is low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group does not hold any collateral over these balances. Trade receivables which are neither overdue nor impaired are in good quality with reference to past payment history. The average age of these receivable is 86 days (2008: 97 days).

32. AMOUNTS DUE FROM/TO MINORITY SHAREHOLDERS

The amounts are unsecured, interest-free and repayable on demand.

The amount due from a minority shareholder is trade in nature and the Group has a policy of allowing a credit period of 30 days to the minority shareholder. The aged analysis of the receivable is as follows:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Current:		
0 – 30 days	**913**	1,142
Past due:		
31 – 60 days	**193**	576
61 – 90 days	**795**	587
Over 90 days	**2,687**	752
	4,588	3,057

Included in the amount due from the minority shareholder is a trade balance of HK$3,675,000 (2008: HK$1,915,000) which is past due at the reporting date for which the Group has not provided for impairment loss as the Group considered that the default risk is low after assessing the past payment history of the minority shareholder and settlement after the end of the reporting period. The Group does not hold any collateral over this balance. No allowance for doubtful debts are provided and any uncollectible debts are written off directly. The amount due from the minority shareholder which is neither overdue nor impaired is in good quality with reference to past payment history.

33. AMOUNTS DUE FROM/TO RELATED COMPANIES

The amount due from a related company is unsecured, interest-free and has no fixed repayment terms. The management expects to realise the amount in the next twelve months from the end of the reporting period.

The amounts due to related companies are unsecured, interest-free and repayable on demand.

The related companies are companies in which certain directors of the Company have beneficial interest.

34. DEPOSITS HELD AT FINANCIAL INSTITUTIONS/BANK BALANCES AND CASH

Bank balances and deposits held at financial institutions carry interest at market rates which range from 0.001% to 1.550% (2008: 0.150% to 4.850%) per annum.

35. PLEDGED BANK DEPOSITS

Bank balances are pledged to a bank for granting general banking facilities and short term bank loan to a subsidiary of the Company.

36. TRADE AND OTHER PAYABLES

The following is an aged analysis of accounts payables presented based on the invoice date at the end of the reporting period.

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
0 – 30 days	**2,055**	5
31 – 60 days	**–**	12
61 – 90 days	**8**	2
Over 90 days	**51**	39
Total trade payables	**2,114**	58
Other payables	**13,190**	10,372
	15,304	10,430

37. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest-free and repayable on demand.

38. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from subsidiaries are unsecured and interest bearing at 2.15% (2008: 2.40%) per annum. The Company has agreed that the amounts will not be demanded for repayment within the next twelve months. Accordingly, the amounts are shown as non-current.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

39. DERIVATIVE FINANCIAL INSTRUMENTS

The comparative amount represented the fair value of forward accumulator contract with notional amount of HK$15,233,000. Based on the agreement, the Group had an obligation to purchase a listed equity security monthly at a predetermined price. The counterparty financial institution could terminate the contract when the market prices of the underlying equity security was higher than a knock-out price set by both parties. During the year, the Group took delivery of the listed equity securities as required on maturity date by cash settlement, which was determined based on the market value of the underlying securities and the quantity of securities obligated to purchase and resulted in a loss of HK$262,000. There are no derivative financial instruments at the end of the reporting period.

40. BANK AND OTHER LOANS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Secured				
Bank loans	**18,840**	17,599	**–**	–
Other loans	**5,856**	5,113	**5,856**	5,113
	24,696	22,712	**5,856**	5,113
Carrying amount repayable:				
Within one year	**8,724**	5,918	**5,856**	5,113
More than one year but not exceeding two years	**840**	822	**–**	–
More than two years but not exceeding five years	**2,631**	2,575	**–**	–
More than five years	**12,501**	13,397	**–**	–
	24,696	22,712	**5,856**	5,113
Less: Amounts due within one year shown under current liabilities	**(8,724)**	(5,918)	**(5,856)**	(5,113)
	15,972	16,794	**–**	–

Bank loans, which is denominated in Hong Kong dollars, bear variable interest rate at 3.1% (2008: 3.1%) below Hong Kong Prime Lending Rate per annum. The bank loans are secured by a leasehold land and building in Hong Kong. The effective interest rate of the bank loans is 2.15% for both years.

The other loans, which is denominated in Yen, currencies other than the functional currencies of the relevant group entities, bear floating interest rates at 0.79% (2008: 1.105%) per annum.

41. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
Amounts payable under finance lease:				
Within one year	**386**	506	**336**	410
In more than one year but not more than two years	**225**	610	**216**	552
	611	1,116	**552**	962
Less: Future finance charges	**(59)**	(154)	**–**	–
Present value of lease obligations	**552**	962	**552**	962
Less: Amount due within one year shown under current liabilities			**(336)**	(410)
Amount due after one year			**216**	552

Obligation under a finance lease are secured by motor vehicles. The terms of the lease range from two years to three years (2008: three years to four years). Interest rates are fixed at 5.25% per annum (2008: 5.25% or 7.00% per annum). No arrangements have been entered into for contingent rental payment.

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE COMPANY				
Amounts payable under finance lease:				
Within one year	**–**	120	**–**	114
In more than one year but not more than two years	**–**	–	**–**	–
	–	120	**–**	114
Less: Future finance charges	**–**	(6)	**–**	–
Present value of lease obligations	**–**	114	**–**	114
Less: Amount due within one year shown under current liabilities			**–**	(114)
Amount due after one year			**–**	–

As 31st December, 2008, the obligation under a finance lease was secured by the motor vehicle. The term of the lease was four years. Interest rate was fixed at 7% per annum. No arrangements had been entered into for contingent rental payments.

42. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2009	2008	**2009**	2008
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each:				
Authorised:				
At beginning and end of year	**70,000,000,000**	70,000,000,000	**700,000**	700,000
Issued and fully paid:				
At beginning of year	**302,837,886**	130,450,595	**3,028**	1,304
Exercise of share options	**–**	968,348	**–**	10
Shares issued in consideration for the acquisition of subsidiaries	**–**	20,000,000	**–**	200
Issue of bonus shares	**–**	151,418,943	**–**	1,514
At end of year	**302,837,886**	302,837,886	**3,028**	3,028

Notes:

(a) In 2008, 968,348 ordinary shares of HK$0.01 each were issued to the Company's employees pursuant to the exercise of share options granted to the employees.

(b) Pursuant to an ordinary resolution dated 30th May, 2008, the Company issued 151,418,943 ordinary shares of HK$ 0.01 each by way of a bonus issue through capitalisation from the share premium account on the basis of one bonus share for every issued ordinary share.

(c) Pursuant to an ordinary resolution dated 12th February, 2008, the Company issued 20,000,000 ordinary shares of HK$0.01 each as part of the consideration to acquire an equity interest in Golden Music International. The Company delivered 10,000,000 of these issued shares to the vendor upon completion of the acquisition and delivered the remaining 10,000,000 shares, together with an additional 10,000,000 of bonus shares, to the vendor in February 2009 upon satisfaction of the conditions under the warranties in the sale and purchase agreement.

The new ordinary shares rank pari passu with the existing shares in all respect.

43. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23rd May, 2005 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 20th July, 2015. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31st December, 2009, the number of shares to be issued in respect of which options had been granted and remained outstanding under the Scheme is 2,300,000 (2008: 2,300,000) shares. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK$1.00 per option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 21st April, 2006, 5,100,000 share options were granted at an initial exercise price of HK$1.34, 50% of 5,100,000 share options were immediately vested upon grant with exercisable period from 23rd May, 2006 to 22nd May, 2016 and the remaining 50% of 5,100,000 share options were vested one year from date of grant with exercisable period from 23rd May, 2007 to 22nd May, 2017 respectively. Pursuant to the bonus issue in 2006, the exercise price and number of share options granted were adjusted accordingly from HK$1.34 to HK$1.2182 and from 5,100,000 to 5,610,000 respectively. Furthermore, pursuant to the bonus issue in 2008, the exercise price and the remaining number of the share options granted were further adjusted from HK$1.2182 to HK$0.6091 and from 1,150,000 to 2,300,000, respectively.

Pursuant to the bonus share in 2006, the exercise price for option granted on 21st July, 2005 was adjusted from HK$1.35 to HK$1.153.

No share option was granted during the year.

43. SHARE OPTION SCHEME (continued)

Details of the share options outstanding at 31st December, 2009 as follows:

				Number of Share Options			
Capacity of grantee	Grant date	Adjusted exercise price HK$	Exercisable period (both days inclusive)	Balance at 1.1.2009	Granted during the year	Exercised during the year	Balance at 31.12.2009
Employees	21/4/2006	0.6091	23rd May, 2006 to 22nd May, 2016	660,000	–	–	660,000
	21/4/2006	0.6091	23rd May, 2007 to 22nd May, 2017	1,640,000	–	–	1,640,000
				2,300,000	–	–	2,300,000

Details of the share options outstanding at 31st December, 2008 as follows:

				Number of Share Options					
Capacity of grantee	Grant date	Adjusted exercise price HK$	Exercisable period (both days inclusive)	Balance at 1.1.2008	Granted during the year	Exercised during the year	Balance before bonus issue	Adjustment for bonus issue	Balance at 31.12.2008
Employees	21/7/2005	1.153	21st July, 2005 to 20th July, 2015	468,348	–	(468,348)	–	–	–
	21/4/2006	0.6091	23rd May, 2006 to 22nd May, 2016	825,000	–	(495,000)	330,000	330,000	660,000
	21/4/2006	0.6091	23rd May, 2007 to 22nd May, 2017	825,000	–	(5,000)	820,000	820,000	1,640,000
				2,118,348	–	(968,348)	1,150,000	1,150,000	2,300,000

The weighted average exercise price and share price at the date of exercise of the share options for the year ended 31st December, 2008 was HK$1.19 and HK$3.50 respectively.

The estimated fair values of the options granted on 21st April, 2006 vested in 2006 and 2007 are HK$0.4964 and HK$0.5613 respectively. The market price of the shares at the date of grant was HK$1.34. These fair values were calculated using the Black-Scholes pricing model.

44. RESERVES

	Share premium HK$'000	Share option reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
THE COMPANY					
At 1st January, 2008	137,894	1,052	(4,068)	77,962	212,840
Fair value loss on available-for-sale investments	–	–	(7,306)	–	(7,306)
Reclassification adjustment on impairment of available-for-sale investments	–	–	601	–	601
Reclassification adjustment on sale of available-for-sale investments	–	–	10,773	–	10,773
Shares issued in consideration for the acquisition of subsidiaries	30,610	–	–	–	30,610
Issue of bonus shares	(1,514)	–	–	–	(1,514)
Exercise of share options	1,623	(484)	–	–	1,139
Transaction cost attributable to issue of new shares	(59)	–	–	–	(59)
Dividends recognised as distribution	–	–	–	(3,028)	(3,028)
Loss for the year	–	–	–	(62,444)	(62,444)
At 31st December, 2008	168,554	568	–	12,490	181,612
Fair value gain on available-for-sale investments	–	–	701	–	701
Adjustment in respect of contingent consideration for acquisition of subsidiaries	7,600	–	–	–	7,600
Loss for the year	–	–	–	(17,871)	(17,871)
At 31st December, 2009	176,154	568	701	(5,381)	172,042

45. DEFERRED TAXATION

The following are the major deferred tax (assets) liabilities recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation	Revaluation of properties	Tax losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 31st December, 2007	109	775	(561)	323
Charge (credit) to profit or loss	(140)	(36)	85	(91)
At 31st December, 2008	(31)	739	(476)	232
Charge (credit) to profit or loss	(133)	(574)	475	(232)
At 31st December, 2009	(164)	165	(1)	–

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

At the end of the reporting period, the Group has unused tax losses of approximately HK$158,554,000 available for offset against future profits. At 31st December, 2008, the unused tax losses of the Group was estimated to be approximately HK$157,662,000. During the year, the Group has received the tax assessment from Inland Revenue Department ("IRD") and unused tax losses were assessed to be approximately HK$143,070,000. A deferred tax asset has been recognised in respect of approximately HK$7,000 (2008: HK$2,900,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$158,547,000 (31st December, 2008: HK$140,170,000 assessed by IRD) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Company has unused tax losses of approximately HK$113,330,000 (2008: HK$125,400,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

46. ACQUISITION OF SUBSIDIARIES

In February 2008, the Group acquired 100% equity interest in Golden Music International and its non-wholly owned subsidiary, Beijing Golden Music, which principally engaged in the provision of background music and music licensing services, for a consideration comprising cash of HK$1,882,000 and the issuance of shares to Allied Wealth Holdings Limited ("Vendor"), a company in which Mr. Sin Kwok Lam ("Mr. Sin") was the ultimate beneficial owner. Mr. Sin held 933,000 issued shares of the Company, representing approximately 0.71% of the issued share capital of the Company as at the completion date. The acquisition has been accounted for using the purchase method.

46. ACQUISITION OF SUBSIDIARIES (continued)

The net liabilities acquired in the transaction as at the date of acquisition were as follows:

	Carrying values and fair values 2008 HK$'000
Net liabilities acquired:	
Property, plant and equipment	704
Bank balances and cash	4,682
Trade and other payables	(272)
Amount due to a former shareholder	(6,517)
Net liabilities	(1,403)
Minority interest	(6,231)
Goodwill	40,326
Total consideration	32,692
Satisfied by:	
Cash	1,882
Shares issued	30,810
	32,692
Net cash inflow arising on acquisition:	
Cash consideration	(1,882)
Bank balances and cash acquired	4,682
	2,800

Pursuant to the sales and purchase agreement, the purchase consideration is subject to adjustments based on the conditions under the warranties given by the Vendor. During the year, the conditions under the warranties have been satisfied and accordingly, the Company delivered the contingent share consideration to the Vendor, resulting in the purchase consideration being adjusted upwards by approximately HK$7,600,000 with the corresponding increase in goodwill on acquisition of the subsidiaries. The amount attributable to the contingent share consideration is determined based on the contingently issuable shares which are valued at their fair value at the date the shares were delivered to the Vendor.

46. ACQUISITION OF SUBSIDIARIES (continued)

Golden Music International and its subsidiary contributed HK$12,150,000 to the Group's loss for the period from the date of acquisition to 31st December, 2008.

If the acquisition had been completed on 1st January, 2008, total Group revenue for the year would have been HK$22,720,000, and Group's loss for the year would have been HK$71,915,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2008, nor is it intended to be a projection of future results.

47. PLEDGE OF ASSETS

At 31st December, 2009:

(a) margin trading facilities in respect of securities transactions to the extent of approximately HK$13.4 million (2008: HK$9.9 million), of which HK$5.9 million (2008: HK$5.1 million) had been utilised after considering deposits held by financial institutions, is secured by the listed investments and deposit held at financial institutions of the Group and the Company of approximately HK$25.3 million (2008: HK$22.5 million) and HK$20.2 million (2008: HK$17.9 million), respectively. The listed investments comprise held-for-trading securities and equity shares in an associate held by the Group;

(b) overdraft and revolving loan facilities to the extent of approximately HK$17.1 million (2008: HK$17.1 million), of which Nil had been utilised in both years, are secured by a floating charge over certain investment properties and property, plant and equipment, and other non-current assets of the Group;

(c) short term loan and margin facilities in respect of securities transactions to the extent of approximately HK$232.7 million (2008: HK$232.5 million) of which HK$Nil (2008: Nil) had been utilised after considering deposits held by financial institutions, is secured by the listed investments and deposit held at financial institutions of the Group and the Company of approximately HK$97.5 million (2008: HK$123.1 million) and HK$17.9 million (2008: HK$23.2 million), respectively. The listed investments comprise held-for-trading securities and equity shares in an associate held by the Group;

(d) bank loan facilities to the extent of approximately HK$18.9 million (2008: HK$18.9 million), of which HK$16.8 million (2008: HK$17.6 million) were drawndown and fully utilised, is secured by the Group's leasehold land and building in Hong Kong with an aggregate carrying value of approximately HK$26.3 million (2008: HK$27.4 million); and

(e) letter of credit facilities to the extent of approximately HK$5.0 million (2008: HK$Nil), of which HK$2.0 million (2008: Nil) has been utilised, is secured by the Group's bank deposit amounted to approximately HK$2.5 million (2008: Nil).

48. CONTINGENT LIABILITIES

As at 31st December, 2009, the Company is contingently liable for guarantee issued to a bank in respect of a mortgage loan granted to a subsidiary. The mortgage loan utilised by the subsidiary amounted to HK$18,900,000 (2008: HK$17,600,000). The maximum amount the Company could be required to settle under the arrangement is HK$20,082,000 (2008: HK$21,257,000).

In the opinion of the directors, the fair value of the financial guarantee contract is insignificant. Accordingly, no value has been recognised in the consolidated financial statements.

49. OPERATING LEASES

The Group as lessor

Property rental income earned during the year was HK$622,000 (2008: HK$897,000). The Group property held for rental purpose has been disposed of by the end of the reporting period.

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

	2009	2008
	HK$'000	HK$'000
Within one year	**–**	2,166
In the second to fifth year inclusive	**–**	569
	–	2,735

The Group and the Company as lessee

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

(i) *Leased premises*

	2009	2008
	HK$'000	HK$'000
Within one year	**576**	229
In the second to fifth year inclusive	**230**	112
	806	341

Operating lease payments represent rentals payable by the Group to a company controlled by certain directors of the Company for the use of its office premise. Leases are negotiated for a term of two years.

49. OPERATING LEASES (continued)

The Group and the Company as lessee (continued)

(ii) Royalty payment for background music and music licensing services

	2009 HK$'000	2008 HK$'000
Within one year	**2,530**	1,500
In the second to fifth year inclusive	**12,538**	–
	15,068	1,500

Royalty payment was negotiated for a term of fifteen years and could be terminated after five years from the date of commencement of the licensing services.

50. RETIREMENT BENEFITS SCHEMES

The Group participates in a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes the higher of 5% (2008: 5%) of relevant payroll costs or HK$1,000 to the scheme monthly, which contribution is matched by employees.

	2009 HK$'000	2008 HK$'000
Amount contributed and charged to the consolidated statement of comprehensive income	**137**	101

Employees located in the PRC are covered by the retirement and pension schemes defined by local practice and regulations and which are essentially defined contribution schemes.

	2009 HK$'000	2008 HK$'000
Amount contributed and charged to the consolidated statement of comprehensive income	**2,290**	1,163

51. EVENT AFTER THE REPORTING PERIOD

Subsequent to 31st December, 2009, the Group has entered into a provisional agreement to dispose of a building together with its prepaid lease payment with an aggregate carrying value of approximately HK$26,000,000 at the end of the reporting period to an independent third party at a consideration of HK$48,000,000.

52. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

Related party	Nature of transaction	2009 HK$'000	2008 HK$'000
A minority shareholder of a subsidiary	Sales of goods	**9,097**	14,079
	Purchases of materials	**517**	559
A minority shareholder of a subsidiary	Development cost	**–**	552
Related companies	Rental expenses	**201**	404
	Disposal of a painting	**420**	–
An associate	Amount due from an associate written off	**–**	640
A director	Interest income	**–**	98

The Company performed certain administrative services for its subsidiaries for which a management fee of HK$1,224,000 (2008: HK$1,224,000) was charged to the subsidiaries.

Certain directors of the Company have beneficial interest in the related company.

Terms and balances with related parties are set out in the consolidated statement of financial position and notes 28, 32, 33, 37 and 38.

Compensation of key management personnel

The remunerations of directors and the members of key management in respect of the years are as follows:

	2009 HK$'000	2008 HK$'000
Short-term employment benefits	**2,283**	2,484
Post-employment benefits	**60**	60
	2,343	2,544

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

	For the year ended 31st December,				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	68,898	53,485	28,868	22,720	**21,037**
Profit (loss) before tax	15,652	16,563	96,252	(70,499)	**(43,453)**
Income tax (expenses) credit	(659)	(372)	592	69	**(108)**
Profit (loss) for the year	14,993	16,191	96,844	(70,430)	**(43,561)**
Profit (loss) attributable to:					
Owners of the Company	14,907	15,962	97,388	(66,244)	**(38,700)**
Minority interests	86	229	(544)	(4,186)	**(4,861)**
	14,993	16,191	96,844	(70,430)	**(43,561)**

	As at 31st December,				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Total assets	236,571	231,294	386,392	362,349	**339,985**
Total liabilities	(49,584)	(25,741)	(41,186)	(38,104)	**(44,587)**
	186,987	205,553	345,206	324,245	**295,398**
Minority interests	(15,773)	(16,477)	(17,108)	(22,293)	**(18,769)**
Equity attributable to owners of the Company	171,214	189,076	328,098	301,952	**276,629**

A. INVESTMENT PROPERTIES

Location		Group's interests	Approximate site area (sq.ft.)	Existing use	Term of lease
1.	Unit A, B, C, D, E, F, G and H 3rd Floor, Sun Star Castle, Beco da Roma No. 6, Rua de S. Domingos No. 13 – 19A and Patio de S Domingos, No. 17 – 19 Macau	100%	3,783	Commercial	Medium

B. LEASEHOLD LAND AND BUILDINGS

Location		Group's interests	Approximate site area (sq.ft.)	Existing use	Term of lease
1.	Flat C on 22nd and Car Parking Space No.26 on Level 5 of Tower 3, Tregunter, Tregunter Path, The Peak, Hong Kong (44/12659th shares of and in the Remaining Portion of Inland Lot No.1626, Inland Lot No. 1627 and the Extension thereto, Inland Lot No. 1929 and the Remaining Portion of Inland Lot No. 8306) Hong Kong	100%	3,001	Residential	Medium

C. LANDS HELD FOR UNDETERMINED FUTURE USE

Location		Group's interests	Approximate site area (sq.ft.)	Existing use	Term of lease
1.	Half share in Lots 5, 9, 10, 12,14, 15, 17, 18, 19, 20, 33 and 72 in DD 447, Tsuen Wan, New Territories Hong Kong	100%	40,075	Agriculture	Medium
2.	Lots 46, 47, 48, 49, 107, 108, 109 and 110 in DD279, Tuen Mun New Territories Hong Kong	100%	36,155	Agriculture	Medium
3.	Lots 421 and 718 in DD 395, Tin Fu Tsai, Tuen Mun, New Territories Hong Kong	100%	22,216	Agriculture	Medium
4.	Lots 968, 969, 970, 971, 972, 973, 975, 976, 977, 978 R.P., 980 R.P. and 981 R.P. in DD 82, Ta Kwu Ling, Fanling, New Territories Hong Kong	100%	53,070	Agriculture	Medium
5.	The Remaining Portion of Lot No. 445 in DD 360 Chuen Lung, Tsuen Wan, New Territories Hong Kong	100%	710	Agriculture	Medium
6.	13.075% Interest in Lot No. 389 Chuen Lung, Tsuen Wan, New Territories Hong Kong	100%	19,000	Commercial	Medium