Golden Resorts
黃金集團

Golden Resorts Group Limited
黃金集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1031

Annual Report 2010

Contents

Corporate Information

BOARD OF DIRECTORS

Chairman and Non-executive Director
Mr. Chu, Nicholas Yuk-yui

Executive Directors
Mrs. Chu Yuet Wah *(Chief Executive Officer)*
Mr. Wong Hin Shek

Independent Non-executive Directors
Dr. Wong Yun Kuen
Mr. Lau Man Tak
Mr. Yu Peter Pak Yan

COMPANY SECRETARY

Mr. Lai Yick Fung

AUDITORS

Graham H. Y. Chan & Co.
Unit 1, 15th Floor, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Chong Hing Bank Limited
Bank of China (Hong Kong) Limited

HONG KONG LEGAL ADVISERS

K & L Gates
44/F., Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman
Room 2901, One Exchange Square
8 Connaught Place
Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2809, 28th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Abacus Limited
26/F., Tesbury Centre
28 Queen's Road East, Wan Chai
Hong Kong

STOCK CODE

1031

WEBSITE

http://www.goldenresortsgroup.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of Golden Resorts Group Limited (the "Company"), I am pleased to report to you at the conclusion of a very special year to the Company.

The Group is principally engaged in the provision of entertainment and hospitality services in Macau. During the year under review, the Group continued to enjoy the strong resilience in the Macau gaming and tourism markets, as evidenced by the record-breaking gaming revenue announced by the Macau Government from time to time. As a result, the Group's core business performance improved significantly.

The Group continuously pursues various marketing and promotion activities through the comprehensive membership programmes. Our guests enjoy impressive services within the Group's properties with the use of our casino package. In view of the consistent growth in membership base of the programmes, the Group will further enhance the programmes to attract new customers.

The newly renovated guest rooms have proved to be in popular demand and the Group will continue to invest in this area to pave the way for revenue enhancement. The Group will also further strengthen its relationship with travel agencies and offer packages and joint promotions with business partners so as to broaden the scope of customers of the two hotels.

As disclosed in the recent announcements, the Company is about to complete the acquisition of Kingston Group of companies. As Kingston Group generates most of its revenues from securities dealing and broking services, margin and initial public offers financing services and securities underwriting and placements, the Board believes that the Group will broaden its sources of income from capturing a larger part of the business chain through the acquisition. The integration of the Kingston Group will also strengthen the Group's ability to produce different but higher quality services to its customers. The Board further believes that the resulted diversification of the Group's business portfolio will also enhance the Group's resilience to fluctuations in the business environment.

Finally, I would like to thank our board of directors, management team and our employees for their dedication and significant contribution in the past years. I would also like to express my sincere appreciation to all our fellow shareholders, customers and business partners for their continuous support and confidence in the Group.

By Order of the Board

CHU, Nicholas Yuk-yui
Chairman

Hong Kong, 30 March 2011

Management Discussion and Analysis

On behalf of the Board of Directors ("the Board") of Golden Resorts Group Limited ("the Company"), I am pleased to announce the result of the Company and its subsidiaries (collectively, "the Group") for the year ended 31 December 2010.

OVERVIEW

For the year ended 31 December 2010, the Group's turnover was approximately HK$541 million, representing an increase of 31% as compared with HK$414 million in last year. Revenue from hotel operation, including food and beverage sale and other rental income, reported 21% increase from HK$131 million last year to HK$159 million, whereas revenue from casino amounted to HK$382 million, an increase of 35% as compared to HK$283 million in last year.

The Group recorded profit attributable to equity shareholders of the Company amounted to approximately HK$99.6 million (2009: HK$229.9 million). The profit in year 2010 was arrived at after a deficit on revaluation of a hotel property of HK$14.8 million (2009: surplus on revaluation of HK$107.6 million) and write back of unrealised profit for investments held for trading of HK$4.7 million (2009: HK$93.7 million). The basic earnings per share was HK2.06 cents (2009: HK5.64 cents).

BUSINESS AND FINANCIAL REVIEW

Hotel Business

The Group's hotel operation, mainly comprised of hotel rooms, food and beverage sale and other rental income, experienced considerable increment compared to the corresponding year 2009. The revenue for the year ended 31 December 2010 amounted to HK$159 million (2009: HK$131 million). Hotel business contributed 29% (2009: 32%) of the total turnover. During the year under review, the average occupancy rate of the two hotels was over 70%. The daily room rate for both hotels also increased as compared to the corresponding period in year 2009. The growing demand for newly renovated guest rooms has proved our continuous room renovation a success, leading to improved room rates and occupancy rate.

Gaming Business

The Group's casino operation is run by the licence holder Soceidade de Jogos de Macau, S.A.. The two casinos consistently provided solid contributions to the Group in line with the rapid development of the gaming industry in Macau. To retain quality customers and attract potential ones, the Group strengthened its membership programmes and provided a variety of incentives for members to increase their spending in the casinos as well.

Casino revenue, including gaming revenue and food and beverage sale in casino, amounted to HK$382 million for the year ended 31 December 2010 (2009: HK$283 million), representing a jump of 35% from the corresponding year 2009. Casino revenue accounted for 71% (2009: 68%) of total turnover.

As at 31 December 2010, the Group has 65 tables in the 2 mass market halls, 8 tables in the 2 self-managed VIP rooms and 186 slot machines in the 2 slot halls. With all these well equipped gaming facilities, the Group continued to benefit from this stable source of revenue from the Macau market.

Trading of listed securities

The global equity market had been stable throughout year 2010. Accordingly, the market value of the trading securities recorded a revaluation gain of approximately HK$4.7 million during the year under review. As at the end of reporting period, the Group was holding trading securities of approximately HK$152.1 million in value.

Cost of sales

Cost of sales mainly represents the cost of guest supplies and food and beverage consumed upon provision of accommodation and catering services to the customers. During the year under review, it increased from approximately HK$13.6 million to approximately HK$16.8 million. The increase was in line with the improvement in the hotel business.

Operating cost

Operating cost mainly represents the payroll and other operating expenses in the hotel business and commission expenses in the gaming business. During the year under review, it increased from HK$175.8 million to HK$237.0 million. The increase was mainly due to the improved business and the raised commission rates to chips rolling in order to enhance the competitiveness of the gaming business. As a result, revenue also went up considerably.

Administrative expenses

During the year under review, administrative expenses increased from approximately HK$152.2 million to HK$154.3 million. It mainly consisted of depreciation charge, property tax in Macau, share option expenses in relation to consultants and rent and rates. Most expenses items were being monitored under strict control.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2010 the shareholders' fund and net current assets of the Group amounted to approximately HK$3,816 million and HK$1,208 million respectively. On the same date, the Group had cash and bank balance of approximately HK$617 million and the current ratio was 22.8 (2009: 20.9).

As at 31 December 2010, the Group did not have any borrowing. The gearing ratio is measured on the basis of total borrowings less bank and cash balances over net assets. As the Group was in net cash position, no gearing ratio is presented.

Details of the bank loans and other borrowings of the Group are set out in notes 26 to the financial statements.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 31 December 2010.

CAPITAL STRUCTURE

(i) During the year ended 31 December 2010, a number of registered holders of warrants of the Company subscribed for 1,435,680,377 news shares of the Company. The outstanding warrants expired on 10 June 2010.

(ii) During the year ended 31 December 2010, certain employees exercised their options to subscribe for 1,350,000 new shares of the Company.

(iii) During year ended 31 December 2010, a consultant exercised his options to subscribe for 16,000,000 new shares of the Company.

(iv) During the year ended 31 December 2010, the Company had repurchased 1,000,000 of its own shares on the Stock Exchange of Hong Kong Limited.

GRANT OF SHARE OPTIONS

On 2 February 2010, the Company granted 443,166,000 share options to certain directors, consultants and employees of the Company to subscribe for shares of the Company under the Scheme at the exercise price of HK$0.411 per share. Details of the grant of share options are set out in note 28 to the financial statements.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The book closure dates are from 18 May 2011 to 19 May 2011, both days inclusive. No transfer of shares will be registered during this period. In order to qualify for the entitlement to the attendance and voting at the annual general meeting, all transfers accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on 17 May 2011.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers were approximately 74% of the Group's total revenue and the revenue attributable to the Group's largest customer were approximately 69% of the Group's total revenue for the year.

The aggregate purchases and service received during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and service received.

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

EMPLOYEES

As at 31 December 2010, the Group employed a total of approximately 700 staff. The total staff cost for the year ended 31 December 2010 was approximately HK$101,906,000. The employees' remuneration, promotion and salary adjustment are assessed based on their work performance, working and professional experiences and the prevailing market condition.

PLEDGE OF ASSETS

As at 31 December 2010, the Group did not have any asset being pledged.

MATERIAL ACQUISITIONS AND DISPOSALS

On 14 December 2010 (as supplemented by the supplemental agreement dated 7 January 2011), the Company entered into the sale and purchase agreement with Active Dynamic Limited and Better Sino Limited (collectively the "Vendors") and Mrs. Chu Yuet Wah (as guarantor), pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of the entire issued share capital of Kingston Capital Asia Limited at a total consideration of HK$12,000,000,000. The acquisition is expected to complete in April 2011.

Kingston Group is one of the well-established securities brokerage and financial advisory houses in Hong Kong providing a wide range of financial services which include: (i) securities underwriting and placements; (ii) margin and initial public offers financing; (iii) securities brokerage; (iv) corporate finance advisory services; (v) futures brokerage and (vi) asset management services. The Board believes that the acquisition will enable the Group to make a meaningful step in its strategic direction to focus on diversification of businesses. The Board believes that the acquisition will enable the Group to become one of the leaders in provision of financial and brokerage services in the region. In particular, it is the intention of the Board that the business of the enlarged Group will focus on high quality securities brokerage, futures dealing and other financial services.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

As the Group's hotel revenue are mostly based on Macau Patacas ("MOP"), and given the exchange rate of MOP has been fairly stable, no foreign exchange and interest rate risk management or related hedges were made at present. Proper policy will be in place when the Board considers appropriate.

REVIEW BY AUDIT COMMITTEE

The Audit Committee (the "Committee") meets the external auditors at least once a year to discuss any areas of concerns during the audits. The Committee reviews the interim and annual reports before submission to the Board. The Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Rules Governing the Listing of Securities (the "Listing Rules") and the legal requirements in the review of the Company interim and annual reports.

CORPORATE GOVERNANCE

The Group had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2010.

By Order of the Board

CHU, Yuet Wah
Chief Executive Officer

Hong Kong, 30 March 2011

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2010.

Good corporate governance has always been recognized as vital to the Group's success and to sustain development of the Group. We commit ourselves to a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of the business of the Group.

The Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules sets out the principles of good corporate governance (the "Principles") and two levels of corporate governance practices:

(a) code provisions (the "Code Provisions") which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices (the "Recommended Best Practices") for guidance only, which listed issuers are encouraged to comply with or give considered reasons for deviation.

The Company has applied the Principles and the Code Provisions as set out in the CG Code and complied with all the Code Provisions. It also put in place certain Recommended Best Practices as set out in the CG Code.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code, and acknowledges the important role of its Board in providing effective leadership and direction to the Company's business, and ensuring transparency and accountability of the Company's operations.

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

THE BOARD

Responsibilities

The Board provides leadership, approves policies, strategies and plans, and oversees their implementation to further the healthy growth of the Company, in the interests of its shareholders.

The Board takes responsibility for all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Executive Director/Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the senior management to discharge its responsibilities.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises 6 members, consisting of 2 Executive Directors, 1 Non-executive Director and 3 Independent Non-executive Directors.

The Board comprises the following Directors:

Chairman and Non-executive Director:
Mr. Chu, Nicholas Yuk-yui

Executive Directors:
Mrs. Chu Yuet Wah *(Chief Executive Officer)*
Mr. Wong Hin Shek

Independent Non-executive Directors:
Dr. Wong Yun Kuen *(Member of Audit Committee & Member of Remuneration Committee)*
Mr. Lau Man Tak *(Chairman of Audit Committee & Member of Remuneration Committee)*
Mr. Yu Peter Pak Yan *(Member of Audit Committee & Chairman of Remuneration Committee)*

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

During the year ended 31 December 2010, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each Independent Non-executive Director of independence pursuant to the requirements of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The Non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board Committees, all Non-executive Directors make various contributions to the effective direction of the Company.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of Directors.

The term of office for each of Executive Directors, Non-executive Director and Independent Non-executive Directors is the period up to his retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's bye-laws.

In accordance with the Company's bye-laws, any Director so appointed by the Board shall hold office only until the following annual general meeting ("AGM") and shall then be eligible for re-election at that meeting.

At each AGM, one-third of the Directors for the time being shall retire from office by rotation.

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors.

The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company. Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Training for Directors

In case there is any newly appointed Director, he/she will be provided an induction so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

Board Meetings

Number of Meetings and Directors' Attendance

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 December 2010, 9 Board meetings were held. The individual attendance record of each Director at the meetings of the Board, Audit Committee and Remuneration Committee during the year ended 31 December 2010 is set out below:

	Attendance/Number of Meetings		
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**
Mr. Chu, Nicholas Yuk-yui	6/9	Not applicable	Not applicable
Mrs. Chu Yuet Wah	6/9	Not applicable	Not applicable
Mr. Wong Hin Shek	8/9	Not applicable	Not applicable
Dr. Wong Yun Kuen	8/9	2/2	1/1
Mr. Lau Man Tak	7/9	1/2	1/1
Mr. Yu Peter Pak Yan	8/9	2/2	1/1

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings.

For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Company Secretary of the Company is responsible for keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's bye-laws also contains provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. The positions of the Chairman and Chief Executive Officer are held by Mr. Chu, Nicholas Yuk-yui and Mrs. Chu Yuet Wah respectively.

Their respective responsibilities are clearly defined and set out in writing. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. She is in charge of the Company's day-to-day management and operations. She is also responsible for developing strategic plans and formulating the company practices and procedures, business objectives, and risk assessment for the Board's approval.

BOARD COMMITTEES

The Board has established two committees, namely, the Audit Committee, and Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference.

The majority of the members of the two Board committees are Independent Non-executive Directors. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and the senior management and other related matters. The human resources department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met once during the year ended 31 December 2010 and reviewed the existing remuneration policy and structure of the Company and remuneration packages of the Directors and the senior management.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors (including one Independent Non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer, internal auditor or external auditors before submission to the Board.

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

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

The Audit Committee held two meetings during the year ended 31 December 2010 to review the financial results and reports, financial reporting and compliance procedures, the Company's internal control and risk management review and processes and the re-appointment of the external auditors.

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

The Audit Committee has not taken a different view from the Board regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 December 2010 have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the requirements of the Code of Conduct and the Model Code throughout the year ended 31 December 2010.

The Company also has established written guidelines on no less exacting than the Model Code (the "Written Guidelines") for securities transactions by the employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Written Guidelines by the employees was noted by the Company.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS AND AUDITORS' REMUNERATION

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2010.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 21 to 22.

The remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2010 amounted to HK$540,000 and HK$53,000 respectively.

An analysis of the remuneration paid/payable to the external auditors of the Company is set out below:

Types of Services	Amount of Fees Payable/Paid (HK$)
Audit Services	540,000
Non-audit Services	
1. Tax services	13,000
2. Others	40,000
	53,000
Total	593,000

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee.

The Company has maintained a tailored governance structure with defined lines of responsibility and appropriate delegation of responsibility and authority to the senior management.

Management currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time.

During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Company.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders meetings are contained in the Company's bye-laws. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee and Remuneration Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

Enquiries from investors are dealt with in an informative and timely manner. To promote effective communication, the Company also maintains a website at http://www.goldenresortsgroup.com, where extensive information and updates on the Company's business developments and operations, financial information and other information are posted.

Report of the Directors

The Directors of the Company (the "Directors") have pleasure in submitting their report and the audited financial statements of the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 17 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement on page 23. The Board did not recommend the payment of final dividend for the year ended 31 December 2010 (2009: nil). No interim dividend was declared during both year 2010 and year 2009.

SEGMENTAL INFORMATION

An analysis of the Group's performance for the year ended 31 December 2010 is set out in note 5 to the financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity on page 27 respectively.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2010 are set out in note 31 to the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK$1,030,000.

PROPERTY, PLANT AND EQUIPMENT

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

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 17 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out as below:

	2010 **HK$'000**	2009 HK$'000 (restated)	2008 HK$'000 (restated)	2007 HK$'000 (restated)	2006 HK$'000 (restated)
Turnover					
Continuing operation	**541,247**	413,739	421,748	474,135	442,516
Discontinued operation	**—**	—	—	—	64,349
	541,247	413,739	421,748	474,135	506,865
Profit/(loss) for the year					
Continuing operation	**100,904**	231,687	(179,910)	139,245	121,399
Discontinued operation	**—**	—	—	—	(1,199)
	100,904	231,687	(179,910)	139,245	120,200
Profit/(loss) attributable to owners	**99,558**	229,915	(180,816)	137,719	120,064
Total assets	**3,875,279**	3,252,731	2,859,876	3,484,791	2,982,584
Total liabilities	**(55,526)**	(44,815)	(34,915)	(174,045)	(351,998)
Non-controlling interest	**(3,886)**	(2,540)	(2,568)	(5,662)	(10,136)
Shareholders' fund	**3,815,867**	3,205,376	2,822,393	3,305,084	2,620,450

Notes:

(1) Proceeds from sale of trading securities had been included in Turnover of Continuing operation for the year ended 31 December 2007 and before. For the year ended 31 December 2010, 2009 and 2008, gross sales proceeds arising from the sale of trading securities are not presented as Revenue. The comparative figures for the year 2006 and 2007 were restated to conform with current year presentation.

(2) For the year ended 31 December 2010, the Company first adopted amendments to HKAS 17 made under "Improvements to HKFRSs 2009". The comparative figures for all the years 2006 to 2009 were restated to conform with current year presentation.

SHARE OPTIONS AND SHARE CAPITAL

Details of the movements in the share options and share capital of the Company during the year are set out in notes 28 and 30 to the financial statements respectively.

SHARE OPTION SCHEMES

Details of the share option schemes are set out in note 28 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on prorate basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

DIRECTORS

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

Executive Directors
Mrs. Chu Yuet Wah *(Chief Executive Officer)*
Mr. Wong Hin Shek

Non-executive Director
Mr. Chu, Nicholas Yuk-yui *(Chairman)*

Independent Non-executive Directors
Dr. Wong Yun Kuen
Mr. Lau Man Tak
Mr. Yu Peter Pak Yan

In accordance with the bye-law 87(1), Mr. Lau Man Tak and Mr. Yu Peter Pak Yan will retire by rotation at the forthcoming annual general meeting.

The term of office for each of the Non-executive Director and Independent Non-executive Directors is the period up to his retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's bye-laws.

The Company has received from each of Dr. Wong Yun Kuen, Mr. Lau Man Tak and Mr. Yu Peter Pak Yan an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the Independent Non-executive Directors to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The biographical details of Directors of the Group as at the date of this report are as follows:

Chairman and Non-executive Director

Mr. Chu, Nicholas Yuk-yui, aged 58, holds a Bachelor's degree in Accounting and a Master of Business Administration from the Louisiana State University. He has more than a total of 18 years of experience in corporate finance, foreign exchange, lending, securities and futures trading industries, and over 28 years of experience in commercial property leasing and management. He is a member of Hong Kong Securities Institute and a responsible officer under the Securities and Futures Ordinance for type 1 and 2 activities. He is also the spouse of Mrs. Chu Yuet Wah and he joined the Group in February 2006.

The Chief Executive Officer and Executive Directors

Mrs. Chu Yuet Wah, aged 52, is the Chief Executive Officer and an Executive Director of the Company. She is the controlling shareholder of the Kingston group of companies which are engaged in securities, investment banking, financing and the financial services business in Hong Kong, and possesses over 18 years experience in finance field. She also has profound knowledge in the development of the gaming entertainment industry in Macau. She is the Member of National Committee of Chinese People's Political Consultative Conference, Member of Guangdong Committee of Chinese People's Political Consultative Conference, Vice Chairman of Hong Kong Committee of the Chinese People's Political Consultative Conference (Provincial) Member Association Foundation, Vice Chairman of The Chamber of Hong Kong Listed Companies, Director of The Institute of Securities Dealers Limited, Director of China Red Cross Jet Li One Foundation, Vice Chairman of Po Leung Kuk, Chairman of Aplichau Promotion of Tourism Association, School Manager of Aplichau KaiFong Primary School, Chairman of The Aplichau KaiFong Welfare Association, Honorary President of Hong Kong Federation of Women, Life Honorary President of The Tung Koon District General Association, President of the Women's Community of Tung Koon General Association, Permanent Honorary President of Hong Kong Southern District Orchestra and Honorary Senior President of Hong Kong Southern District Women's Association, 10th World Outstanding Chinese, Honorary President of The General Association for the Promotion of Cross-strait Peaceful Development of Hong Kong and Committee Adviser of Hong Kong Associate for the Promotion of Peaceful Reunification of China. She received an Honorary Doctorate of Philosophy in Business Management degree from York University, the U.S.A. and holds a Bachelor of Science in Management degree from Golden Gate University, the U.S.A.. She is also the spouse of Mr. Chu, Nicholas Yuk-yui and she joined the Group in April 2005.

Executive Director

Mr. Wong Hin Shek, aged 41, is an Executive Director of the Company. He has over 15 years of experience in corporate finance transactions, including mergers and acquisitions, initial public offerings and equity syndication. He is a responsible officer under the Securities and Futures Ordinance for type 6 regulated activity (advising on corporate finance). He holds a Master of Science (Financial Management) degree from University of London in United Kingdom and a Bachelor of Commerce degree from University of Toronto in Canada. He is currently an executive director of Climax International Company Limited and Hua Yi Copper Holdings Limited. He joined the Group in February 2005.

Independent Non-executive Directors

Dr. Wong Yun Kuen, aged 53, received a Ph.D. Degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. He has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in Corporate Finance, Investment and Derivative Products. He is a member of Hong Kong Securities Institute. Dr. Wong is an executive director of UBA Investments Limited, and the independent non-executive director of Bauhaus International (Holdings) Limited, China Grand Forestry Green Resources Group Limited, Climax International Company Limited, Harmony Asset Limited, Hua Yi Copper Holdings Limited, Kaisun Energy Group Limited, Kong Sun Holdings Limited, China Yunnan Tin Minerals Group Company Limited, New Island Printing Holdings Limited and ZMAY Holdings Limited. Dr. Wong was also independent non-executive director of Grand Field Group Holdings Limited from September 2004 to September 2009, China E-Learning Group Limited from August 2007 to June 2010, and Superb Summit International Timber Company Limited from April 2007 to June 2010, and the chairman and executive director of Green Energy Group Limited from December 2009 to May 2010. He joined the Group in June 2005.

Mr. Lau Man Tak, aged 41, holds a bachelor degree in Accountancy from the Hong Kong Polytechnic University. He has many years of experience in corporate finance, accounting and auditing. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. He is currently an executive director of China Grand Forestry Green Resources Group Limited and an independent non-executive director of Climax International Company Limited, Kong Sun Holdings Limited and Guojin Resources Holdings Limited. He was also a former executive director of Warderly International Holdings Limited from December 2007 to January 2010. He joined the Group in October 2005.

Mr. Yu Peter Pak Yan, aged 60, has over 28 years of experience in real estate and financial services industries. Mr. Yu has a Bachelor Degree in Management from Youngstown State University in Ohio, USA and a Master of Science Degree in Financial Services from American College in Pennsyvania, USA. Mr. Yu is a member of the Certified Commercial Investment Member Institute and was the first Chinese-American elected to the board of the San Francisco Association of Realtors. Mr. Yu worked in Pacific Union Real Estate Company in the United States from 1980-1995 and held senior positions in MetLife and New York Life Insurance Company in managing Asian customers in North America. Mr. Yu is also an executive director of Kong Sun Holdings Limited and an independent non-executive director of M Dream Inworld Limited and China Grand Forestry Green Resources Group Limited. He joined the Group in September 2008.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the Directors' emoluments and of the five highest paid individuals of the Group are set out in notes 14 and 15 to the financial statements respectively.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 35 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

At 31 December 2010, the following Directors had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Companies:

Long positions in the Shares:

	Number of shares of the Company		No. of underlying shares of the Company		
Name of Directors	**Personal Interests**	**Corporate Interests**		**Total**	**Approximate percentage of shareholding**
Mrs. Chu Yuet Wah	—	6,772,269,895 *(Note 1)*	5,256,080,000 *(Note 2)*	12,028,349,895	233.11%
Mr. Chu, Nicholas Yuk-yui	—	6,772,269,895 *(Note 1)*	5,256,080,000 *(Note 2)*	12,028,349,895	233.11%
Mr. Wong Hin Shek	—	—	88,788,000 *(Note 3)*	88,788,000	0.86%

Notes:

(1) As at 31 December 2010, of the 12,028,349,895 shares, 1,881,329,896 shares are held by Sure Expert Limited, 15,939,999 shares are held by Kingston Capital Limited and 4,875,000,000 shares are held by Active Dynamic Limited. Both Sure Expert Limited and Active Dynamic Limited are wholly owned by Mrs. Chu Yuet Wah ("Mrs. Chu") and Kingston Capital Limited is controlled by Mrs. Chu. Mr. Chu, Nicholas Yuk-yui ("Mr. Chu"), the spouse of Mrs. Chu, is deemed to be interested in these 6,772,269,895 shares. The above interests have been reported on the basis that the acquisition of Kingston Group had completed where, inter alias, the 2 to 1 share consolidation had been effective as at 31 December 2010.

(2) As at 31 December 2010, Mrs. Chu, through Active Dynamic Limited held 5,250,000,000 convertible preference shares conferring rights to subscribe for up to HK$4,200,000,000 in aggregate for 5,250,000,000 new shares at the conversion price of HK$0.80 (subject to adjustments) per share. In addition, Mrs. Chu personally held 6,080,000 share options conferring rights to subscribe for 6,080,000 shares. Mr. Chu is deemed to be interested in the 5,256,080,000 underlying shares held by Mrs. Chu. The above interests have been reported on the basis that the acquisition of Kingston Group had completed where, inter alias, the 2 to 1 share consolidation had been effective as at 31 December 2010.

(3) As at 31 December 2010, 88,788,000 share options conferring rights to subscribe for 88,788,000 shares.

Save for those disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or the Chief Executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section "Directors' and Chief Executive's interests and short positions in securities", at no time during the year was the Company or any of its associated corporations a party to any arrangement to enable the Directors or Chief Executive of the Company to acquire benefits by means of the acquisition of shares in, or underlying shares in, or debentures of, the Company or any other body corporate, and none of the Directors or Chief Executives, nor any of their spouses or children under the age of 18, had any rights to subscribe the securities of the Company, or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholders	Number of shares of the Company Personal Interests	Number of shares of the Company Corporate Interests	No. of underlying shares of the Company	Total	Approximate percentage of shareholding
Sure Expert Limited *(Note 1)*	—	1,881,329,896	—	1,881,329,896	36.46%
Active Dynamic Limited *(Note 2)*	—	4,875,000,000	5,250,000,000	10,125,000,000	196.23%
Better Sino Limited *(Note 3)*	—	1,125,000,000	—	1,125,000,000	21.80%
Mr. Lee Wai Man *(Note 4)*	18,852,000	1,530,750,000 *(Note 5)*	—	1,549,602,000	30.03%

Notes:

(1) Sure Expert Limited is wholly owned by Mrs. Chu. The interests of Mrs. Chu and Sure Expert Limited in the Company are stated under the section headed "Directors' and Chief Executive's interests and short positions in securities" above. The above interests have been reported on the basis that the acquisition of Kingston Group had completed where, inter alias, the 2 to 1 share consolidation had been effective as at 31 December 2010.

(2) Active Dynamic Limited is wholly owned by Mrs. Chu. The interests of Mrs. Chu and Active Dynamic Limited in the Company are stated under the section headed "Directors' and Chief Executive's interests and short positions in securities" above. The above interests have been reported on the basis that the acquisition of Kingston Group had completed where, inter alias, the 2 to 1 share consolidation had been effective as at 31 December 2010.

(3) Better Sino Limited is wholly owned by Ms. Ma Siu Fong, mother of Mrs. Chu. The above interests have been reported on the basis that the acquisition of Kingston Group had completed where, inter alias, the 2 to 1 share consolidation had been effective as at 31 December 2010.

(4) Mr. Lee Wai Man ("Mr. Lee") is the father of Mrs. Chu.

(5) As at 31 December 2010, of the 1,530,750,000 shares, 405,750,000 shares are held by Choose Right Limited, a company wholly owned by Mr. Lee. 1,125,000,000 shares are held by Better Sino Limited. Mr. Lee is deemed to be interested in these 1,125,000,000 shares beneficially owned by Ms. Ma Siu Fong, Mr. Lee's spouse. The above interests have been reported on the basis that the acquisition of Kingston Group had completed where, inter alias, the 2 to 1 share consolidation had been effective as at 31 December 2010.

Save for those disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2010.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2010, to the best knowledge of the Board, none of the Directors or their respective associates was interested in any business which competes or is likely to compete with the business of the Group.

CONNECTED TRANSACTIONS

Details of the connected transactions entered into by the Company are set out in note 35 to the financial statements.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the year.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in the Appendix 14 of the Listing Rules throughout the accounting period covered by the annual report, except that the Non-executive Director and Independent Non-executive Directors are not appointed for specific terms and are subject to re-election at the annual general meeting of the Company in accordance with the provisions of the Company's bye-laws.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

Graham H. Y. Chan & Co. retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Chu, Nicholas Yuk-yui
Chairman

Hong Kong, 30 March 2011

陳浩賢會計師事務所

GRAHAM H.Y. CHAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS (Practising)

HONG KONG

TO THE SHAREHOLDERS OF
GOLDEN RESORTS GROUP LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Golden Resorts Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 23 to 80, which comprise the consolidated and company's statements of financial position as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Graham H.Y. Chan & Co.
Certified Public Accountants (Practising)
Unit 1, 15/F, The Center,
99 Queen's Road Central,
Hong Kong

30 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000 (Restated)
Revenue	4	**541,247**	413,739
Cost of sales		**(16,771)**	(13,574)
Operating cost		**(236,981)**	(175,838)
Gross profit		**287,495**	224,327
Other income	6	**31,582**	7,994
Gain from sales of trading securities		**361**	786
Gain on disposal of available-for-sale investments		**—**	4,170
Gain on change in fair value of trading securities		**4,743**	93,666
(Deficit)/surplus on revaluation of leasehold land and buildings		**(14,778)**	107,569
Administrative expenses		**(154,307)**	(152,173)
Other operating expenses	9	**(5,811)**	(20,801)
Staff costs	7	**(48,381)**	(33,850)
Finance costs — interest on bank loans and overdrafts		**—**	(1)
Profit before taxation		**100,904**	231,687
Taxation	8	**—**	—
Profit for the year	9	**100,904**	231,687
Attributable to:			
Owners of the Company	10	**99,558**	229,915
Non-controlling interests		**1,346**	1,772
		100,904	231,687
Earnings per share (cents per share)	12		
— Basic		**2.06**	5.64
— Diluted		**1.98**	5.62

Details of dividend payable to owners of the Company are set out in note 11.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Note	**2010** **HK$'000**	2009 HK$'000 (Restated)
Profit for the year		**100,904**	231,687
Other comprehensive income/(loss)	13		
Deficit on revaluation of leasehold land and buildings		**(20,321)**	(53,392)
Available-for-sale investments:			
Unrealised gain arising from change in fair value		**1,913**	1,740
Reclassification adjustments for amounts transferred to profit or loss:			
— Gains on disposal		**—**	(1,372)
Other comprehensive loss for the year, net of tax		**(18,408)**	(53,024)
Total comprehensive income for the year		**82,496**	178,663
Attributable to:			
Owners of the Company		**81,150**	176,891
Non-controlling interests		**1,346**	1,772
		82,496	178,663

Consolidated Statement of Financial Position

As at 31 December 2010

	Note	31 December 2010 HK$'000	31 December 2009 HK$'000 (Restated)	1 January 2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	16	**2,206,347**	2,305,632	2,343,959
Available-for-sale investments		**—**	—	12,702
Conversion options embedded in convertible notes		**—**	—	7,711
Deferred tax assets	29	**5,575**	5,575	5,575
Deposit for acquisition	18	**400,000**	—	—
Deposit for hotel renovation		**—**	4,121	—
		2,611,922	2,315,328	2,369,947
Current assets				
Inventories	19	**2,925**	2,105	2,060
Available-for-sale investments	20	**5,960**	4,047	2,307
Trading securities	21	**152,070**	152,609	38,055
Loan receivable	22	**401,328**	76,751	—
Trade and other receivables	23	**83,948**	50,261	43,616
Cash and cash equivalents	24	**617,126**	651,630	403,891
		1,263,357	937,403	489,929
Current liabilities				
Trade and other payables	25	**55,526**	44,218	33,622
Borrowings — due within one year	26	**—**	597	1,246
Tax payable		**—**	—	47
		55,526	44,815	34,915
Net current assets		**1,207,831**	892,588	455,014
Net assets		**3,819,753**	3,207,916	2,824,961
Capital and reserves				
Share capital	30	**103,198**	88,678	73,863
Reserves		**3,712,669**	3,116,698	2,748,530
Total equity attributable to owners of the Company		**3,815,867**	3,205,376	2,822,393
Non-controlling interests		**3,886**	2,540	2,568
Total equity		**3,819,753**	3,207,916	2,824,961

The financial statements on pages 23 to 80 were approved and authorised for issue by the board of directors on 30 March 2011 and are signed on its behalf by:

Chu, Nicholas Yuk-yui
Director

Wong Hin Shek
Director

Statement of Financial Position

As at 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	16	**89**	163
Investments in subsidiaries	17	**1,432,487**	2,087,671
Deposit for acquisition	18	**400,000**	—
		1,832,576	2,087,834
Current assets			
Deposits and prepayment	23	**5,413**	2,269
Amount due from a subsidiary	17	**401,328**	76,751
Cash and cash equivalents	24	**506,242**	62,778
		912,983	141,798
Current liabilities			
Other payable and accruals	25	**2,410**	1,835
Net current assets		**910,573**	139,963
Net assets		**2,743,149**	2,227,797
Capital and reserves			
Share capital	30	**103,198**	88,678
Reserves	31	**2,639,951**	2,139,119
Total equity		**2,743,149**	2,227,797

Chu, Nicholas Yuk-yui
Director

Wong Hin Shek
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Equity attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Property revaluation reserve HK$'000	Share-based payment reserve HK$'000	Investment revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2009	73,863	1,650,305	274	814	716,344	8,512	1,372	235	370,674	2,822,393	2,568	2,824,961
Profit for the year	—	—	—	—	—	—	—	—	229,915	229,915	1,772	231,687
Other comprehensive loss for the year	—	—	—	—	(53,392)	—	368	—	—	(53,024)	—	(53,024)
Total comprehensive income for the year	—	—	—	—	(53,392)	—	368	—	229,915	176,891	1,772	178,663
Realised upon depreciation based on revalued amount of land and buildings	—	—	—	—	(17,564)	—	—	—	17,564	—	—	—
Issue of share under share option scheme	15	285	—	—	—	(66)	—	—	—	234	—	234
Issue of share by top-up subscription	14,770	250,662	—	—	—	—	—	—	—	265,432	—	265,432
Issue of share by warrant subscription	30	1,001	—	—	—	—	—	—	—	1,031	—	1,031
Share-based payments	—	—	—	—	—	13,258	—	—	—	13,258	—	13,258
Expiry of share options	—	—	—	—	—	(8,532)	—	—	8,532	—	—	—
Payment of dividends	—	—	—	—	—	—	—	—	(73,863)	(73,863)	—	(73,863)
Payment of dividends to non-controlling interest holders	—	—	—	—	—	—	—	—	—	—	(1,800)	(1,800)
At 31 December 2009	88,678	1,902,253	274	814	645,388	13,172	1,740	235	552,822	3,205,376	2,540	3,207,916
At 1 January 2010												
As originally reported	**88,678**	**1,902,253**	**274**	**814**	**642,569**	**13,172**	**1,740**	**235**	**551,151**	**3,200,886**	**2,540**	**3,203,426**
Effects of adoption of amendments to HKAS 17	**—**	**—**	**—**	**—**	**2,819**	**—**	**—**	**—**	**1,671**	**4,490**	**—**	**4,490**
As restated	**88,678**	**1,902,253**	**274**	**814**	**645,388**	**13,172**	**1,740**	**235**	**552,822**	**3,205,376**	**2,540**	**3,207,916**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**99,558**	**99,558**	**1,346**	**100,904**
Other comprehensive loss for the year	**—**	**—**	**—**	**—**	**(20,321)**	**—**	**1,913**	**—**	**—**	**(18,408)**	**—**	**(18,408)**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**(20,321)**	**—**	**1,913**	**—**	**99,558**	**81,150**	**1,346**	**82,496**
Realised upon depreciation based on revalued amount of land and buildings	**—**	**—**	**—**	**—**	**(16,077)**	**—**	**—**	**—**	**16,077**	**—**	**—**	**—**
Share repurchased	**(10)**	**(300)**	**10**	**—**	**—**	**—**	**—**	**—**	**(10)**	**(310)**	**—**	**(310)**
Issue of share under share option scheme	**173**	**3,292**	**—**	**—**	**—**	**(759)**	**—**	**—**	**—**	**2,706**	**—**	**2,706**
Issue of share by warrant subscription	**14,357**	**488,131**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**502,488**	**—**	**502,488**
Share-based payments	**—**	**—**	**—**	**—**	**—**	**24,457**	**—**	**—**	**—**	**24,457**	**—**	**24,457**
Forfeiture of share options	**—**	**—**	**—**	**—**	**—**	**(35)**	**—**	**—**	**35**	**—**	**—**	**—**
At 31 December 2010	**103,198**	**2,393,376**	**284**	**814**	**608,990**	**36,835**	**3,653**	**235**	**668,482**	**3,815,867**	**3,886**	**3,819,753**

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (Restated)
Operating activities		
Profit for the year	**100,904**	231,687
Adjustments for:		
Finance costs	**—**	1
Interest income	**(27,674)**	(5,628)
Dividend income	**(2,785)**	(1,412)
Gain on disposal of available-for-sale investments	**—**	(4,170)
Depreciation of property, plant and equipment	**99,862**	105,219
Write off of property, plant and equipment	**2,316**	17,306
Impairment losses on trade and other receivables	**3,495**	3,495
Revaluation deficit/(surplus) on leasehold land and buildings	**14,778**	(107,569)
Equity-settled share-based payment expenses	**24,457**	13,258
Operating profit before changes in working capital	**215,353**	252,187
Increase in inventories	**(820)**	(45)
Decrease/(Increase) in trading securities	**539**	(106,995)
Increase in trade and other receivables	**(36,330)**	(10,721)
Increase in trade and other payables	**11,308**	10,596
Cash from operations	**190,050**	145,022
Hong Kong profits tax paid	**—**	(47)
Net cash from operating activities	**190,050**	144,975
Investing activities		
Payment for the purchase of property, plant and equipment	**(33,871)**	(30,021)
Payment for acquisition	**(400,000)**	—
Payment for deposit for hotel renovation	**—**	(4,121)
Net proceeds from sales of available-for-sale investments	**—**	15,652
Repayment of loan receivable	**75,000**	—
Advancement for loan receivable	**(388,750)**	(76,751)
Interest received	**15,995**	6,209
Dividend received	**2,785**	1,412
Net cash used in investing activities	**(728,841)**	(87,620)
Financing activities		
Issue of shares	**—**	265,432
Issue of shares under share option scheme	**2,706**	234
Issue of shares pursuant to exercise of warrants	**502,488**	1,031
Share repurchase	**(310)**	—
Interest paid	**—**	(1)
Dividend paid	**—**	(73,863)
Dividend paid to a non-controlling interest holder of a subsidiary	**—**	(1,800)
Net cash from financing activities	**504,884**	191,033
Net (decrease)/increase in cash and cash equivalents	**(33,907)**	248,388
Cash and cash equivalents at 1 January	**651,033**	402,645
Cash and cash equivalents at 31 December	**617,126**	651,033

1 CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in Bermuda on 10 April 1996 under the Companies Act 1981 of Bermuda. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 July 1996. The address of its registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 17 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— leasehold land and buildings, where the leasehold land is classified as being held under a finance lease,

— financial instruments classified as trading securities, available-for-sale investments or embedded financial derivative

The preparation of financial statements in conformity with HKFRS requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other source. 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.

Judgments made by management in the application of HKFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 38.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. The excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree over the net fair value of the identifiable assets acquired and liabilities assumed as at the acquisition date is recorded as goodwill. If the net fair value of the identifiable assets acquired and liabilities assumed is greater than the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held interest in the acquiree, this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interest that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with the notes 2(f) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale.

(c) Property, plant and equipment

The land classified as being held under finance leases and buildings thereon are stated at valuation less subsequent accumulated depreciation. Fair value is determined by an independent firm of qualified property valuers. Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of the reporting period.

Changes arising on the revaluation of leasehold land and buildings held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

— when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

— when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold land classified as held under finance leases is depreciated over the unexpired term of lease.	
— Building situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.	
— Leasehold improvement, furniture, fixture and equipment	10%–50%
— Motor vehicles	20%–33%
— Yacht	10%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the year in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Upon the disposal of property, the relevant portion of the revaluations reserve realised in respect of previous valuations is released from the property revaluation reserve to retained earnings.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Leased assets

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.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the 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 lease charges are charged to profit or loss.

Rentals applicable to operating leases net of any incentives received from the leasing company are charged to profit or loss on straight line basis over the lease term.

Interest in leasehold land that is accounted for as an operating lease is presented as 'Prepaid land lease payments' in the consolidated statement of financial position. Prepaid land lease payments are stated at cost less accumulated amortisation and any impairment and are amortised over the remaining lease terms on a straight-line basis to the profit or loss. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(h).

(e) Inventories

Inventories comprise food and beverage, consumable and other goods of hotel and are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make to the sales.

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Group's and the Company's statements of financial position when the Group and the Company have become 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Financial assets

The Group's financial assets are classified into three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases and sales of financial assets are recognised and derecognised on a trade day 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. The accounting policies adopted for the Group and the Company's financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

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

— it is a part of an identified portfolio of financial instruments that the Group and the Company 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.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

— if forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At the end of the reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value 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.

Available-for-sale investments

Available-for-sale financial assets are those non-derivatives that are either designated as available-for-sale or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

At the end of the reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated separately in equity in the 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 recognised is reclassified from equity to profit or loss (see accounting policy in respect of impairment of financial assets below).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (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. At the end of the reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivable and cash and cash equivalents), are carried at amortised cost using the effective interest rate method, less any identified impairment losses (see accounting policy in respect of impairment of financial assets below), unless the effect of discounting would be immaterial, in which case they are stated at cost less provision for impairment.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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 assets, the estimated future cash flows of the financial assets have been impacted.

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.

For certain categories of financial asset, such as trade and other receivables, 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.

If any such evidence exists, any impairment loss is determined and recognised as follows:

For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decrease. Impairment losses for equity securities carried at cost are not reversed.

For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

***Impairment of financial assets** (continued)*

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

For available-for-sale securities, the cumulative loss that had been recognised in investment revaluation reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group and the Company 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 and the Company after deducting all its liabilities.

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss and other financial liabilities. The Group and the Company's financial liabilities are generally classified into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities, including trade and other payables and borrowings, are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

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

Embedded financial derivative

Embedded derivative are treated as separate derivatives when their economic characteristics and risk are not clearly and closely related to those of the host contract; the terms of the embedded derivatives would meet the definition a stand-alone derivatives they were contained in a separate contract; and the combined contract is not held for trading or designed at fair value. These embedded derivatives are measured at fair value with changes therein recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(l) and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

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 and the Company have 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 is recognised in profit or loss and the cumulative gain or loss is reclassified from equity to profit or loss.

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

(g) Cash and cash equivalents

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

(h) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of the reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment (other than properties carried at revalued amounts);

— investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of non-financial assets (continued)

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Employee benefits

(i) Short term employee benefits in the form of leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlement to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit costs

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

Obligations for contributions to social security fund are recognised as an expense in profit or loss as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Employee benefits (continued)

(iii) Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments. Details regarding the share-based payments are set out in note 2(j).

(iv) Termination benefits

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

(j) Share-based payments

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Share-based payments to parties other than employees (and those providing similar services) are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group is required to measure the fair value by reference to the fair value of the equity instruments granted. Details regarding the determination of the fair value of share-based payments are set out in note 28.

For share options granted under the Scheme, the fair value of the services rendered in exchange for the grant of the options is recognised as an expense and credited to a share-based payment reserve under equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in profit or loss, and a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

At the time when the share options are exercised, the amount previously recognised in the share-based payment reserve will be transferred to share premium. The proceeds received net of any direct attributable transaction costs are credited to share capital (nominal value) and share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in the share-based payment reserve will be released directly to retained earnings.

(k) Income tax

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

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

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the 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, and deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the 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.

(l) Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and cost, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

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

(ii) Hotel revenue

Hotel revenue from rooms rental, food and beverage sales and other ancillary services is recognised when the services are rendered.

(iii) Gaming revenue

Revenue arising from services provided for gaming operations is recognised when the relevant services have been rendered and the Group is entitled to the share of gaming wins or losses from the gaming operator.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except when otherwise indicated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on non-monetary items such as equities instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are, included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity under heading of exchange fluctuation reserve.

(o) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Related parties

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

(i) directly, or indirectly through one or more intermediaries, the party:

— control, is controlled by, or is under common control with, the Group;

— has an interest in the company that gives it significant influence over the Group; or

— has joint control over the Group

(ii) the party is a member of key management personnel of the Company or its parent company;

(iii) the party is a close member of the family of any individual referred to in (i) and (ii);

(iv) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entities resides with, directly or indirectly, the individual referred to in (ii) or (iii);

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

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

3 ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the company's financial year beginning on 1 January 2010.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoptions of HKFRS
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented, except for the adoption of the amendment to HKAS 17 "Leases".

3 ADOPTION OF NEW AND REVISED STANDARDS (continued)

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009" removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entities should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. An entity shall reassess the classification of land elements of unexpired leases at the date it adopts the amendments on the basis of information existing at the inception of the lease.

On the adoption of this amendment, the Group has made a reassessment of the existing land lease arrangement and concluded that such arrangement has substantially transferred all risks and rewards incidental to ownership of the leased land to the Group notwithstanding that at the end of the lease term, title will not be passed to the Group. As a result, the Group has reclassified prepaid land lease payments to property, plant and equipment. Before the amendment, these leases were recorded at historical cost and amortised over the term of the lease. With these leases reclassified to property, plant and equipment, they are carried at valuation and depreciated over the unexpired term of lease. All the changes arising on the revaluation of the leases are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same leasehold land immediately prior to the revaluation; and when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same leasehold land had previously been charged to profit or loss. The Group has retrospectively applied this amendment.

The effects of adoption of amendment to HKAS 17 described above on the consolidated income statement and consolidated statement of comprehensive income for the current and prior years are as follows:

	2010 **HK$'000**	2009 HK$'000
Increase in depreciation	**(18,408)**	(15,648)
Decrease in amortisation on prepaid lease payments	**19,099**	19,099
Decrease in impairment loss/(decrease in reversal of impairment loss) on prepaid land lease payments	**13,971**	(109,349)
Increase in (deficit)/surplus on revaluation of leasehold land and buildings	**(14,778)**	107,569
(Decrease)/increase in profit for the year	**(116)**	1,671
Decrease in deficit on revaluation of leasehold land and buildings	**27,390**	2,819
Increase in total comprehensive income for the year	**27,274**	4,490
(Decrease)/increase in basic and diluted earnings per share	**— cents**	0.04 cents

3 ADOPTION OF NEW AND REVISED STANDARDS (continued)

The effects of adoption of amendment to HKAS 17 described above on the consolidated statement of financial position are as follows:

	Previous accounting policies HK$'000	Effects of adoption of amendment to HKAS 17 HK$'000	As restated HK$'000
At 31 December 2008 and 1 January 2009			
Property, plant and equipment	1,702,472	641,487	2,343,959
Prepaid lease payment			
— current	15,775	(15,775)	—
— non-current	625,712	(625,712)	—
Property revaluation reserve	716,344	—	716,344
Retained earnings	370,674	—	370,674
At 31 December 2009			
Property, plant and equipment	1,569,405	736,227	2,305,632
Prepaid lease payment			
— current	21,306	(21,306)	—
— non-current	710,431	(710,431)	—
Property revaluation reserve	642,569	2,819	645,388
Retained earnings	551,151	1,671	552,822
At 31 December 2010			
Property, plant and equipment	**1,475,917**	**730,430**	**2,206,347**
Prepaid lease payment			
— current	**19,099**	**(19,099)**	**—**
— non-current	**679,568**	**(679,568)**	**—**
Property revaluation reserve	**578,791**	**30,199**	**608,990**
Retained earnings	**666,918**	**1,564**	**668,482**

3 ADOPTION OF NEW AND REVISED STANDARDS (continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[6]
HKFRS 9	Financial Instruments[7]
HK (IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 January 2012.

3 Effective for annual periods beginning on or after 1 January 2011.

4 Effective for annual periods beginning on or after 1 February 2010.

5 Effective for annual periods beginning on or after 1 July 2010.

6 Effective for annual periods beginning on or after 1 July 2011.

7 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. HKFRS 9 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 Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

4 REVENUE

An analysis of the Group's revenue, which are also the Group's turnover, is as follows:

	2010	2009
	HK$'000	HK$'000
Operating of hotels		
— room rental	**119,069**	92,724
— food and beverage sale	**37,518**	36,611
— gaming revenue	**379,988**	279,829
— other rental income	**4,672**	4,575
	541,247	413,739

5 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reporting operating segments as follows:

(a) Hotel ownership and management segment is the operation of hotels and provision of hotel management services.

(b) Food and beverage segment is the operation of restaurants in hotels.

(c) Casino segment is the operation of casino in hotels.

(d) Securities investment segment is the trading of listed securities.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on a measure of adjusted earnings before interest, income tax, depreciation and amortisation (EBITDA). Interest income and expenditure are not included in the result of each operating segment that is reviewed by the management. Other information provided, except as noted below, to the management is measured in a manner consistent with that in the financial statements.

Revenue between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external customers reported to the management is measured in a manner consistent with that in the income statement.

5 SEGMENTAL INFORMATION (continued)

Operating segments

The following tables represent segment information of the Group provided to the group's management for the years ended 31 December 2010 and 2009.

For the year ended 31 December 2010

	Hotel ownership and management HK$'000	Food and beverage HK$'000	Casino HK$'000	Securities Investment HK$'000	Total HK$'000
Segment Revenue					
External customers	123,741	35,505	382,001	5,665	546,912
Inter-segment	30,064	—	13,035	—	43,099
	153,805	35,505	395,036	5,665	590,011
Adjusted EBITDA	98,965	(2,562)	162,240	7,844	266,487
Interest income	25	—	5,060	—	5,085
Depreciation	(72,654)	(20,127)	(3,979)	—	(96,760)
Unrealised gain on trading securities	—	—	—	4,743	4,743
Impairment losses for trade and other receivables	(3,495)	—	—	—	(3,495)
Write-off of property, plant and equipment	(2,316)	—	—	—	(2,316)
Deficit on revaluation of leasehold land and buildings	(10,773)	(3,715)	(290)	—	(14,778)
Finance costs	—	—	—	—	—
Segment Assets	1,689,513	446,839	239,279	152,427	2,528,058
Capital expenditure	31,700	448	5,794	—	37,942
Segment Liabilities	8,694	12,767	21,907	6	43,374

5 SEGMENTAL INFORMATION (continued)

Operating segments (continued)

For the year ended 31 December 2009

	Hotel ownership and management HK$'000	Food and beverage HK$'000	Casino HK$'000	Securities Investment HK$'000	Total HK$'000
Segment Revenue					
External customers	97,299	33,555	282,885	5,245	418,984
Inter-segment	26,400	—	15,962	—	42,362
	123,699	33,555	298,847	5,245	461,346
Adjusted EBITDA	71,912	(3,823)	115,369	99,533	282,991
Interest income	4	—	3,048	597	3,649
Depreciation	(70,340)	(25,040)	(6,807)	—	(102,187)
Unrealised gain on trading securities	—	—	—	93,666	93,666
Impairment losses for trade and other receivables	(3,495)	—	—	—	(3,495)
Write off of property, plant and equipment	—	—	(17,306)	—	(17,306)
Surplus on revaluation of leasehold land and buildings	75,816	25,476	6,277	—	107,569
Finance costs	(1)	—	—	—	(1)
Segment Assets	1,613,656	559,367	746,793	155,649	3,075,465
Capital expenditure	27,469	—	2,522	—	29,991
Segment Liabilities	10,532	13,922	14,027	7	38,488

5 SEGMENTAL INFORMATION (continued)

Reconciliations of segment revenues, adjusted EBITDA, assets and liabilities

	2010 HK$'000	2009 HK$'000
Segment revenue	**590,011**	461,346
Elimination of inter-segment revenue	**(43,099)**	(42,362)
Elimination of revenue of securities investment	**(5,665)**	(5,245)
Consolidated revenue	**541,247**	413,739
Adjusted EBITDA	**266,487**	282,991
Other income	**1,123**	954
Interest income	**27,674**	5,628
Corporate overhead	**(49,472)**	(26,176)
Depreciation	**(99,862)**	(105,219)
Expenses in relation to the grant of share option	**(24,457)**	(13,258)
Impairment losses for trade and other receivables	**(3,495)**	(3,495)
Write off of property, plant and equipment	**(2,316)**	(17,306)
(Deficit)/surplus on revaluation of leasehold land and buildings	**(14,778)**	107,569
Finance costs	**—**	(1)
Profit before taxation	**100,904**	231,687
Segment assets	**2,528,058**	3,075,465
Deferred tax assets	**5,575**	5,575
Deposit for acquisition	**400,000**	—
Loan receivable	**401,328**	76,751
Available-for-sale investments	**5,960**	4,047
Unallocated corporate assets	**534,358**	90,893
Total assets	**3,875,279**	3,252,731
Segment liabilities	**43,374**	38,488
Unallocated corporate liabilities	**12,152**	6,327
Total liabilities	**55,526**	44,815

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than deferred tax assets, loan receivable, available-for-sale investments, deposit for acquisition and assets used jointly by reportable segments.

- all liabilities are allocated to reportable segments other than the liabilities for which reportable segments are jointly liable.

5 SEGMENTAL INFORMATION (continued)

Geographical segment information

The Group's operations and non-current assets other than financial instruments and deferred tax assets are mainly located in Macau of The People's Republic of China ("PRC"). The Group's revenue from external customers are derived mainly from the market in Macau.

Information about major customers

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

	2010 HK$'000	2009 HK$'000
Sociedade De Jogos De Macau, S.A. *(note)*	**375,727**	279,976

Note: Revenue from income from casino

6 OTHER INCOME

	2010 HK$'000	2009 HK$'000
Interest income	**27,674**	5,628
Dividend income	**2,785**	1,412
Sundry income	**1,123**	954
	31,582	7,994

7 STAFF COSTS

	2010 HK$'000	2009 HK$'000
Staff costs (including directors' remuneration)		
— salaries, wages and other benefits	**34,471**	33,031
— contributions to defined contribution retirement plan	**214**	208
— equity-settled share-based payment expenses in relation to the grant of share options	**13,696**	611
Amount shown as staff costs in the consolidated income statement	**48,381**	33,850
Staff costs included in operating costs in the consolidated income statement	**53,525**	54,454
Total staff costs	**101,906**	88,304

8 TAXATION

(a) No provision for Hong Kong profits tax has been made in the financial statements as the Group has no assessable profit for the year (2009: nil).

No provision for Macau Complementary Tax has been made as the subsidiaries operating in Macau has no assessable profit for the year (2009: nil).

(b) The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2010 **HK$'000**	2009 HK$'000
Profit before taxation	**100,904**	231,687
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions *(note)*	**11,379**	30,848
Tax effect of non-deductible expenses	**8,080**	4,226
Tax effect of non-taxable income	**(27,617)**	(22,041)
Reversal of deferred tax not recognised	**(973)**	(16,052)
Deferred tax assets not recognised	**9,131**	3,019
Taxation for the year	**—**	—

Note: The tax rates adopted here are 12% for those entities operating in Macau and 16.5% for entities operating in other jurisdictions.

9 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting) the following:

	2010 HK$'000	2009 HK$'000
Cost of inventories sold	**16,771**	13,574
Auditors' remuneration		
— audit services	**540**	500
— tax services	**13**	16
— other services	**40**	45
Depreciation		
— owned assets	**99,862**	105,219
Operating lease charges		
— properties	**9,176**	7,919
— machinery	**1,262**	—
Other operating expenses	**5,811**	20,801
— impairment losses for trade and other receivables	**3,495**	3,495
— write-off of property, plant and equipment	**2,316**	17,306
Net exchange differences	**(9,273)**	(1,593)

10 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of HK$13,989,000 (2009: profit of HK$90,149,000) which has been dealt with in the financial statements of the Company.

11 DIVIDEND

	2010 HK$'000	2009 HK$'000
No dividend was paid during the year ended 31 December 2010 (Final dividend of HK1 cent per share for the year ended 31 December 2008 was paid during the year ended 31 December 2009)	**—**	73,863

The directors of the Company did not recommend the payment of final dividend for the year ended 31 December 2010.

12 EARNINGS PER SHARE

	2010	2009
	HK cent	HK cent
Basic earnings per share	**2.06**	5.64
Diluted earnings per share	**1.98**	5.62

(a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2010	2009
	HK$'000	HK$000
Profit for the purpose of basic earnings per share	**99,558**	229,915

	2010	2009
		(restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**4,844,402,854**	4,079,677,124

(b) Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are the same as those for the basic earnings per share, as outlined above.

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2010	2009
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**4,844,402,854**	4,079,677,124
Shares deemed to be issued for no consideration in respect of:		
— Share options	**150,164,105**	11,630,829
— Warrants	**42,021,465**	—
	5,036,588,424	4,091,307,953

Note: For the years ended 31 December 2010 and 31 December 2009, the weighted average number of shares for the purpose of calculating the basic and diluted earnings per share has been retrospectively adjusted for the effect of the share consolidation completed in March 2011.

13 OTHER COMPREHENSIVE INCOME/(LOSS)

	2010			2009		
	Before tax HK$'000	**Tax HK$'000**	**After tax HK$'000**	Before tax HK$'000	Tax HK$'000	After tax HK$'000
Deficit on revaluation of leasehold land and buildings	**(20,321)**	**—**	**(20,321)**	(53,392)	—	(53,392)
Available-for-sale investments						
Unrealised gain arising from change in fair value	**1,913**	**—**	**1,913**	1,740	—	1,740
Reclassification adjustments for amounts transferred to profit or loss:						
— Gains on disposal	**—**	**—**	**—**	(1,372)	—	(1,372)
Net movement in the investment revaluation reserve	**1,913**	**—**	**1,913**	368	—	368
Other comprehensive loss	**(18,408)**	**—**	**(18,408)**	(53,024)	—	(53,024)

14 DIRECTORS' REMUNERATION

An analysis of remuneration paid and payable to directors of the Company for the years ended 31 December 2010 and 2009 is set as follows:

	Directors' fee HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Discretionary bonus payment HK$'000**	**Share-based payments HK$'000**	**Retirement scheme contribution HK$'000**	**2010 Total HK$'000**
Executive directors						
Mrs. Chu Yuet Wah	**—**	**6,500**	**6,000**	**1,489**	**12**	**14,001**
Mr. Wong Hin Shek	**—**	**1,948**	**—**	**9,648**	**12**	**11,608**
Non-executive director						
Mr. Chu, Nicholas Yuk-yui	**650**	**—**	**—**	**—**	**—**	**650**
Independent non-executive directors						
Dr. Wong Yun Kuen	**60**	**—**	**—**	**—**	**—**	**60**
Mr. Lau Man Tak	**60**	**—**	**—**	**—**	**—**	**60**
Mr. Yu Peter Pak Yan	**60**	**—**	**—**	**—**	**—**	**60**
	830	**8,448**	**6,000**	**11,137**	**24**	**26,439**

14 DIRECTORS' REMUNERATION (continued)

	Directors' fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus payment HK$'000	Share-based payments HK$'000	Retirement scheme contribution HK$'000	2009 Total HK$'000
Executive directors						
Mrs. Chu Yuet Wah	—	6,500	5,000	—	12	11,512
Mr. Wong Hin Shek	—	1,720	—	438	12	2,170
Non-executive director						
Mr. Chu, Nicholas Yuk-yui	650	—	—	—	—	650
Independent non-executive directors						
Dr. Wong Yun Kuen	60	—	—	—	—	60
Mr. Lau Man Tak	60	—	—	—	—	60
Mr. Yu Peter Pak Yan	60	—	—	—	—	60
	830	8,220	5,000	438	24	14,512

The discretionary bonus payment was determined by reference to the individual performance of the directors and approved by the Remuneration Committee.

No directors have waived or agreed to waive any emoluments in respect of the years ended 31 December 2009 and 2010.

There were no emoluments paid or payable as an inducement to directors to join the Group and no emoluments were paid or payable to the directors as compensation for loss of office during the years ended 31 December 2009 and 2010.

15 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2009: 3) are directors whose emoluments are disclosed in note 14. The emoluments in respect of the remaining 2 (2009: 2) highest paid individuals are as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other emoluments	**1,939**	1,732
Retirement scheme contributions	**13**	12
Share-based payments	**213**	61
	2,165	1,805

The emolument of one of the above individual was within the band from HK$nil to HK$1,000,000, whereas that of the other individual was within the band from HK$1,000,000 to HK$1,500,000 (2009: their emoluments were all within bands from HK$nil to HK$1,000,000). No emoluments were paid or payable to the above highest paid individual as an inducement to join the Group or as compensation for loss of office during the years ended 31 December 2009 and 2010.

16 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and buildings held for own use HK$'000	Leasehold improvement, furniture, fixture and equipment HK$'000	Motor vehicles HK$'000	Yacht HK$'000	Total HK$'000
Cost or valuation					
At 1 January 2009, as previously reported	1,523,916	325,588	6,575	25,618	1,881,697
Effects of adoption of amendments to HKAS 17	641,487	—	—	—	641,487
As restated	2,165,403	325,588	6,575	25,618	2,523,184
Additions	—	29,626	395	—	30,021
Write-off	—	(78,639)	(1,600)	—	(80,239)
Adjustment on revaluation	1,355	—	—	—	1,355
At 31 December 2009	2,166,758	276,575	5,370	25,618	2,474,321
Representing:					
Cost	—	276,575	5,370	25,618	307,563
At 2009 valuation	2,166,758	—	—	—	2,166,758
	2,166,758	276,575	5,370	25,618	2,474,321
At 1 January 2010, as previously reported	**1,430,531**	**276,575**	**5,370**	**25,618**	**1,738,094**
Effects of adoption of amendments to HKAS 17	**736,227**	**—**	**—**	**—**	**736,227**
As restated	**2,166,758**	**276,575**	**5,370**	**25,618**	**2,474,321**
Additions	**—**	**37,837**	**155**	**—**	**37,992**
Write-off	**—**	**(26,336)**	**—**	**—**	**(26,336)**
Adjustment on revaluation	**(89,278)**	**—**	**—**	**—**	**(89,278)**
At 31 December 2010	**2,077,480**	**288,076**	**5,525**	**25,618**	**2,396,699**
Representing:					
Cost	**—**	**288,076**	**5,525**	**25,618**	**319,219**
At 2010 valuation	**2,077,480**	**—**	**—**	**—**	**2,077,480**
	2,077,480	**288,076**	**5,525**	**25,618**	**2,396,699**
Accumulated depreciation					
At 1 January 2009	—	173,699	4,672	854	179,225
Charge for the year	52,822	48,690	1,145	2,562	105,219
Eliminated on write-off	—	(61,333)	(1,600)	—	(62,933)
Adjustment on revaluation	(52,822)	—	—	—	(52,822)
At 31 December 2009	—	161,056	4,217	3,416	168,689
At 1 January 2010	**—**	**161,056**	**4,217**	**3,416**	**168,689**
Charge for the year	**54,179**	**42,486**	**636**	**2,561**	**99,862**
Eliminated on write-off	**—**	**(24,020)**	**—**	**—**	**(24,020)**
Adjustment on revaluation	**(54,179)**	**—**	**—**	**—**	**(54,179)**
At 31 December 2010	**—**	**179,522**	**4,853**	**5,977**	**190,352**
Net book value					
At 31 December 2010	**2,077,480**	**108,554**	**672**	**19,641**	**2,206,347**
At 31 December 2009	2,166,758	115,519	1,153	22,202	2,305,632

16 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The leasehold land and buildings held for own use are situated in Macau under medium term leases.

(b) The Group's leasehold land and buildings for own use were revalued by AA Property Services Limited, an independent professional valuer, on an open market value basis as at 31 December 2010. The valuation was arrived by adopting the income approach for hotel properties and by direct comparison approach for other properties by making reference to comparable sales transactions as available in the market.

(c) As at 31 December 2010, total amount of revaluation deficit was HK$35,099,000. Deficit of HK$20,321,000 has been recognised in other comprehensive income and accumulated in the property revaluation reserve of the Group and the balance was recognised in profit or loss. As at 31 December 2009, the net revaluation surplus was HK$54,177,000. Deficit of HK$53,392,000 had been recognised in other comprehensive income and accumulated in the property revaluation reserve of the Group and the surplus of HK$107,569,000 was recognised in profit or loss.

(d) Had these properties held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been HK$1,513,200,000 (2009: HK$1,552,001,000).

The Company	**Leasehold improvement, furniture, fixtures and equipment HK$'000**	**Motor vehicles HK$'000**	**Total HK$'000**
Cost			
At 1 January 2009	2,431	1,041	3,472
Additions	31	—	31
At 31 December 2009 and 1 January 2010	**2,462**	**1,041**	**3,503**
Additions	**49**	**—**	**49**
At 31 December 2010	**2,511**	**1,041**	**3,552**
Accumulated depreciation			
At 1 January 2009	1,957	913	2,870
Charge for the year	342	128	470
At 31 December 2009 and 1 January 2010	**2,299**	**1,041**	**3,340**
Charge for the year	**123**	**—**	**123**
At 31 December 2010	**2,422**	**1,041**	**3,463**
Net book value			
At 31 December 2010	**89**	**—**	**89**
At 31 December 2009	163	—	163

17 INVESTMENTS IN SUBSIDIARIES

	The Company 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**1**	—
Amounts due from subsidiaries	**2,242,127**	2,298,648
Amounts due to subsidiaries	**(408,313)**	(134,226)
Less: impairment loss	**—**	—
	1,833,815	2,164,422
Amount receivable within one year	**(401,328)**	(76,751)
	1,432,487	2,087,671

Amount receivable within one year is loan of HK$401,328,000 (2009: HK$76,751,000) to a subsidiary which bear effective interest at 13% per annum (2009: 12% per annum) and repayable within one year.

Apart from the above, the amounts due from/to subsidiaries were unsecured, interest-free and had no fixed term of repayment. The amounts were non-current in nature.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	**Place of incorporation/ registration and operation**	**Particulars of registered/issued and paid up share capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Bebright Limited	British Virgin Islands	US$1	100%	100%	—	Investment holding
Futuremind Holdings Limited	British Virgin Islands	US$1	100%	—	100%	Investment holding
GR Casa Real Holdings Limited	British Virgin Islands	US$5	100%	—	100%	Investment holding
GR Casa Real (HK) Company Limited	Hong Kong	HK$2	100%	—	100%	Operating booking office for Casa Real Hotel
GR Casa Real Company Limited	Macau	MOP100,000	100%	—	100%	Operating Casa Real Hotel
Glory State Limited	Hong Kong	HK$1	100%	100%	—	Investment holding

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation/ registration and operation	Particulars of registered/issued and paid up share capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Golden Resorts Group Hotel Investment Limited	Macau	MOP100,000	100%	—	100%	Operating Grandview Hotel
Goventure Finance Limited^	British Virgin Islands	US$1	100%	100%	—	Operating casino in hotels
Next Champion Limited	British Virgin Islands	US$1	100%	100%	—	Investment holding
Golden 28 Club*	Macau	HK$10,000,000	80%	—	80%	Operating casino in hotels
Target All Investments Limited^	British Virgin Islands	US$1	100%	100%	—	Operating casino in hotels
Good Start Group Limited^	British Virgin Islands	US$1	100%	100%	—	Operating casino in hotels
Brilliant Red Limited#	British Virgin Islands	US$1	100%	100%	—	Investment holding
Crystal Sea Group Limited^	British Virgin Islands	US$1	100%	100%	—	Investment holding and operating Golden Times Club in hotel
Noble Brand Limited#	British Virgin Islands	US$1	100%	100%	—	Trading of listed securities
Right Business Limited#	British Virgin Islands	US$100	100%	100%	—	Investment holding

Company operates principally in Hong Kong instead of in their respective places of incorporation/establishment.

^ *Company operates principally in Macau instead of in their respective places of incorporation/establishment.*

* *Golden 28 Club is registered in Macau as an individual enterprise in the name of Mrs. Chu Yuet Wah*

17 INVESTMENTS IN SUBSIDIARIES (continued)

The movement in the allowance for impairment as of end of the reporting period is as follows:

	The Company	
	2010	2009
	HK$'000	HK$'000
Balance at beginning of the reporting period	**—**	115,819
Impairment losses reversed	**—**	(115,819)
Balance at end of the reporting period	**—**	—

Included in the allowance were individually impaired amount due from subsidiaries which had significant loss for the year ended 31 December 2008. As these subsidiaries had significant profits for the year ended 31 December 2009, the impairment losses were reversed for the year ended 31 December 2009.

18 DEPOSIT FOR ACQUISITION

	The Group	
	2010	2009
	HK$'000	HK$'000
Deposit for acquisition of a financial group	**400,000**	—

The amount represented deposit paid for acquisition of Kingston Capital Asia Limited.

19 INVENTORIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Food and beverage	**2,925**	2,105

20 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2010	2009
	HK$'000	HK$'000
Investment funds, at fair value *(Note)*	**5,960**	4,047

The available-for-sale investments are denominated in United States dollars and there is no public market for the investments.

The fair value is based on net asset value of the investment funds at the end of the reporting period. During the year ended 31 December 2010, a surplus arising on change in fair value of approximately HK$1,913,000 (2009: HK$1,740,000) was recognised in other comprehensive income and accumulated in the investment revaluation reserve.

21 TRADING SECURITIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Equity securities listed in Hong Kong, at market value	**152,070**	152,609

Changes in fair value of financial assets at fair value through profit or loss are recognised in the consolidated income statement.

22 LOAN RECEIVABLE

	The Group	
	2010	2009
	HK$'000	HK$'000
Loan receivable	**401,328**	76,751

Loan receivable as at 31 December 2010 represented advances to Affluent Public Limited, an independent third party (the "Borrower"). On 20 September 2010, the Group and the Borrower entered into the loan agreement in which the Group agreed to make available to the Borrower a term loan facility up to principal amount of CAD50 million. The loan is secured by legal charge on the entire share capital in the Borrower and entire interests of the Borrower in a company incorporated under the laws of the Province of British Columbia, Canada ("Company A"), and personal guarantees executed by all directors of the Borrower. The loan bears an effective interest of 13% per annum and shall be repayable in 6 months from the date of advance.

In connection with the Loan, the Group was granted the option, exercisable within six months from the date of drawdown, to either (i) subscribe for shares in the Borrower representing 25% of the total issued share capital of the Borrower (on a fully diluted basis) at the time of such subscription, or (ii) to purchase from the Borrower, shares of Company A, representing approximately 18.89% of the total issued share capital of Company A (on a fully diluted basis) at the time of such purchase, at the option purchase price of CAD80 million. Once (i) the Borrower has subscribed for approximately 75.56% interest in the Company A which in turn will acquire 90% interest in a company incorporated in Canada; and (ii) the option is exercised, the Group will have an indirect attributable interest of approximately 17% in 34 subsurface mineral permits for exploration of potash in Saskatchewan, Canada.

Since the Borrower failed to subscribe for the shares in the Company A, in December 2010, the Group commenced proceedings in Canada against the Borrower and its relevant parties to recover the funds advanced. The Borrower intended to settle the proceedings and to extend the loan for a further 3 months. As at the date of this report, the Borrower had proposed the settlement terms for the Group to consider.

Loan receivable as at 31 December 2009 represented advances to another independent third party. The loan was secured by legal charge on the entire shares in the borrower and entire shareholdings of the borrower in its subsidiaries, and personal guarantees executed by a director of the borrower and a director of another equity owner of a subsidiary of the borrower. The loan bore an interest of 12% per annum and was repayable in 9 months from the date of advance. During the current year, the loan was novated to the immediate holding company of the original borrower and the immediate holding company became the new borrower. As at 31 December 2010, the principal together with all accrued interests had been fully repaid.

23 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**72,201**	42,519	**—**	—
Deposits and prepayments	**11,747**	7,742	**5,413**	2,269
	83,948	50,261	**5,413**	2,269

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

The following is an ageing analysis of trade receivables at the end of the reporting period:

	The Group	
	2010	2009
	HK$'000	HK$'000
0–30 days	**59,981**	29,406
31–60 days	**12,148**	12,597
61–90 days	**782**	967
Over 90 days	**18,790**	15,554
	91,701	58,524
Allowance for doubtful debt	**(19,500)**	(16,005)
	72,201	42,519

The Group generally allows an average credit period of 30 days to its customers. Further details on the Group's credit policy are set out in note 32.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivable directly.

The movement in the allowance for doubtful debt during the year is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 January	**16,005**	12,510
Impairment loss recognised	**3,495**	3,495
At 31 December	**19,500**	16,005

At 31 December 2010, the Group's trade receivable of HK$19,500,000 (2009: HK$16,005,000) were individually determined to be impaired. The individually impaired receivable related to a debtor who has dispute with the Group and specific allowance for doubtful debts of HK$19,500,000 (2009: HK$16,005,000) was recognised. The Group does not hold any collateral over these balances.

23 TRADE AND OTHER RECEIVABLES (Continued)

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**59,690**	29,115
Past due but not impaired:		
Less than 1 month past due	**11,857**	12,308
1 to 3 months past due	**654**	874
More than 3 months past due	**—**	222
	12,511	13,404
	72,201	42,519

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

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

24 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Time deposits	**491,454**	586,261	**446,908**	44,617
Cash held in securities accounts maintained in securities company	**357**	3,039	**—**	—
Cash at bank and in hand	**125,315**	62,330	**59,334**	18,161
Cash and cash equivalents in the consolidated statement of financial position	**617,126**	651,630	**506,242**	62,778
Bank overdraft *(note 26)*	**—**	(597)		
Cash and cash equivalents in the consolidated statement of cash flows	**617,126**	651,033		

Cash at banks and cash held in a securities account maintained in a securities company earns interest at floating rates based on daily bank deposit rates. Short term deposits during the year are made for varying period of between 1 day and 6 months depending on the immediate cash requirements of the Group, and earn interest at respective short term time deposits rates. The carrying amounts of the cash and cash equivalent approximate to their fair value.

25 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**16,162**	13,472	**—**	—
Other payable and accruals	**39,364**	30,746	**2,410**	1,835
	55,526	44,218	**2,410**	1,835

All of trade and other payables are expected to be settled within one year. Included in other payable and accruals are payables to a director and non-controlling interest holders of a subsidiary amount to HK$6,000,000 (2009: HK$5,000,000) and HK$400,000 (2009: HK$200,000), respectively.

The following is an ageing analysis of trade payables at the end of the reporting period:

	2010	2009
	HK$'000	HK$'000
0–30 days	**9,395**	8,138
31–60 days	**4,498**	3,628
61–90 days	**1,461**	1,567
Over 90 days	**808**	139
	16,162	13,472

26 BORROWINGS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank overdrafts	**—**	597	**—**	—

The carrying amounts of bank overdrafts approximate to their fair value.

27 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employee are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

The employees of the Group's subsidiaries in Macau were members of state-managed retirement benefit schemes operated by the Macau government. The Group was required to contribute a certain percentage of its payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme was to make the required contributions under the scheme.

28 SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme (the "Scheme") which was adopted on 7 June 2004 whereby the directors of the Company may, at their discretion, select participants as incentives or rewards for their contribution to the Group to take up options at HK$1 per grant to subscribe for shares in the Company.

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 30% of the shares in issue from time to time. The number of shares in respect of which options may be granted to any individual in any 12-month period 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 may be exercised at any time from the date of grant of the share option to the date of expiry of the option or in accordance with the terms of the Scheme at any time during a period to be notified by board of directors to each grantee. The exercise price is determined by the directors of the Company, and will not be less than the highest 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 share.

Details of the share options outstanding as at 31 December 2010 which have been granted under the Scheme are as follows:

Name or category of participants	Date of grant	Exercise period	Exercise price	Balance at 1/1/2010	Granted in 2010	Exercise in 2010	Lapsed in 2010	Balance at 31/12/2010
Directors:								
Mrs. Chu Yuet Wah	2/2/2010	2/2/2010 to 1/2/2013	HK$0.411	—	12,160,000	—	—	**12,160,000**
Mr. Wong Hin Shek	3/6/2009	3/6/2009 to 2/6/2012	HK$0.156	10,000,000	—	—	—	**10,000,000**
	2/2/2010	2/2/2010 to 1/2/2013	HK$0.411	—	78,788,000	—	—	**78,788,000**
Consultants	3/6/2009	3/6/2009 to 2/6/2012	HK$0.156	148,475,545	—	(16,000,000)	—	**132,475,545**
	11/8/2009	11/8/2009 to 10/8/2012	HK$0.215	443,166,190	—	—	—	**443,166,190**
	2/2/2010	2/2/2010 to 1/2/2013	HK$0.411	—	321,218,000	—	—	**321,218,000**
Staff	3/6/2009	3/6/2009 to 2/6/2012	HK$0.156	6,000,000	—	(1,350,000)	(2,400,000)	**2,250,000**
	2/2/2010	2/2/2010 to 1/2/2013	HK$0.411	—	31,000,000	—	(1,000,000)	**30,000,000**
				607,641,735	443,166,000	(17,350,000)	(3,400,000)	**1,030,057,735**

Note: The weighted average share price during the year ended 31 December 2010 was HK$0.402.

28 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share options granted in 2010

The estimated fair value of the options granted on 2 February 2010 to directors and staff was HK$0.1225 and HK$0.1422 per option respectively. The fair value was calculated using the Trinomial pricing model. The inputs into the model were as follows:

	Director	**Staff**
Weighted average share price	HK$0.414	HK$0.414
Exercise price	HK$0.411	HK$0.411
Expected volatility	82.629%	73.33% to 82.63%
Expected life	1 year	0.496 to 2.918 years
Risk-free rate	0.255%	0.210% to 0.976%
Expected dividend yield	2.414%	2.405% to 4.868%

No vesting conditions is set for directors while the share options granted to staff are subject to the following vesting schedule:

Vesting schedule	**Maximum number of share options exercisable**
From 2 August 2010 to 1 February 2011	15%
From 2 February 2011 to 1 August 2011	30%
From 2 August 2011 to 1 February 2012	45%
From 2 February 2012 to 1 August 2012	60%
From 2 August 2012 to 1 January 2013	80%
From 2 January 2013 to 1 February 2013	100%

The estimated fair values of the options granted to Group A and Group B consultants on 2 February 2010 were HK$8,610,000 and HK$3,690,000 respectively. No vesting conditions is set for Group A consultants while the share options granted to Group B consultants are subject to the following vesting schedule:

Vesting schedule	**Maximum number of share options exercisable**
From 2 August 2010 to 1 February 2011	15%
From 2 February 2011 to 1 August 2011	30%
From 2 August 2011 to 1 February 2012	45%
From 2 February 2012 to 1 August 2012	60%
From 2 August 2012 to 1 January 2013	80%
From 2 January 2013 to 1 February 2013	100%

The fair value was calculated using the Market Approach, reference has been made to the prices at which other services of similar nature are agreed as available in the market. In the process of valuing the share options, the uniqueness of services provided by the consultants has been taken into account. The consultant fee are computed based on the number of working hours and the consultant fees to be charged in the provision of the consultancy service together with out-of-pocket expenses.

28 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share options granted in 2009

The estimated fair value of the options granted on 3 June 2009 to directors, staff and consultants was HK$0.0437 per option. The fair value was calculated using the Trinomial pricing model. The inputs into the model were as follows:

Weighted average share price	HK$0.153
Exercise price	HK$0.156
Expected volatility	66.827%
Expected life	1.5 years
Risk-free rate	0.911%
Expected dividend yield	4.334%

The share options granted on 3 June 2009 to staff are subject to the following vesting schedule:

Vesting schedule	Maximum number of share options exercisable
From 3 December 2009 to 2 June 2010	20%
From 3 June 2010 to 2 December 2010	35%
From 3 December 2010 to 2 June 2011	50%
From 3 June 2011 to 2 December 2011	65%
From 3 December 2011 to 2 March 2012	80%
From 3 March 2012 to 2 June 2012	100%

The estimated fair value of the options granted to consultants on 11 August 2009, which was calculated using the Market Approach, was HK$6,150,000.

The expected volatility was determined by using the historical volatility of the Company's share price over the previous half to three years. Expected dividends are based on historical dividends.

Because the Trinomial pricing model and Market Approach require the input of highly substantive assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

The fair value of share options granted is recognised in profit or loss with a corresponding increase in share-based payment reserve within equity. A share-based payment expense amounting to HK$24,457,000 (2009: HK$13,258,000) has been recognised by the Company for the year ended 31 December 2010 in relation to share options granted by the Company.

29 DEFERRED TAXATION

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerated tax depreciation HK$'000	Other assets HK$'000	Unused tax losses HK$'000	Total HK$'000
At 1 January 2009	3	—	5,572	5,575
Credit to consolidated income statement	—	—	—	—
At 31 December 2009	3	—	5,572	5,575
Credit to consolidated income statement	—	—	—	—
At 31 December 2010	3	—	5,572	5,575

At 31 December 2010, the Group has unused tax losses of approximately HK$201,955,000 (2009: approximately HK$242,880,000) available for offset against future profits. A deferred tax asset has been recognised for the year ended 31 December 2010 in respect of HK$46,429,000 (2009: HK$46,429,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward for a period of:

	2010 HK$'000	2009 HK$'000
One year	**34,106**	46,062
More than one year but not more than two years	**52,528**	34,106
More than two years but not more than three years	**33,655**	75,149
Indefinitely	**35,237**	41,134
	155,526	196,451

30 SHARE CAPITAL

	2010		2009	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**30,000,000,000**	**300,000**	30,000,000,000	300,000
Issued and fully paid:				
At 1 January	**8,867,766,956**	**88,678**	7,386,323,823	73,863
Share repurchased	**(1,000,000)**	**(10)**	—	—
Issue of share by warrant subscription	**1,435,680,377**	**14,357**	2,943,133	30
Issue of share by way of Top-Up Subscription	**—**	**—**	1,477,000,000	14,770
Issue of shares under share option scheme	**17,350,000**	**173**	1,500,000	15
At 31 December	**10,319,797,333**	**103,198**	8,867,766,956	88,678

30 SHARE CAPITAL (Continued)

During the year, the Company purchased 1,000,000 of its ordinary shares on the Stock Exchange of Hong Kong. All the shares purchased were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Details of shares acquired by month are as follows:

Month	Number purchased	Price per share/ Highest price paid	Lowest price paid	Total cost
		HK$	HK$	HK$'000
August 2010	1,000,000	0.31	N/A	310

Warrants

During the year, 1,435,680,377 new shares of HK$0.01 each were issued pursuant to exercise of warrants at consideration of approximately HK$502,488,000.

Share options

During the year, 17,350,000 new shares of HK$0.01 each were issued pursuant to exercise of share options at consideration of approximately HK$2,706,000.

Capital Management

Capital comprises of share capital and reserves stated on the consolidated statement of financial position. The Group's primary objectives when managing capital are:

— to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;

— to maintain an optimal capital structure to reduce the cost of capital; and

— to provide capital for the purpose of potential acquisitions.

The Group regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. The Group manages capital by adjusting the amount of dividends paid to shareholders, share repurchase, share reduction or issue new shares.

As in prior year, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as total debt less cash and cash equivalents over net assets. Total debt is calculated as total borrowings including current and non-current borrowings.

During the year ended 31 December 2010, the Group's strategy was to maintain low gearing ratio. The net gearing ratios at 31 December 2010 and 2009 were as follows:

	2010	2009
	HK$'000	HK$'000
Total debt (note 26)	**—**	597
Less: Cash and cash equivalents (note 24)	**617,126**	651,630
Net cash	**617,126**	651,033
Net assets	**3,819,753**	3,207,916
Net gearing ratio	**N/A**	N/A

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

31 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity on page 27 of the financial statements.

Company	**Share premium account** HK$'000	**Contributed surplus** HK$'000	**Share-based payment reserve** HK$'000	**Capital redemption reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
At 1 January 2009	1,650,305	69,332	8,512	274	129,270	1,857,693
Issue of share under share option scheme	285	—	(66)	—	—	219
Issue of share by warrant subscription	1,001	—	—	—	—	1,001
Issue of share by way of Top-Up Subscription	250,662	—	—	—	—	250,662
Share-based payment	—	—	13,258	—	—	13,258
Expiry of share options	—	—	(8,532)	—	8,532	—
Profit for the year	—	—	—	—	90,149	90,149
Payment of dividends	—	—	—	—	(73,863)	(73,863)
At 31 December 2009	1,902,253	69,332	13,172	274	154,088	2,139,119
At 1 January 2010	**1,902,253**	**69,332**	**13,172**	**274**	**154,088**	**2,139,119**
Share repurchased	**(300)**	**—**	**—**	**10**	**(10)**	**(300)**
Issue of share under share option scheme	**3,292**	**—**	**(759)**	**—**	**—**	**2,533**
Issue of share by warrant subscription	**488,131**	**—**	**—**	**—**	**—**	**488,131**
Share-based payment	**—**	**—**	**24,457**	**—**	**—**	**24,457**
Forfeiture of share options	**—**	**—**	**(35)**	**—**	**35**	**—**
Loss for the year	**—**	**—**	**—**	**—**	**(13,989)**	**(13,989)**
At 31 December 2010	**2,393,376**	**69,332**	**36,835**	**284**	**140,124**	**2,639,951**

(a) The share premium account represents the excess of proceeds received over the nominal value of the Company's shares issued, less share issue expenses.

(b) The contributed surplus represents the difference between the nominal value of the Company's shares issued and the value of net assets of the underlying subsidiaries acquired. Under the Companies Act of Bermuda, a company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(c) The share-based payment reserve comprises the fair value of unexercised share options granted to directors, employees and consultants of the Company recognised in accordance with HKFRS 2. Details are set out in note 28.

(d) Capital redemption reserve arises from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares.

The reserve available for distribution by the Company to the shareholders as at 31 December 2010 is approximately HK$209,456,000 (2009: HK$223,420,000).

32 FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

The carrying amounts of each of the categories of the Group and the Company's financial assets and liabilities as at the reporting date are as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments	**5,960**	4,047	**—**	—
At fair value through profit or loss				
— Held-for-trading investments	**152,070**	152,609	**—**	—
Loans and receivables				
— Amounts due from subsidiaries	**—**	—	**2,242,127**	2,298,648
— Loan receivable	**401,328**	76,751	**—**	—
— Financial assets included in trade and other receivables	**74,194**	43,596	**1,554**	43
— Cash and cash equivalents	**617,126**	651,630	**506,242**	62,778
	1,092,648	771,977	**2,749,923**	2,361,469
	1,250,678	928,633	**2,749,923**	2,361,469
Financial liabilities				
Financial liabilities measured at amortised cost				
— Amounts due to subsidiaries	**—**	—	**408,313**	134,226
— Financial liabilities included in trade and other payables	**25,114**	29,855	**312**	1,173
— Borrowings	**—**	597	**—**	—
	25,114	30,452	**408,625**	135,399

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(i) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"), United States Dollars ("USD") and Canadian Dollars ("CAD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

32 FINANCIAL RISK MANAGEMENT (Continued)

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

(i) Market risk (Continued)

Foreign exchange risk (Continued)

The carrying amounts of the Group's foreign currency denominated financial assets at the reporting date are as follows:

	2010	2009
	HK$'000	HK$'000
USD	**29,751**	31,536
RMB	**414,326**	21,000
CAD	**401,328**	—

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

The Group does not expect any significant movements in the exchange rate of USD to HKD and it is mainly exposed to the effects of fluctuation in RMB and CAD.

The following table details the Group sensitivity to a 2% (2009: 2%) and 4% increase and decrease in HKD dollars against RMB and CAD respectively. 2% and 4% are the sensitivity rates used in the current year for measuring the Group's sensitivity to foreign exchange rates change for RMB & CAD respectively and represent management's assessment of the reasonably possible changes in foreign currency rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items. A positive number below indicates an increase in profit where HKD weaken 2% (2009: 2%) and 4% against RMB and CAD respectively. For a 2% (2009: 2%) and 4% strengthening of the HKD against RMB and CAD respectively, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Impact of RMB		**Impact of CAD**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Sensitivity rate	**2%**	2%	**4%**	N/A
Profit after tax and retained earnings	**8,286**	420	**16,053**	N/A

This is mainly attributable to the exposure to cash and cash equivalents denominated in RMB and loan receivable denominated in CAD.

It is assumed that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to foreign exchange risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. It is also assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. The analysis is performed on the same basis for 2009.

Interest rate risk

The Group's exposure to interest rate risk arises primarily from its borrowings, bank deposits and loan receivable. Borrowings and bank deposits at variable rates and loan receivable at fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively.

32 FINANCIAL RISK MANAGEMENT (Continued)

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

(i) ***Market risk*** (Continued)

Interest rate risk (Continued)

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The management monitors the Group's exposure on ongoing basis.

At 31 December 2010, it is estimated that a general increase/decrease of 100 basis points (2009: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained earnings by approximately HK$5,708,000 (2009: HK$6,196,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the company's exposure to interest rate risk for financial instruments in existence at that date. The analysis is performed on the same basis for 2009.

Price risk

The Group is exposed to price risks arising from equity investments held for trading purpose (note 21) and available-for-sale investment whose returns are linked to a portfolio of securities listed in Hong Kong and other major stock market in the portfolio (note 20).

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities, as well as the Group's liquidity needs. Management manages this exposure by maintaining a portfolio of investments with different risk profiles. The available-for-sale investment has been chosen based on their good value and growth prospects and are monitored regularly for performance against expectations.

The following table demonstrates the sensitivity to every 10% (2009: 15%) change in the equity prices with all other variables held constant and based on their carrying amounts at the end of the reporting period. For the available-for-sale investment, the impact is deemed to be on the investment revaluation reserve and no account is given for factors such as impairment, which might have impact on the income statement. For sensitivity analysis purpose, the sensitivity rate is decreased to 10% in the current year as a result of the volatile financial market.

	Increase/ decrease in basis points	**Increase/ decrease in net profit/loss and retained earnings** HK$'000	**Increase/ decrease in other equity reserves** HK$'000
2010			
Trading securities	**10%**	**12,698**	**—**
Available-for-sale investment	**10%**	**—**	**596**
2009			
Trading securities	15%	19,114	—
Available-for-sale investment	15%	—	607

32 FINANCIAL RISK MANAGEMENT (Continued)

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

(ii) Credit risk

The extent of the Group's credit exposure is represented by the aggregate balance of cash at bank, loan receivable and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash at bank are placed with high-credit-quality institutions and directors of the Company consider that the credit risk for such is minimal.

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits by borrower. Limits attributed to borrowers are reviewed by the management regularly. The Group obtains collateral from borrower to minimize the credit risk in respect of the loan receivable.

In respect of trade and other receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Trade receivables are due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

In order to minimise the credit risk in respect of the trade and other receivables, the Group reviews the recoverable amount at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has a certain concentration of credit risk as 73% (2009: 56%) and 78% (2009: 63%) of total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

Further quantitative disclosures in respect of the company's exposure to credit risk arising from loan receivable and trade and other receivables are set out in notes 22 and 23, respectively.

(iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in short and longer term.

32 FINANCIAL RISK MANAGEMENT (Continued)

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

(iii) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group and Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates current at the end of the reporting period) and the earliest date the company can be required to pay:

The Group

	2010 Carrying amount HK$'000	**2010** Total contractual undiscounted cash flow HK$'000	**2010** Within one year or on demand HK$'000	2009 Carrying amount HK$'000	2009 Total contractual undiscounted cash flow HK$'000	2009 Within one year or on demand HK$'000
Trade and other payables	**25,114**	**25,114**	**25,114**	29,855	29,855	29,855
Bank overdrafts	**—**	**—**	**—**	597	597	597
	25,114	**25,114**	**25,114**	30,452	30,452	30,452

The Company

	2010 Carrying amount HK$'000	**2010** Total contractual undiscounted cash flow HK$'000	**2010** Within one year or on demand HK$'000	2009 Carrying amount HK$'000	2009 Total contractual undiscounted cash flow HK$'000	2009 Within one year or on demand HK$'000
Trade and other payables including amounts due to subsidiaries	**408,625**	**408,625**	**408,625**	135,399	135,399	135,399

(c) Fair value estimation

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

— the fair values of held-for-trading investments with standard terms and conditions and traded on active liquid markets are determined with reference of quoted market bid prices;

— the fair value of available-for-sale financial asset is based on net asset value of the investment fund at the end of the reporting period;

— the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of the company's financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values as at 31 December 2009 and 2010 except amounts due from (to) subsidiaries which are unsecured, interest-free and have no fixed terms of repayment. Given these terms, it is not meaningful to disclose their fair values.

32 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value hierarchy of financial instruments

HKFRS 7 requires disclosure of financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 — inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial instruments that are measured at fair value as at 31 December 2010 and 2009.

At 31 December 2010

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Held-for-trading securities	**152,070**	**—**	**—**	**152,070**
Available-for-sale investments	**—**	**5,960**	**—**	**5,960**
	152,070	**5,960**	**—**	**158,030**

At 31 December 2009

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Held-for-trading securities	152,609	—	—	152,609
Available-for-sale investments	—	4,047	—	4,047
	152,609	4,047	—	156,656

During the year, there are no significant transfers between Level 1 and Level 2.

33 OPERATING LEASE COMMITMENT

(a) The Group leases its land and buildings under operating lease arrangements, and the terms of the leases range from one to ten years and the leases are repayable in fixed monthly installments. The lease agreements are renewable at the end of the respective lease terms. There is no arrangement for contingent rent payments.

At 31 December 2010, the Group had total future minimum lease receivable under non-cancellable operating leases which fall due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**1,792**	868
After one year but within five years	**3,650**	33
	5,442	901

(b) The Group entered into non-cancelable operating lease arrangements with landlords and the terms of the leases range from one to five years.

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**2,287**	8,512
After one year but within five years	**104**	1,378
	2,391	9,890

34 COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2010 **HK$'000**	2009 HK$'000
Capital commitments in respect of acquisition of property, plant and equipment:		
— contracted but not provided for in the financial statements	**2,084**	4,763
— authorised but not contracted for	**17,191**	14,520
	19,275	19,283

34 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

On 14 December 2010 and 7 January 2011, the Group had entered into sale and purchase agreement and supplemental sale and purchase agreement respectively with Active Dynamic Limited, a company wholly owned by Mrs. Chu and Better Sino Limited, a company wholly owned by mother of Mrs. Chu (together the "Vendors") for acquisition of entire issued share capital of Kingston Capital Asia Limited at a consideration of approximately HK$12,000,000,000. The consideration is to be satisfied in the following manner:

(i) as to the cash consideration of HK$2,000,000,000;

(ii) as to HK$1,000,000,000 by way of the Promissory Notes;

(iii) as to HK$4,800,000,000 by way of allotment and issue of the consideration shares at the issue price of HK$0.80; and

(iv) as to HK$4,200,000,000 by way of issue of the convertible preference shares with the conversion price of HK$0.80 per conversion share.

At 31 December 2010, the Company has paid an initial deposit of HK$400,000,000 to the Vendors (note 18). Details of the acquisition are set out in the circular of the Company dated 25 February 2011.

Apart from the above, the Group and the Company had no material commitments or contingent liabilities at the end of the reporting period.

35 MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party and connected transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 14 and certain of the highest paid employees as disclosed in note 15 as follows:

	2010	2009
	HK$'000	HK$'000
Short-term employee benefits	**17,217**	15,782
Post-employment benefits	**37**	36
Equity compensation benefits	**11,350**	499
	28,604	16,317

Total remuneration is included in "Staff costs" (note 7)

35 MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

(b) During the year, the Group entered into the following material related party and connected transactions.

Name of related party	**Nature of transaction**	**2010 HK$'000**	2009 HK$'000
Kingston Corporate Finance Limited *(note 1)*	Financial advisory fee *(note 2)*	**900**	—
Kingston Securities Limited *(note 1)*	Placing commission and related expenses *(note 3)*	**—**	6,831
	Share repurchases commission and related expenses	**8**	—
	Brokerage fee in respect of dealing in securities *(note 3)*	**31**	249
	Interest income *(note 4)*	**—**	210
Mr. Lee Wai Man *(note 5)*	Consultancy fee *(note 2)*	**1,000**	1,000
Mrs. Chu Yuet Wah	Staff quarter rental expenses	**894**	894

Notes:

(1) The director, Mrs. Chu Yuet Wah, has controlling interest in the above companies.

(2) This transaction was transacted at a price agreed between the parties and in accordance with the agreement.

(3) Placing commission was charged at 2.5% and brokerage fee was charged at 0.25%

(4) Interest income was earned at 0.001% per annum.

(5) Mr. Lee Wai Man is the father of Mrs. Chu Yuet Wah.

36 MAJOR NON-CASH TRANSACTIONS

In prior year, the principal non-cash transaction was the receipt of 3,272,727 ordinary shares in a company listed in Hong Kong as part of consideration for the early redemption of the convertible notes.

37 EVENTS AFTER THE REPORTING PERIOD

(i) On 22 March 2011, the Company held a special general meeting, in which, among other things, the acquisition of Kingston Capital Asia Limited as set out in note 34 was approved by the shareholders. The acquisition has not been completed yet up to the date of this report.

(ii) Pursuant to special resolutions passed on 22 March 2011, share consolidation, increase in authorised share capital and change of company name were approved.

— The issued and unissued ordinary shares of HK$0.01 each in the capital of the Company were consolidated on the basis of every 2 shares being consolidated into 1 share of HK$0.02 each. The share consolidation became effective on 23 March 2011.

— The Company's authorised share capital was increased from HK$300,000,000 divided into 15,000,000,000 consolidated shares of HK$0.02 each to HK$600,000,000 divided into 24,750,000,000 consolidated shares of HK$0.02 each and 5,250,000,000 convertible preference shares of par value HK$0.02 each by the creation of an additional 9,750,000,000 consolidated shares of HK$0.02 each and 5,250,000,000 convertible preference shares of par value HK$0.02 each. The increase in authorised share capital has not been effective yet as at the date of this report.

— The name of the Company was changed from "Golden Resorts Group Limited" to "Kingston Financial Group Limited" and "金利豐金融集團有限公司" was adopted as the secondary name of the Company. As at the date of this report, the change of Company name has not become effective yet.

38 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

Estimated fair value of leasehold properties

The fair value of each hotel property individually is determined at the end of the reporting period by independent professional valuers using the income approach whereby the incomes derived from the hotel operations with regard to past trading accounts and the rental income derived from existing tenancies on the property interest are capitalised at an appropriate rate of return with due allowance for outgoings and expenses wherever applicable. This methodology is based upon estimates of future results and a set of assumptions as to income and expenses of the property and future economic conditions. The fair value of each hotel property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

38 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Impairment loss on trade receivables

Management regularly reviews the recoverability of trade receivables. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the amounts are not recoverable.

In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the aged status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised based on the estimation of the future cash flow expected to receive and a suitable discounted rate in order to calculate the present value.

Realisation of deferred tax assets

Deferred tax assets relating to tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

Valuation of share options granted

The fair value of share option granted was calculated using the Trinomial pricing model and Market Approach based on the Group's management's significant inputs into calculation included an estimated life of share options granted to be half to three years based on exercise restrictions and behavioral consideration, the volatility of share price, weighted average share prices and exercise price of the share options granted, the number of working hours and the consultant fees to be charged in the provision of the consultancy service, etc.

39 COMPARATIVE FIGURES

As a result of the adoption of the amendments to HKAS 17 "Leases", certain comparative figures have been adjusted to conform with the current year's presentation.