SHOUGANG CONCORD GRAND (GROUP) LIMITED

Stock Code : 730

CONTINUED GROWTH

ANNUAL REPORT 2010

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Li Shaofeng *(Chairman)*
Luo Zhenyu *(Managing Director)*
Chen Zheng *(Managing Director of Operations)*
Wang Tian *(Deputy Managing Director)*
Yuan Wenxin *(Deputy Managing Director)*
Leung Shun Sang, Tony *(Non-executive Director)*
Tam King Ching, Kenny
(Independent Non-executive Director)
Zhou Jianhong
(Independent Non-executive Director)
Yip Kin Man, Raymond
(Independent Non-executive Director)

EXECUTIVE COMMITTEE

Li Shaofeng *(Chairman)*
Luo Zhenyu
Chen Zheng
Wang Tian
Yuan Wenxin

AUDIT COMMITTEE

Tam King Ching, Kenny *(Chairman)*
Zhou Jianhong
Yip Kin Man, Raymond

NOMINATION COMMITTEE

Li Shaofeng *(Chairman)*
Leung Shun Sang, Tony *(Vice Chairman)*
Tam King Ching, Kenny
Zhou Jianhong
Yip Kin Man, Raymond

REMUNERATION COMMITTEE

Leung Shun Sang, Tony *(Chairman)*
Li Shaofeng *(Vice Chairman)*
Tam King Ching, Kenny
Zhou Jianhong
Yip Kin Man, Raymond

COMPANY SECRETARY

Cheng Man Ching

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL REGISTRARS

HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Rooms 1101-04, 11th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

STOCK CODE

730

WEBSITE

www.shougang-grand.com.hk

DIRECTORS' BIOGRAPHIES

Mr. Li Shaofeng, aged 44, holds a bachelor degree in Automation from University of Science and Technology Beijing. Mr. Li was appointed an Executive Director and the Chairman of the Company in May 2010 and is the chairman of each of the Executive Committee and the Nomination Committee, and the vice chairman of the Remuneration Committee of the Company. He joined Shougang Corporation, the ultimate holding company of Shougang Holding (Hong Kong) Limited ("Shougang Holding"), in 1989 and is the vice chairman and managing director of Shougang Holding and a director of Wheeling Holdings Limited ("Wheeling"). Each of Shougang Holding and Wheeling is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Mr. Li is the managing director of Shougang Concord International Enterprises Company Limited ("Shougang International"), the chairman and managing director of Shougang Concord Century Holdings Limited ("Shougang Century"), and the chairman of each of Shougang Concord Technology Holdings Limited ("Shougang Technology") and Global Digital Creations Holdings Limited ("GDC", previously a non wholly-owned subsidiary of the Company which ceased to be a subsidiary of the Company from 10 December 2010). He is also a director of Sinocop Resources (Holdings) Limited, a Hong Kong listed company. Mr. Li has extensive experience in management of, and investments in, listed companies, sino-foreign joint ventures and steel industry.

A service contract was entered into between Mr. Li and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2011. Under the service contract, Mr. Li is entitled to a monthly salary of HK$150,000 or such higher salary and discretionary bonus as may be determined by the board of directors of the Company (the "Board") from time to time. For the period from 10 May 2010 (the date of appointment of Mr. Li as an Executive Director of the Company) to 31 December 2010, Mr. Li's monthly salary is HK$150,000 and his discretionary bonus is HK$600,000. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Li's individual performance.

A service contract was entered into between Mr. Li and a subsidiary of GDC for a term commencing on 10 May 2010 (the date of appointment of Mr. Li as an executive director of GDC) and expiring on 31 December 2012 for his services to GDC. Under the service contract, Mr. Li is entitled to discretionary bonus as may be determined by the board of directors of GDC from time to time. For the period from 10 May 2010 to 31 December 2010, Mr. Li's discretionary bonus is HK$1,000,000. Such bonus was determined with reference to the then prevailing market conditions, the performance of GDC as well as Mr. Li's individual performance.

Mr. Luo Zhenyu, aged 41, graduated from Tianjin University and Graduate School, the Chinese Academy of Social Sciences with a bachelor degree in technology and a doctor degree in economics respectively. Mr. Luo was appointed an Executive Director and the Managing Director of the Company in May 2010 and is a member of the Executive Committee of the Company. He was a deputy managing director of Shougang International from January 2005 to May 2010. Mr. Luo has extensive experience in corporate investment.

A service contract was entered into between Mr. Luo and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2011. Under the service contract, Mr. Luo is entitled to a monthly salary of HK$180,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the period from 10 May 2010 (the date of appointment of Mr. Luo as an Executive Director of the Company) to 31 December 2010, Mr. Luo's monthly salary is HK$180,000 and his discretionary bonus is HK$540,000. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Luo's individual performance.

Mr. Chen Zheng, aged 51, engineer and senior economist. He holds a bachelor degree in chemical engineering and a master degree in business administration. Mr. Chen was appointed an Executive Director of the Company in January 2004 and is currently the Managing Director of Operations of the Company and a member of the Executive Committee of the Company. He is the managing director of GDC. Mr. Chen has extensive experience in investing business and corporate management.

A service contract was entered into between Mr. Chen and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2011. Under the service contract, Mr. Chen is entitled to a monthly salary of HK$120,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2010, Mr. Chen's monthly salary is HK$120,000 and his discretionary bonus is HK$120,000. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Chen's individual performance.

A service contract was entered into between Mr. Chen and a subsidiary of GDC for a term of three years commencing on 1 January 2008 which expired on 31 December 2010 for his services to GDC. Under the service contract, Mr. Chen was entitled to a monthly salary of HK$130,000 or such higher salary and discretionary bonus as may be determined by the board of directors of GDC from time to time. For the financial year ended 31 December 2010, Mr. Chen's discretionary bonus is HK$1,300,000. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of GDC as well as Mr. Chen's individual performance.

Mr. Wang Tian, aged 55, senior economist. He holds a PhD degree in economics. Mr. Wang was appointed an Executive Director of the Company in March 2004 and is currently the Deputy Managing Director of the Company and a member of the Executive Committee of the Company. He has extensive experience in the field of financial management. Mr. Wang had been awarded certificate and special allowance from the Government of the People's Republic of China as a commendation for his outstanding contribution in developing the financial business in Mainland China.

A service contract was entered into between Mr. Wang and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2011. Under the service contract, Mr. Wang is entitled to a monthly salary of HK$120,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2010, Mr. Wang's monthly salary is HK$120,000 and his discretionary bonus is HK$360,000. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Wang's individual performance.

Mr. Yuan Wenxin, aged 41, holds a bachelor degree in law and a post-graduate diploma in finance from Hunan University Law School and an EMBA degree from China Europe International Business School (CEIBS). Mr. Yuan was appointed an Executive Director of the Company in August 2005 and is currently the Deputy Managing Director of the Company and a member of the Executive Committee of the Company. He was an assistant general manager of Shougang Holding and a director of Shougang Technology. Mr. Yuan has extensive experience in financial investment and corporate restructuring.

A service contract was entered into between Mr. Yuan and a wholly-owned subsidiary of the Company for a term of three years commencing on 1 January 2011. Under the service contract, Mr. Yuan is entitled to a monthly salary of HK$120,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. For the financial year ended 31 December 2010, Mr. Yuan's monthly salary is HK$120,000 and his discretionary bonus is HK$360,000. Such salary and bonus were determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Yuan's individual performance.

Mr. Leung Shun Sang, Tony, aged 68, holds a master degree in business administration from New York State University. Mr. Leung was appointed a Non-executive Director of the Company in July 1995 and is the chairman of the Remuneration Committee and the vice chairman of the Nomination Committee of the Company. He is also a non-executive director of each of Shougang International, Shougang Technology, GDC, Shougang Century and Fushan International Energy Group Limited. Mr. Leung is the managing director of CEF Group. He has over 40 years of experience in finance, investment and corporate management.

An engagement letter was entered into with Mr. Leung for a term of three years commencing on 1 January 2011. Under the engagement letter, Mr. Leung is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2010, the director's fee of Mr. Leung is HK$190,000. For the financial year ending 31 December 2011, the director's fee of Mr. Leung will be HK$190,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Leung. Such director's fees were determined with reference to Mr. Leung's experience and duties as well as the then prevailing market conditions.

An engagement letter was entered into with Mr. Leung for a term of three years commencing on 1 January 2008 which expired on 31 December 2010 for his offices as a non-executive director of GDC. Under the engagement letter, Mr. Leung was entitled to a director's fee as may be determined by the board of directors of GDC from time to time. For the financial year ended 31 December 2010, the director's fee of Mr. Leung is HK$190,000. Such director's fee was determined with reference to Mr. Leung's experience and duties as well as the then prevailing market conditions.

Mr. Tam King Ching, Kenny, aged 62. Mr. Tam was appointed an Independent Non-executive Director of the Company in February 1996 and is the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company. He is a practising Certified Public Accountant in Hong Kong. Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. He is serving as a member of each of the Ethics Committee and the Practice Review Committee in the Hong Kong Institute of Certified Public Accountants. Mr. Tam is a Past President of The Society of Chinese Accountants and Auditors. He also serves as an independent non-executive director of five other listed companies on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), namely, CCT Telecom Holdings Limited, Kingmaker Footwear Holdings Limited, Starlite Holdings Limited, Van Shung Chong Holdings Limited and West China Cement Limited which was delisted from the Alternative Investment Market of the London Stock Exchange plc on 23 August 2010, and a listed company on the Growth Enterprise Market of the Stock Exchange, namely, North Asia Strategic Holdings Limited. Mr. Tam was an independent non-executive director of King Stone Energy Group Limited, a Hong Kong listed company, during the period from August 2005 to September 2008.

An engagement letter was entered into with Mr. Tam for a term of three years commencing on 1 January 2011. Under the engagement letter, Mr. Tam is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2010, the director's fee of Mr. Tam is HK$240,000. For the financial year ending 31 December 2011, the director's fee of Mr. Tam will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Tam. Such director's fees were determined with reference to Mr. Tam's experience and duties as well as the then prevailing market conditions.

Ms. Zhou Jianhong, aged 45, graduated from Peking University with a master degree in economic law. Ms. Zhou was appointed an Independent Non-executive Director of the Company in September 2004 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. She is a practising solicitor in Hong Kong.

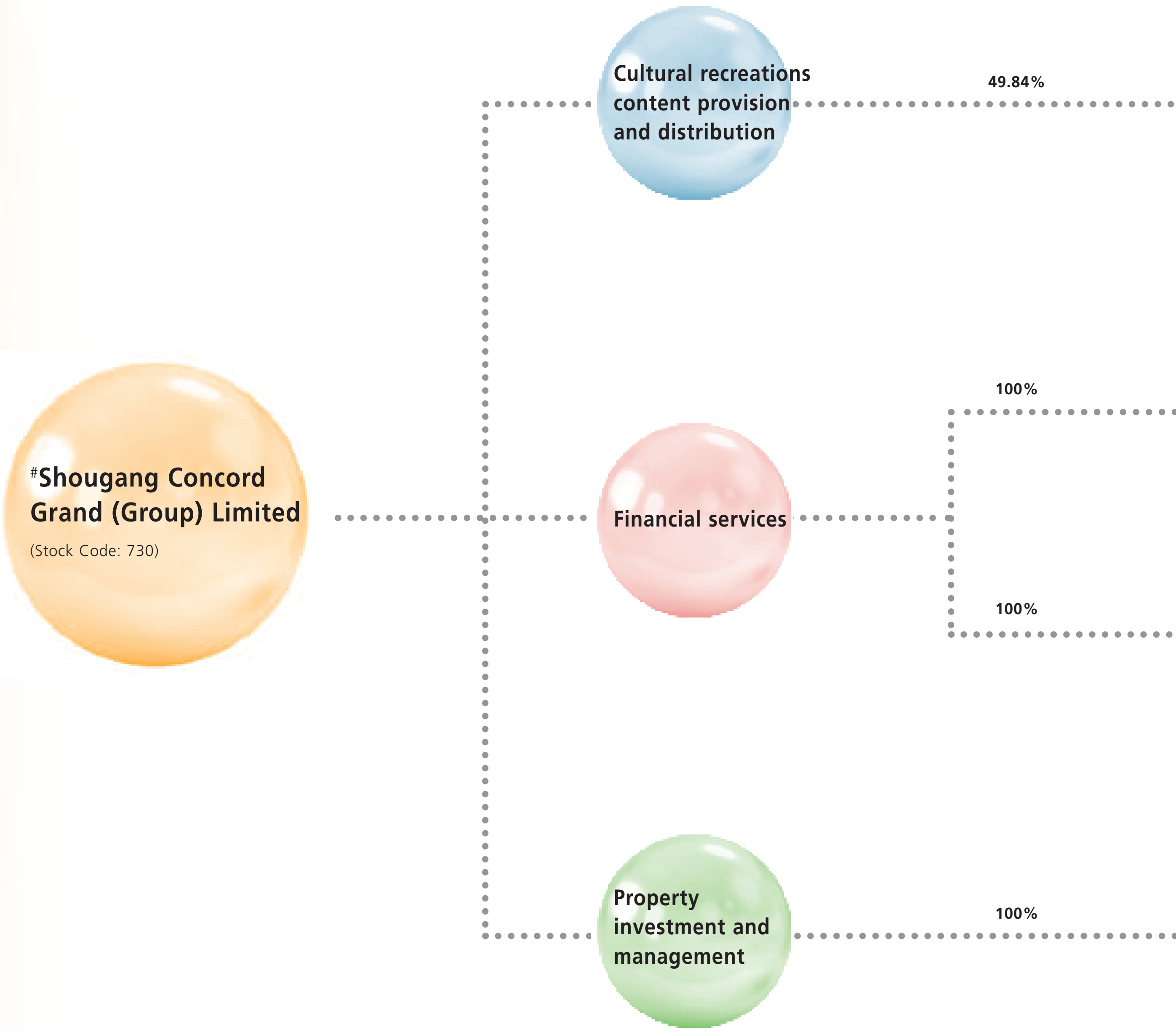
An engagement letter was entered into with Ms. Zhou for a term of three years commencing on 1 January 2011. Under the engagement letter, Ms. Zhou is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2010, the director's fee of Ms. Zhou is HK$240,000. For the financial year ending 31 December 2011, the director's fee of Ms. Zhou will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Ms. Zhou. Such director's fees were determined with reference to Ms. Zhou's experience and duties as well as the then prevailing market conditions.

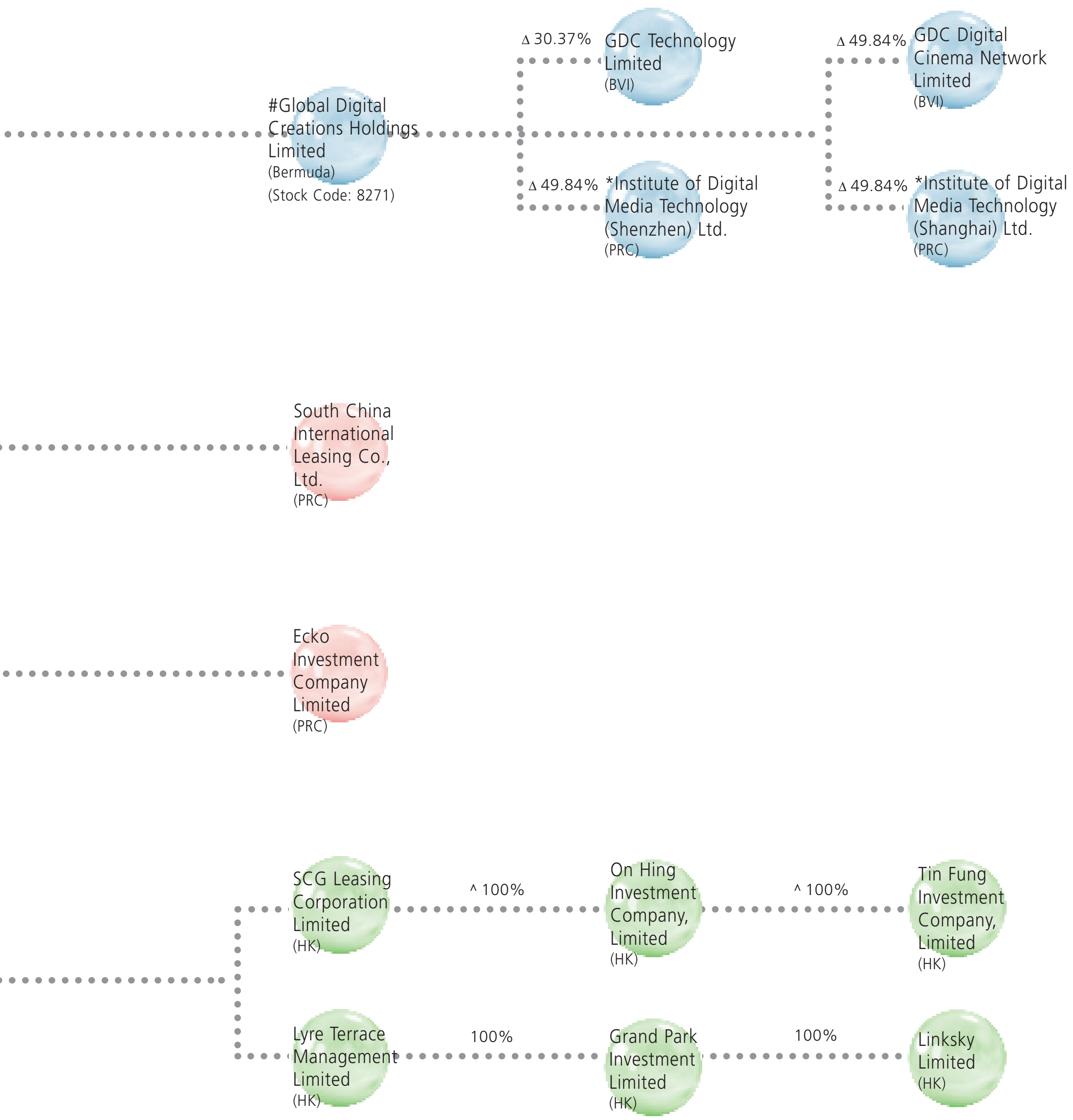
Mr. Yip Kin Man, Raymond, aged 64. Mr. Yip was appointed an Independent Non-executive Director of the Company in January 2007 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. He is also an independent non-executive director of Shougang Century. Mr. Yip is a practising solicitor, notary public and Attesting Officer appointed by the Ministry of Justice of the PRC.

An engagement letter was entered into with Mr. Yip for a term of three years commencing on 1 January 2011. Under the engagement letter, Mr. Yip is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2010, the director's fee of Mr. Yip is HK$240,000. For the financial year ending 31 December 2011, the director's fee of Mr. Yip will be HK$240,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Yip. Such director's fees were determined with reference to Mr. Yip's experience and duties as well as the then prevailing market conditions.

MAIN OPERATIONAL STRUCTURE

As at 31 December 2010



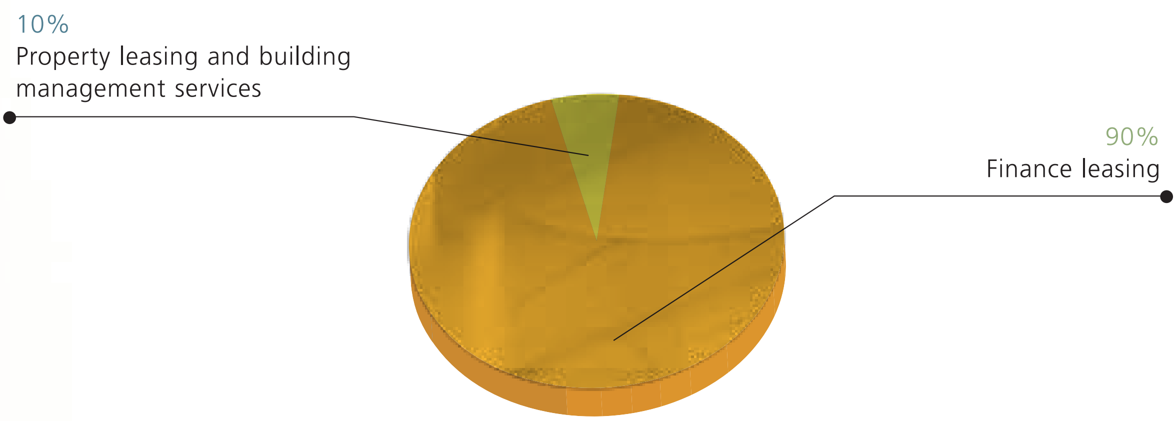


Notes:

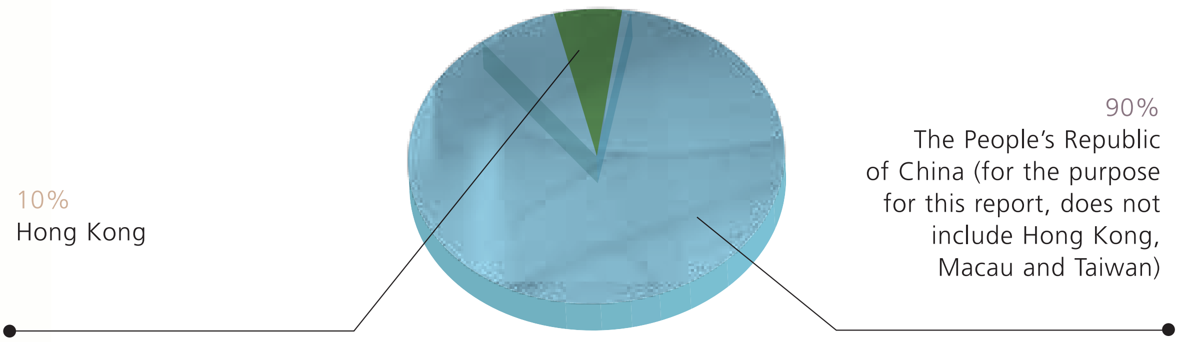
- \# Listed company
- * For identification purpose only
- Δ Attributable interest held by Shougang Concord Grand (Group) Limited
- ^ Interests only refer to voting shares

FINANCIAL HIGHLIGHTS

TURNOVER BY PRINCIPAL ACTIVITY FOR THE YEAR 2010



TURNOVER BY GEOGRAPHICAL LOCATION FOR THE YEAR 2010



CHAIRMAN'S STATEMENT

I am pleased to present that the Group recorded a profit attributable to shareholders of approximately HK$30 million for the year ended 31 December 2010. Our shareholders' equity stood at HK$704 million, representing HK$0.61 per share. 2010 was a year of solid progress for the Group.

The major markets of which the Group operates in will continue to perform well with an anticipated stable national economic growth, continuous implementation of proactive fiscal policy and stable monetary policy in the People's Republic of China (the "PRC", for the purpose of this report, does not include Hong Kong, Macau and Taiwan). The year 2011 has kicked start positively and the management continues to be confident about the future. The markets the Group operates in have excellent long term prospects and the Group is well prepared to capture these opportunities.

On the business development front, the Group will devote efforts and resources to its existing core business striving for a steady return. At the same time, the Group will proactively explore for new business opportunities.

During the year 2010, both revenue and results from Global Digital Creations Holdings Limited ("GDC") recorded a significant growth. On 10 December 2010, the Group's interest in GDC had been diluted upon the allotment and issue of the relevant GDC shares pursuant to the share option scheme of GDC. As a result, GDC ceased to be a subsidiary of the Company and became an associate of the Company. The management expects GDC will continue to generate a rewarding return to the Group.

For finance leasing, we expect the monetary policy implemented in the PRC will be relatively stable within the next year, funds flow will be controlled to a certain extent. Market demand for financing from leasing business will continue to intensify. Accordingly, the management continues to research into appropriate measures for achieving further stable growth in the Group's leasing business. At the same time, the management will continue to monitor credit risks cautiously to response to the volatile market conditions and changes so as to ensure sustainable development.

For assets management, market demand is huge. The Group is fully aware of the importance of resources matching and provision of quality services for expanding related business and exploring new business opportunities in order to acquire the financial and market rewards.

The 12th Five-Year plan of the PRC stressed on exploring new scientific development through conversion of approach. It also clearly proposed several major policy orientations for establishing long-term mechanism to enlarge consumption demand, for optimization of investment structure, for promotion of industrialization, urbanization and agricultural modernization, and for industrial upgrade through technology innovation. Year 2011 is the start of the 12th Five-Year plan of the PRC, the expected target for national economic and social development will be the creation of better environment through transformation of economic development pattern, provision of directions on various aspects focusing on facilitating of economic structural adjustment, as well as enhancement of quality and efficiency of development. The central government of China is expected to transform increased domestic consumption into major force of economic growth, and to implement policy for supporting growth of potential industrial investment. We will follow the national vision in order to capture opportunities to optimize the Group's industrial structure, implementing timely measures to fine-tune our development directions so as to enhance shareholders' value and maintain sustainable growth.

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers, and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all directors, management and staff for their hard work and dedication throughout this year.

Li Shaofeng
Chairman

Hong Kong, 29 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the year ended 31 December 2010, the business of the Group sustained steady growth. Benefited from upsurge of 3D feature films, the Group attained a total turnover of HK$602,276,000 from continuing operations and discontinued operations for the year ended 31 December 2010, when compared with the turnover of approximately HK$494,541,000 for the year 2009, representing a growth of approximately 22%. The Group recorded profit of approximately HK$29,848,000 for the year ended 31 December 2010 attributable to owners of the Company, representing a decrease of approximately 23% when compared with that profit of approximately HK$38,696,000 for the year 2009.

Revenue from continuing operations of the Group for the year ended 31 December 2010 was approximately HK$57,147,000, representing a decrease of approximately 48% when compared with that of approximately HK$109,247,000 for the year of 2009. The decrease was mainly attributable to the decrease in finance lease income by approximately HK$51,579,000.

Cost of sales from continuing operations for the year ended 31 December 2010 amounted to approximately HK$31,653,000, representing a decrease of approximately 55% when compared with that for the year 2009. The decrease was mainly attributable to decrease in finance leasing cost in line with decrease in finance lease income.

The Group made a gross profit from continuing operations of approximately HK$25,494,000 for the year ended 31 December 2010, representing a gross profit margin of approximately 45%. Comparing with the gross profit margin of approximately 36% for the year 2009, the increase was mainly attributable to an one-off penalty charge received from finance leasing customers during the year.

Other income from continuing operations for the year ended 31 December 2010 amounted to approximately HK$2,590,000 (2009: HK$528,000), representing an increase of approximately 391%. The increase was mainly due to an increase in interest income during the year 2010.

Administrative expenses from continuing operations for the year ended 31 December 2010 amounted to approximately HK$37,695,000 (2009: HK$35,660,000), representing an increase of approximately 6%. The increase was mainly due to the expense upon recognition of equity-settled share based payment of approximately HK$7,590,000. Excluding the aforesaid expense, the administrative expenses from continuing operations recorded a decrease of approximately 16%.

For the year ended 31 December 2010, the Group provided for allowance for finance lease receivables made by the finance lease division of approximately HK$21,201,000 (2009: Nil).

FINANCIAL OVERVIEW (continued)

Following the disposal of the entire share capital of Grand Award Limited for US$1 and to assign the loan for HK$247,920,000 (the "Grand Award Disposal") and the dilution of interest in Global Digital Creations Holdings Limited ("GDC") upon allotment and issue of the relevant GDC shares pursuant to the share option scheme of GDC to subscribe for shares in GDC (the "GDC Deemed Disposal"), the Group's digital content distribution and exhibitions segment, deployment of digital cinema network in Asia segment, computer graphics ("CG") creation and production segment, CG training courses segment, cultural park segment and films and television programme production segment were being grouped as discontinued operations. The results arising from these discontinued operations for the year ended 31 December 2010 were profit in aggregate of approximately HK$135,233,000 (2009: HK$18,099,000).

Operating profit from discontinued operations for the year ended 31 December 2010 was approximately HK$125,334,000, when compared with that of approximately HK$18,099,000 for the year 2009.

BUSINESS REVIEW AND OUTLOOK

Finance leasing

The global economy remained volatile and uncertain in the year of 2010. At the same time, alongside more financial institutions with strong capital base has entered into the finance leasing market, the market competition became intensified. Under the intense market competition, the finance leasing division recorded a significant drop in the revenue for the year ended 31 December 2010 by approximately 50% to approximately HK$51,350,000 when compared with that for the year 2009. During the year 2010, the finance leasing division carried out a rigorous assessment and review of its credit risk over all its existing and new finance leasing clients. An allowance for doubtful debts amounted to approximately HK$21,201,000 was made towards a particular finance lease receivables. As such, the finance leasing division recorded a reduction in segment result by approximately 105% when compared with that for the year 2009. If the effect of doubtful debts allowance is excluded, the finance leasing division recorded a drop in its segment result by approximately 31% when compared with that for the year 2009. The Group will continue to adopt a prudent credit risk management strategy and will devote all possible efforts in the recovery of impaired receivables.

The outlook of China is expected to continue on the uptrend due to moderate economic growth and strong domestic demand. The Group will continue to focus on finance leasing for large development projects and explore different financing methods to lower its finance costs proactively in response to the intensifying market situation.

BUSINESS REVIEW AND OUTLOOK (continued)

Assets management

During the year 2010, the Group operated the business of assets management through Ecko Investment Company Limited. The Group will proactively explore business opportunities to provide customers with assets management services in high growth potential operations.

Property investment and management

The property leasing and building management fee income for the year ended 31 December 2010 decreased by approximately 8% when compared with that for the year 2009. The resalable value of the Group's investment properties have been improved during the year due to the buoyant property market. The Group received stable cash flow from rental income and expected that the investment properties will continue to contribute stable cash return in the foreseeable future.

Following the Grand Award Disposal and the GDC Deemed Disposal, the Group's digital content distribution and exhibitions segment, deployment of digital cinema network in Asia segment, CG creation and production segment, CG training courses segment, cultural park segment and films and television programme production segment were being grouped as discontinued operations. GDC and its subsidiaries ("GDC Group") ceased to be subsidiaries of the Company and became associates of the Company. Accordingly, the cultural recreation content provision and distribution operations was then carried out by GDC Group as associates of the Company, the Group will share its operating results.

Digital content distribution and exhibitions

The significant growth of segment revenue and segment result from the digital content distribution and exhibitions division were mainly due to the success of 3D feature films and the availability of funding for digital cinema deployment, driving the brisk demand for installation of digital equipment in cinemas for digital contents. The Group continuously receives orders of digital cinema equipment and related services from customers in the United States, the PRC, other Asian countries and new markets, such as Australia, Europe and Japan.

Deployment of digital cinema network in Asia

The Group has entered into a non-exclusive virtual print fee ("VPF") agreement with all the six major Hollywood studios for digital cinema deployment in certain Asian countries or cities. These studios are committed to supply Asian exhibitors with feature film content digitally, as well as to provide financial assistance for the hardware cost of DCI compliant digital cinema equipment deployed. The Group has signed up with two major exhibitors in Hong Kong to participate in the VPF arrangement. The Group just signed similar agreements with two other major exhibitors in Japan to participate in the VPF arrangement and endeavors to enter into more similar agreements in Japan and other Asian countries.

BUSINESS REVIEW AND OUTLOOK (continued)

CG creation and production

Since the second half of the year 2009, the international animation production industry has been depressed with less investment in new projects, resulting in a decrease in revenue from the CG creation and production division. However, the Group currently has three CG production projects from Australia and Europe in progress, with several other projects in their testing stages.

In view of the growing 3D film market and animation industry in the PRC, the Group promotes new 3D animation programmes and invests in its own traditional and CG animation intellectual property ("IP") assets. During the year, the Group begins production of two 3D-animated films, two CG-animated and one traditional-animated television series, two of which has received subsidies from the local municipal government in the PRC. The two 3D-animated films are currently in their post-production stages while the traditional-animated television series are completed, they are planned to be released during the year 2011.

CG training

CG training division continues to pursue, as a core component of its strategy, towards professionalism and strengthening of training materials. It records nearly 100% employment of the graduates from 8 training courses.

After upgrading the existing training courses with the latest technology of CG production, online games and other games in response to market demands, the Group organises new professional training programmes in other areas, including after effects, virtual reality and case studies for animation. Besides, the Group continues to co-operate with prominent high schools in the PRC to organise "Skills and Qualifications" training programme for their students in achieving "One Course, Multiple Certifications", and to improve their practical skills to prepare for immediate employment after graduation.

Cultural park

During the year, the Group acquires 68% of the registered capital of 廣東時尚置業有限公司 (Guangdong Shishang Zhiye Investment Co., Ltd.*) ("Guangdong Shishang"), a limited liability company established in the PRC. Guangdong Shishang has entered into a framework agreement with 珠江電影製片有限公司 (Pearl River Film Production Company Limited*) to jointly redevelop 珠影文化產業園 (Pearl River Film Cultural Park*). As announced by GDC on 11 January 2011, the construction work for the redevelopment of Phase I of the Pearl River Film Cultural Park with an aggregate consideration of approximately HK$92.0 million has been commenced.

The Group considers that this division provides an opportunity for the Group to participate in the media entertainment and property development business in the PRC. Given the rapid economic growth and the rapid development of its retail and recreation market in the PRC, the Group is of the view that the redevelopment of the Pearl River Film Cultural Park provides a good opportunity for the Group to tap into this fast developing sector, as the market is expected to continue its strong growth in line with the growth in the PRC economy.

* *For identification purpose only*

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group had bank balances and cash of approximately HK$308.3 million (2009: HK$372.8 million), restricted bank deposits of approximately HK$10.6 million (2009: HK$57.0 million) and pledged bank deposits of approximately HK$2.0 million for the year 2009 which were mainly denominated in Hong Kong dollars and Renminbi. The decrease was mainly from purchase of property, plant and equipment of approximately HK$154.3 million, acquisition of a subsidiary of approximately HK$63.1 million, increase in structured deposits of approximately HK$41.1 million and net repayment of borrowings of approximately HK$162.5 million, netting off with net cash inflow from operating activities of approximately HK$187.7 million, net proceeds from disposal of subsidiaries of approximately HK$9.3 million and repayment by convertible loan receivables of approximately HK$113.0 million.

As at 31 December 2010, the Group's borrowings amounted to approximately HK$629.5 million, of which approximately HK$333.8 million were repayable within twelve months from 31 December 2010 and approximately HK$295.7 million were repayable after twelve months from 31 December 2010. All loans bore interest at market rates.

As at 31 December 2010, gearing ratio (calculated as borrowings net of bank balances and cash, restricted bank deposits and pledged bank deposits divided by total equity) was approximately 44% (2009: 59%). As at 31 December 2010, the Group had current ratio of approximately 150% (2009: 144%) based on current assets of approximately HK$536.8 million and current liabilities of approximately HK$357.3 million. The Group's leverage has improved was mainly attributable to net cash inflow from operating activities.

CAPITAL STRUCTURE

The equity attributable to owners of the Company amounted to approximately HK$703.8 million as at 31 December 2010 (2009: HK$609.0 million). The increase was mainly due to profit attributable to owners of the Company of approximately HK$29.8 million, release of reserves upon deemed disposal of subsidiaries amounted to approximately HK$36.0 million, recognition of equity-settled share-based payment of approximately HK$7.6 million, exchange difference arising on translation of foreign operations of approximately HK$10.3 million and transfer of approximately HK$4.8 million from share options reserve of a subsidiary upon cancellation of those share options during the year.

MATERIAL ACQUISITION, DISPOSALS AND SIGNIFICANT INVESTMENT

Other than disposal and deemed disposal of interest in subsidiaries, acquisition of associates and acquisition of a subsidiary as disclosed in notes 12, 22 and 40, the Group had no material acquisitions, disposals and significant investment during the year ended 31 December 2010.

CHARGE ON ASSETS

As at 31 December 2010, the Group has the following charge on assets:

i) The Group's investment properties with an aggregate carrying value of approximately HK$190.6 million were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$149.1 million.

ii) The Group's finance lease receivables with a carrying value of approximately HK$501.5 million were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$480.4 million.

FOREIGN EXCHANGE EXPOSURE

The normal operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign currency exposures. As at 31 December 2010, the Group has no significant exposure under foreign exchange.

EMPLOYEES

As at 31 December 2010, the Group employed 40 (2009: 695) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employee share option scheme are also available to employee of the Group. Remuneration packages are reviewed either annually or by special increment.

During the year ended 31 December 2010, the Company and its subsidiaries have not paid or committed to pay any amount as an inducement to join or upon joining the Company and/or its subsidiaries to any individual.

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the financial year ended 31 December 2010, except for the following deviation:

- Under the second part of code provision A.4.2 of the Code, every director, including those appointed for a special term, should be subject to retirement by rotation at least once every three years.

  In order to comply with the applicable laws of Bermuda, the Chairman and the Managing Director are not subject to retirement by rotation under the bye-laws of the Company (the "Bye-laws"). However, they will voluntarily retire and offer themselves for re-election at least once every three years in order to comply with the second part of code provision A.4.2 of the Code.

BOARD OF DIRECTORS

Composition

The Board currently comprises five Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The list of Directors is set out in the section headed "Report of the Directors" of this annual report.

The Board includes a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Non-executive Directors are of sufficient calibre and number for their views to carry weight. The functions of Non-executive Directors include, but not limited to:

- bringing an independent judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance.

BOARD OF DIRECTORS (continued)

Composition (continued)

The Board members have no financial, business, family or other material/relevant relationships with each other.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Directors' Biographies" of this annual report.

Composition of the Board, including names of Independent Non-executive Directors of the Company, is disclosed in all corporate communications to shareholders.

Role and function

The Board is responsible for overall strategic formulation and performance monitoring of the Company and its subsidiaries (the "Group"). It delegates day-to-day operations of the Company to the Executive Committee and senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. Further details of these committees are set out in this report.

Board meetings

The Board has four scheduled meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Bye-laws.

The Company Secretary assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. Generally, at least 14 days' notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in such form and quality as will enable the Board to make an informed decision on matters placed before it, to all Directors at least 3 days before the intended date of a Board meeting.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

BOARD OF DIRECTORS (continued)

Board meetings (continued)

The Company Secretary is responsible for taking minutes of Board and Board committee meetings, drafts and final versions of which would be sent to Directors for comments and records respectively, in both cases within a reasonable time after each meeting. Minutes are recorded in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of Board and Board committees meetings are kept by the Company Secretary and are open for inspection by any Director/committee member.

If a substantial shareholder or a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, a Board meeting will be held instead of by way of circulation.

Attendance records

During the financial year ended 31 December 2010, the Directors have made active contribution to the affairs of the Group and five Board meetings were held to consider, among other things, various projects contemplated by the Group and to review and approve the interim results and annual results of the Group.

Details of Directors' attendance records in 2010 are as follows:

	Meetings attended/Eligible to attend
Chairman	
Li Shaofeng *(appointed on 10 May 2010)*	2/2
Wang Qinghai *(resigned on 10 May 2010)*	0/3
Executive Directors	
Luo Zhenyu *(appointed on 10 May 2010)*	2/2
Chen Zheng	5/5
Wang Tian	5/5
Yuan Wenxin	5/5
Cao Zhong *(resigned on 10 May 2010)*	3/3
Non-executive Director	
Leung Shun Sang, Tony	5/5
Independent Non-executive Directors	
Tam King Ching, Kenny	5/5
Zhou Jianhong	4/5
Yip Kin Man, Raymond	5/5

BOARD OF DIRECTORS (continued)

Access to information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

Appointments and re-election of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will review the profiles of the candidates and make recommendations to the Board on the appointment, re-nomination and retirement of Directors.

According to the Bye-laws, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director (including Non-executive Director) is appointed for a specific term and is, except for the Chairman and the Managing Director, subject to retirement by rotation at least once every three years.

Every newly appointed Director will be given an introduction of regulatory requirements. The Directors are continually updated on the latest development of the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practice.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three Independent Non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of its Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent.

BOARD OF DIRECTORS (continued)

Directors' and officers' liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate and are not performed by the same individual to reinforce their independence and accountability. During the period from 1 January 2010 to 9 May 2010, Mr. Wang Qinghai continued to act as the Chairman and Mr. Cao Zhong continued to serve as the Managing Director of the Company. Mr. Li Shaofeng succeeded Mr. Wang as the Chairman and Mr. Luo Zhenyu succeeded Mr. Cao as the Managing Director of the Company from 10 May 2010. The Chairman provides leadership for the Board and overall strategic formulation for the Group. The Managing Director has overall chief executive responsibility for the Group's business development and day-to-day management generally. The division of responsibilities between the Chairman and the Managing Director is clearly established and set out in writing.

With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

BOARD COMMITTEES

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All committees have their own terms of reference. All resolutions passed by the committees will be reported to the Board at the next Board meeting.

Executive Committee

An Executive Committee of the Board was established in September 2005 and comprises all Executive Directors of the Company.

The members of the Executive Committee during the year were as follows:

- Li Shaofeng *(Chairman) (appointed as a member from 10 May 2010)*
- Luo Zhenyu *(appointed as a member from 10 May 2010)*
- Chen Zheng
- Wang Tian
- Yuan Wenxin
- Cao Zhong *(Chairman) (ceased to act as a member from 10 May 2010)*

The Executive Committee has been conferred with the general powers of the Board (except those matters specifically reserved for the Board) to manage and oversee the operations of the Group. During the year, nine meetings of the Executive Committee were held.

BOARD COMMITTEES (continued)

Audit Committee

An Audit Committee of the Board has been established with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Audit Committee are available on request and are posted on the Company's website.

The principal duties of the Audit Committee include, among other things:

- overseeing the relationship with the Company's auditor;
- reviewing the interim and annual financial statements; and
- reviewing the Company's financial reporting system and internal control procedures.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

The Audit Committee comprises three Independent Non-executive Directors of the Company. None of the members of the Audit Committee are former partners of the auditor of the Company. The members of the Audit Committee during the year and their attendance were as follows:

	Meetings attended/Eligible to attend
Tam King Ching, Kenny *(Chairman)*	2/2
Zhou Jianhong	2/2
Yip Kin Man, Raymond	2/2

During the year, two meetings of the Audit Committee were held for, amongst other things:

- reviewing the final results of the Group for the financial year ended 31 December 2009; and
- reviewing the interim results of the Group for the six months ended 30 June 2010.

During the year, the Board had no disagreement with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor.

BOARD COMMITTEES (continued)

Nomination Committee

A Nomination Committee of the Board was established in September 2005 with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Nomination Committee are available on request and are posted on the Company's website.

The principal duties of the Nomination Committee include:

- reviewing the structure, size and composition of the Board;
- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board;
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors; and
- assessing the independence of Independent Non-executive Directors.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice if it considers necessary.

The members of the Nomination Committee during the year and their attendance were as follows:

	Meetings attended/Eligible to attend
Li Shaofeng *(Chairman) (appointed as a member from 10 May 2010)*	0/0
Leung Shun Sang, Tony *(Vice Chairman)*	1/1
Tam King Ching, Kenny	1/1
Zhou Jianhong	0/1
Yip Kin Man, Raymond	1/1
Cao Zhong *(Chairman) (ceased to act as a member from 10 May 2010)*	1/1

BOARD COMMITTEES (continued)

Nomination Committee (continued)

The Independent Non-executive Directors of the Company constitute the majority of the Nomination Committee.

During the year, one meeting of the Nomination Committee was held for considering and making recommendations to the Board on the appointment of Directors.

Remuneration Committee

A Remuneration Committee of the Board was established in September 2005 with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Remuneration Committee are available on request and are posted on the Company's website.

The principal duties of the Remuneration Committee include:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group;
- reviewing and approving performance-based remuneration;
- determining the specific remuneration packages of all Executive Directors and senior management and making recommendation to the Board of the remuneration of Non-executive Directors;
- reviewing and approving the compensation payable to Executive Directors and senior management and the compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee may consult the Chairman about their proposals relating to the remuneration of other Executive Directors. It has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice if it considers necessary.

The remuneration policies for the Company as well as the Directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

The members of the Remuneration Committee during the year and their attendance were as follows:

	Meetings attended/Eligible to attend
Leung Shun Sang, Tony *(Chairman)*	2/2
Li Shaofeng *(Vice Chairman) (appointed as a member from 10 May 2010)*	1/1
Tam King Ching, Kenny	2/2
Zhou Jianhong	1/2
Yip Kin Man, Raymond	2/2
Cao Zhong *(Vice Chairman) (ceased to act as a member from 10 May 2010)*	1/1

The Independent Non-executive Directors of the Company constitute the majority of the Remuneration Committee.

During the year, two meetings of the Remuneration Committee were held for, amongst other things:

- considering and reviewing the remuneration and terms of service contracts of the Executive Directors of the Company;
- determining the bonuses of the Executive Directors of the Company for the year 2010; and
- making recommendations to the Board on the directors' fee of the Non-executive Directors of the Company for the year 2011.

INTERNAL CONTROL

The Board is of the opinion that sound internal control systems will contribute to the effectiveness and efficiency of operations of the Group and to the safeguard of the Group's assets as well as the shareholders' investment.

The Board is responsible for overall ensuring, maintaining and overseeing the internal control systems of the Group. The Executive Committee helps the Board to discharge its responsibilities of ensuring and maintaining sound internal control functions by regularly and continuously reviewing and monitoring the internal control systems and processes so as to ensure that they can provide reasonable assurance against material errors of the Group.

INTERNAL CONTROL (continued)

The internal control system is embedded within the business processes so that it functions as an integral part of the overall operations of the Group. The system comprises a comprehensive organization structure with assignment of definite accountabilities and delegation of the corresponding authorities to each post. Based on the organization structure, a reporting system has been developed which includes a reporting system from division head of each principal business unit to the Executive Committee.

Business plan and budget are prepared by the division head of each principal business unit annually. In preparing the business plans and budgets, the management identifies and evaluates any potential risks. Measures will be put in place with an aim to ultimately manage, control or eliminate such risks.

The business plans and budgets are subject to review and approval by the Executive Committee. The Executive Committee reviews monthly management report on the operational and financial results of each principal business unit and measures the actual performance of the Group against the business plan and budget concerned. In this course, the Executive Committee also reviews and assesses the effectiveness of all material controls, and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes. The Executive Committee holds periodical meetings with the senior management of each principal business unit and the finance team to, amongst other matters, address the issues in such controls, identify areas of improvement and put the appropriate measures in place.

The internal control system is documented and if any revision is required, such information will be submitted to the Audit Committee for evaluation.

The Audit Committee assists the Board to fulfill its oversight role over the Group's internal control function by reviewing and evaluating the effectiveness of the overall internal control systems, including financial, operational and compliance controls as well as risk management.

The Company has set up an Internal Audit Department which assists the Executive Committee and the Audit Committee to discharge its duties in internal control aspect. The Internal Audit Department, which is independent to the operational departments of the Group, is responsible for conducting regular audits on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls as well as risk management, are in place and functioning effectively. The Internal Audit Department reports to the Executive Committee and the Audit Committee with its findings and makes recommendations to improve the internal control systems of the Group.

INTERNAL CONTROL (continued)

Internal control system

Division Head / Management

- Identify & evaluate potential risks when preparing the annual business plan & budget
- Put measures in place for managing, controlling or eliminating risks
- Implement business plan
- Prepare monthly management report
- Revise business plan from time to time

Executive Committee

- Review & approve business plan & budget
- Review monthly management report for:
  (1) measuring actual performance against business plan & budget &
  (2) reviewing & assessing effectiveness of all material controls

Internal Audit Department

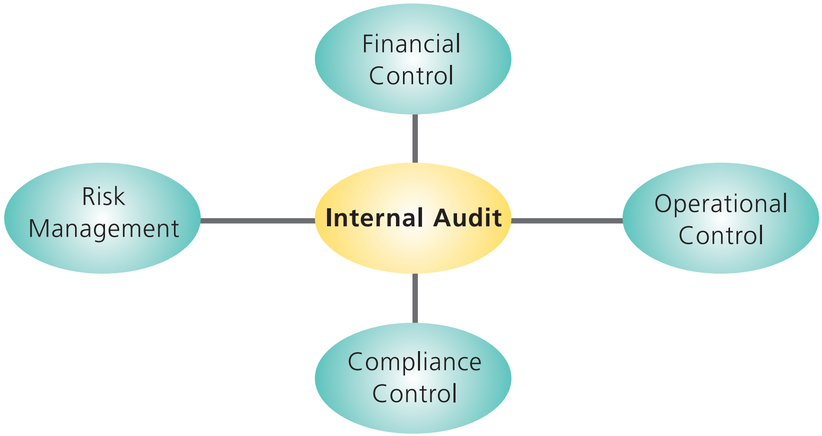
- Conduct regular audit
- Report findings & make recommendations

Audit Committee

- Review & evaluate the effectiveness of overall internal control systems
- Make recommendations

INTERNAL CONTROL (continued)

Internal audit functions



The Board considers that it is an ongoing and continuous process for the Group to review and improve its internal control systems in order to ensure that they can meet with the dynamic and ever changing business environment. During the year under review, the Board has been, through the Executive Committee and the Audit Committee (with the assistance from the Internal Audit Department), continuously reviewing the effectiveness of the Group's internal control systems. Each of the division heads of the Group has submitted a Representation Letter to the Audit Committee, in which he/she made representations as to the compliance by himself/herself and his/her subordinates with key internal control systems for the year ended 31 December 2010. The requirement for making Representation Letters by the key management can strengthen individual responsibility for corporate governance and controls.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as a code of conduct of the Company for Directors' securities transactions.

Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2010.

Employees who are deemed to be in possession of unpublished price sensitive information in relation to the Company or its shares are required to prohibit from dealing in shares of the Company during the black-out period.

AUDITOR'S REMUNERATION

During the year, the remuneration paid to the Company's auditor, Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	**Fee paid/payable** *HK$'000*
Statutory audit services	1,684
Non-statutory audit services:	
Review on interim financial report	547
	2,231

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis and in presenting the interim and annual financial statements, announcements and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects.

The statement of the auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 58 to 59 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

To foster effective communications with the shareholders, the Company provides extensive information in its annual and interim reports and announcements. All shareholders' communications are also available on the Company's website at www.shougang-grand.com.hk.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend. External auditor is also available at the annual general meeting to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to attend to address shareholders' queries. The Chairman of the Board of Directors of the Company attended the annual general meeting of the Company held during the year.

During the year, all notices of general meetings despatched by the Company to its shareholders for meetings held were sent in the case of annual general meeting at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings. Separate resolutions were proposed at general meetings on each substantially separate issue, including the election of individual Directors, and all resolutions put to the vote of a general meeting were taken by way of a poll. At the commencement of a general meeting, the chairman of the meeting explained the procedures for conducting a poll and answered questions from shareholders regarding voting by way of a poll, if any. The results of the poll were published on the websites of the Stock Exchange and the Company respectively.

REPORT OF THE DIRECTORS

The Directors herein present their report and the audited consolidated financial statements of the Company and its subsidiaries (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 and associates are set out in notes 47 and 22 to the consolidated financial statements respectively.

RESULTS

The results of the Group for the year ended 31 December 2010 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 60 to 172 of this annual report.

The Board of Directors of the Company does not recommend the payment of any dividend in respect of the year (2009: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on pages 175 to 176 of this annual report.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 19 to the consolidated financial statements.

Particulars of the major investment properties of the Group as at the end of the reporting period are set out on pages 173 to 174 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

Particulars of the major properties of the Group as at the end of the reporting period are set out on page 174 of this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 39 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 64 to 65 of this annual report.

DIRECTORS

The Directors of the Company during the year were as follows:

Li Shaofeng	*(appointed on 10 May 2010)*
Luo Zhenyu	*(appointed on 10 May 2010)*
Chen Zheng	
Wang Tian	
Yuan Wenxin	
Leung Shun Sang, Tony	
Tam King Ching, Kenny*	
Zhou Jianhong*	
Yip Kin Man, Raymond*	
Wang Qinghai	*(resigned on 10 May 2010)*
Cao Zhong	*(resigned on 10 May 2010)*

* *Independent Non-executive Directors*

In accordance with clause 99 of the Company's bye-laws, Mr. Yuan Wenxin, Mr. Leung Shun Sang, Tony and Mr. Tam King Ching, Kenny will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

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

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 EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office at 31 December 2010 had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as at 31 December 2010 as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(a) Long positions in the shares and underlying shares of the Company

		Number of shares/underlying shares in the Company			
Name of Director	**Capacity in which interests are held**	**Interests in shares**	**Interests in underlying shares***	**Total interests**	**Total interests as to % of the issued share capital of the Company as at 31.12.2010**
Li Shaofeng	Beneficial owner	–	11,000,000	11,000,000	0.95%
Luo Zhenyu	Beneficial owner	–	9,000,000	9,000,000	0.78%
Chen Zheng	Beneficial owner	–	18,368,000	18,368,000	1.59%
Wang Tian	Beneficial owner	4,000,000	11,094,000	15,094,000	1.31%
Yuan Wenxin	Beneficial owner	4,000,000	15,094,000	19,094,000	1.65%
Leung Shun Sang, Tony	Beneficial owner	8,278,000	19,368,679	27,646,679	2.39%
Tam King Ching, Kenny	Beneficial owner	–	2,286,000	2,286,000	0.19%
Zhou Jianhong	Beneficial owner	–	2,286,000	2,286,000	0.19%
Yip Kin Man, Raymond	Beneficial owner	–	2,286,000	2,286,000	0.19%

* *The relevant interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 7 June 2002 (the "Scheme"). Upon exercise of the share options in accordance with the Scheme, ordinary shares of HK$0.01 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Option Schemes" below.*

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(b) Long positions in the shares of Global Digital Creations Holdings Limited ("GDC"), an associated corporation of the Company

Name of Director	Capacity in which interests are held	Number of shares	Interests as to % of the issued share capital of GDC as at 31.12.2010
Chen Zheng	Beneficial owner	8,728,200	0.67%
Wang Tian	Beneficial owner	820	0.00%
Leung Shun Sang, Tony	Beneficial owner	20,008,200	1.54%
Zhou Jianhong	Beneficial owner	400,410	0.03%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(c) Long positions in the underlying shares of GDC, an associated corporation of the Company

Name of Director	Options to subscribe for shares of GDC*: At the beginning of the year	Granted during the year	Exercised during the year	At the end of the year	Date of grant	Exercise period	Exercise price per share	Capacity in which interests are held	Interests as to % of the issued share capital of GDC as at 31.12. 2010
Li Shaofeng	–	12,950,000	–	12,950,000	14.12.2010	14.12.2010 – 03.08.2013	HK$0.87	Beneficial owner	0.99%
Chen Zheng	4,900,000	–	(10,000)	4,890,000	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	Beneficial owner	
	–	6,470,000	–	6,470,000	14.12.2010	14.12.2010 – 03.08.2013	HK$0.87	Beneficial owner	
	4,900,000	6,470,000	(10,000)	11,360,000					0.87%
Leung Shun Sang, Tony	4,900,000	–	–	4,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	Beneficial owner	
	–	6,470,000	–	6,470,000	14.12.2010	14.12.2010 – 03.08.2013	HK$0.87	Beneficial owner	
	4,900,000	6,470,000	–	11,370,000					0.87%
	9,800,000	25,890,000	(10,000)	35,680,000					

* *The relevant interests are unlisted physically settled options granted pursuant to GDC's share option scheme adopted on 18 July 2003 (the "GDC Scheme"). Upon exercise of the share options in accordance with the GDC Scheme, ordinary shares of HK$0.01 each in the share capital of GDC are issuable. The share options are personal to the respective Directors.*

(d) Long positions in the shares of GDC Technology Limited ("GDC Tech"), an associated corporation of the Company

Name of Director	Capacity in which interests are held	Number of shares	Interests as to % of the issued share capital of GDC Tech as at 31.12.2010
Chen Zheng	Beneficial owner	8,533,334	3.61%
Leung Shun Sang, Tony	Beneficial owner	3,780,000	1.59%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(e) Long positions in the underlying shares of GDC Tech, an associated corporation of the Company

Name of Director	Options to subscribe for shares of GDC Tech* At the beginning of the year	Granted during the year	Exercised during the year	At the end of the year	Date of grant	Exercise period	Exercise price per share	Capacity in which interests are held	Interests as to % of the issued share capital of GDC Tech as at 31.12. 2010
Li Shaofeng	–	2,300,000	–	2,300,000	14.12.2010	14.12.2010 – 13.12.2015	HK$2.00	Beneficial owner	0.97%
Chen Zheng	1,650,000	–	–	1,650,000	02.11.2007	02.11.2007 – 01.11.2012	HK$2.00	Beneficial owner	
	–	1,700,000	–	1,700,000	14.12.2010	14.12.2010 – 13.12.2015	HK$2.00	Beneficial owner	
	1,650,000	1,700,000	–	3,350,000					1.41%
Leung Shun Sang, Tony	1,650,000	–	(1,650,000)	–	02.11.2007	02.11.2007 – 01.11.2012	HK$2.00	Beneficial owner	
	–	1,000,000	–	1,000.000	14.12.2010	14.12.2010 – 13.12.2015	HK$2.00	Beneficial owner	
	1,650,000	1,000,000	(1,650,000)	1,000,000					0.42%
	3,300,000	5,000,000	(1,650,000)	6,650,000					

* *The relevant interests are unlisted physically settled options granted pursuant to GDC Tech's share option scheme adopted on 19 September 2006 (the "GDC Tech Scheme"). Upon exercise of the share options in accordance with the GDC Tech Scheme, ordinary shares of HK$0.10 each in the share capital of GDC Tech are issuable. The share options are personal to the respective Directors.*

Save as disclosed above, as at 31 December 2010, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Schemes" herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10 of the Listing Rules, the following Directors have declared interests in the following businesses (other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group during the year:

Name of Director	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Li Shaofeng*	Shougang Holding (Hong Kong) Limited# ("Shougang Holding")	Property investment	Director
Wang Qinghai^	Shougang Corporation#	Property investment	Director
Cao Zhong@	China Shougang International Trade and Engineering Corporation#	Property investment	Director
	Shougang Holding#	Property investment	Director

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (continued)

Such businesses may be carried out through the subsidiaries or associates of the entity concerned or by way of other forms of investments.

* *Mr. Li Shaofeng was appointed as a Director of the Company during the year.*

^ *Mr. Wang Qinghai resigned as a Director of the Company during the year.*

@ *Mr. Cao Zhong resigned as a director of each of the Company, China Shougang International Trade and Engineering Corporation and Shougang Holding during the year.*

The Board is independent from the boards of the above-mentioned entities and is accountable to the Company's shareholders. Coupled with the diligence of its Independent Non-executive Directors whose views carry significant weight in the Board's decisions, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these entities.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2010, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons had interests in the shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity in which interests are held	Number of shares	Interests as to % of the issued share capital of the Company as at 31.12.2010	*Note(s)*
Shougang Holding	Interests of controlled corporations	430,491,315	37.36%	*1*
Wheeling Holdings Limited ("Wheeling")	Beneficial owner	430,491,315	37.36%	*1*
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interests of controlled corporations	133,048,717	11.54%	*2, 3*
Max Same Investment Limited ("Max Same")	Beneficial owner	91,491,193	7.94%	*2*
Li Ka-shing	Interests of controlled corporations, founder of discretionary trusts	133,048,717	11.54%	*3*
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	133,048,717	11.54%	*3*
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee, beneficiary of a trust	133,048,717	11.54%	*3*
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee, beneficiary of a trust	133,048,717	11.54%	*3*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Long positions in the shares of the Company (continued)

Notes:

1. Shougang Holding indicated in its disclosure form dated 18 February 2010 (being the latest disclosure form filed up to 31 December 2010) that as at 12 February 2010, its interest was the shares of the Company held by Wheeling, a wholly-owned subsidiary of Shougang Holding.

2. Cheung Kong indicated in its disclosure form dated 26 February 2005 (being the latest disclosure form filed up to 31 December 2010) that as at 23 February 2005, its interests included the interest held by Max Same, a wholly-owned subsidiary of Cheung Kong.

3. Li Ka-Shing Unity Holdings Limited ("Unity Holdco"), of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard was interested in one-third of the entire issued share capital, owned the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of Cheung Kong.

   In addition, Unity Holdco also owned the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 held units in UT1.

   By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1 and TDT2 was deemed to be interested in the same block of shares in which Cheung Kong was interested under the SFO.

Save as disclosed above, as at 31 December 2010, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, there is a sufficiency of public float of the Company's securities as required under the Listing Rules as at the date of this annual report.

SHARE OPTION SCHEMES

(a) Share option scheme of the Company

On 7 June 2002, the Scheme which complies with the requirements of Chapter 17 of the Listing Rules was adopted by the shareholders of the Company.

The purpose of the Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contributions to the Company and/or its subsidiaries and/or its associated companies. The Scheme will remain in force for a period of 10 years commencing on 7 June 2002, being the date of adoption of the Scheme, to 6 June 2012.

Under the Scheme, the Directors may, at their discretion, offer directors (including executive and non-executive directors), executives, officers, employees or shareholders of the Company or any of its subsidiaries or any of its associated companies, and any suppliers, customers, consultants, advisers, agents, partners or business associates who, in the sole discretion of the Directors, will contribute or have contributed to the Company or any of its subsidiaries or any of its associated companies, share options to subscribe for shares of the Company.

The total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the Scheme is 141,568,679 which represents approximately 12.29% of the issued share capital of the Company as at the date of this annual report. The maximum number of shares of the Company available for issue upon exercise of all share options which may be granted under the Scheme is 83,619,246, representing approximately 7.26% of the issued share capital of the Company as at the date of this annual report. The total number of shares of the Company issued and to be issued upon the exercise of share options granted under the Scheme (including exercised, cancelled and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, any share options granted to a substantial shareholder or an Independent Non-executive Director of the Company, or to any of their associates, in excess of in aggregate 0.1% of the shares of the Company in issue (based on the date of offer) and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of each offer), within any 12-month period, are subject to shareholders' approval in advance in a general meeting. Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the Independent Non-executive Directors.

SHARE OPTION SCHEMES (continued)

(a) Share option scheme of the Company (continued)

The period during which a share option may be exercised will be determined by the Directors at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Directors are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option will be determined by the Directors at their absolute discretion and shall not be less than the highest of (i) the official closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the official closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of the share of the Company on the date of offer of share options. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the Scheme. The offer of share options must be accepted within 60 days from the date of the offer.

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

SHARE OPTION SCHEMES (continued)

(a) Share option scheme of the Company (continued)

No share option was cancelled in accordance with the terms of the Scheme during the year. Details of movements in the share options under the Scheme during the year are as follows:

	Options to subscribe for shares of the Company									
Category or name of grantees	At the beginning of the year	Granted during the year[1]	Transferred to other category during the year	Transferred from other category during the year	Exercised during the year[2]	Lapsed during the year	At the end of the year	Date of grant	Exercise period	Exercise price per share
Directors of the Company										
Li Shaofeng	–	11,000,000	–	–	–	–	11,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
Luo Zhenyu	–	9,000,000	–	–	–	–	9,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
Wang Qinghai	11,368,000	–	(11,368,000)[3]	–	–	–	–	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
Cao Zhong	11,368,000	–	(11,368,000)[4]	–	–	–	–	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	11,500,000	–	(11,500,000)[4]	–	–	–	–	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	22,868,000	–	(22,868,000)	–	–	–	–			
Chen Zheng	11,368,000	–	–	–	–	–	11,368,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	7,000,000	–	–	–	–	–	7,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	18,368,000	–	–	–	–	–	18,368,000			
Wang Tian	5,094,000	–	–	–	–	–	5,094,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	6,000,000	–	–	–	–	–	6,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	11,094,000	–	–	–	–	–	11,094,000			

SHARE OPTION SCHEMES (continued)

(a) Share option scheme of the Company (continued)

Category or name of grantees	Options to subscribe for shares of the Company: At the beginning of the year	Granted during the year[1]	Transferred to other category during the year	Transferred from other category during the year	Exercised during the year[2]	Lapsed during the year	At the end of the year	Date of grant	Exercise period	Exercise price per share
Directors of the Company (continued)										
Yuan Wenxin	9,094,000	–	–	–	–	–	9,094,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	6,000,000	–	–	–	–	–	6,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	15,094,000	–	–	–	–	–	15,094,000			
Leung Shun Sang, Tony	75	–	–	–	–	–	75	23.08.2002	23.08.2002 – 06.06.2012	HK$0.730
	604	–	–	–	–	–	604	06.03.2003	06.03.2003 – 05.03.2013	HK$0.760
	11,368,000	–	–	–	–	–	11,368,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	8,000,000	–	–	–	–	–	8,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	19,368,679	–	–	–	–	–	19,368,679			
Tam King Ching, Kenny	1,136,000	–	–	–	–	–	1,136,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	1,150,000	–	–	–	–	–	1,150,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	2,286,000	–	–	–	–	–	2,286,000			
Zhou Jianhong	1,136,000	–	–	–	–	–	1,136,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	1,150,000	–	–	–	–	–	1,150,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	2,286,000	–	–	–	–	–	2,286,000			

SHARE OPTION SCHEMES (continued)

(a) Share option scheme of the Company (continued)

Category or name of grantees	Options to subscribe for shares of the Company: At the beginning of the year	Granted during the year[1]	Transferred to other category during the year	Transferred from other category during the year	Exercised during the year[2]	Lapsed during the year	At the end of the year	Date of grant	Exercise period	Exercise price per share
Directors of the Company (continued)										
Yip Kin Man, Raymond	1,136,000	–	–	–	–	–	1,136,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	1,150,000	–	–	–	–	–	1,150,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	2,286,000	–	–	–	–	–	2,286,000			
	105,018,679	20,000,000	(34,236,000)	–	–	–	90,782,679			
Employees of the Group	1,330,000	–	(1,330,000)[5]	–	–	–	–	06.03.2003	06.03.2003 – 05.03.2013	HK$0.760
	5,900,000	–	–	–	(800,000)	(1,400,000)[6]	3,700,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	–	10,920,000	–	–	–	–	10,920,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
	7,230,000	10,920,000	(1,330,000)	–	(800,000)	(1,400,000)	14,620,000			
Other participants	–	–	–	1,330,000[5]	–	–	1,330,000	06.03.2003	06.03.2003 – 31.12.2011	HK$0.760
	800,000	–	–	22,736,000[3,4]	–	(800,000)[7]	22,736,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.410
	–	–	–	11,500,000[4]	–	–	11,500,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.724
	–	600,000	–	–	–	–	600,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.540
	800,000	600,000	–	35,566,000	–	(800,000)	36,166,000			
	113,048,679	31,520,000	(35,566,000)	35,566,000	(800,000)	(2,200,000)	141,568,679			

SHARE OPTION SCHEMES (continued)

(a) Share option scheme of the Company (continued)

Notes:

1. (a) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$0.51 per share.

   (b) The details of the fair value of the share options granted during the year are set out in note 44 to the consolidated financial statements.

2. The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was approximately HK$0.49 per share.

3. Mr. Wang Qinghai resigned as a Director of the Company on 10 May 2010. The Board approved the extension of the exercise period for his share options up to 18 January 2017. Such share options were re-classified from the category of "Directors of the Company" to "Other participants" during the year.

4. Mr. Cao Zhong resigned as a Director of the Company on 10 May 2010. The Board approved the extension of the exercise periods for his share options up to 18 January 2017 and 21 January 2018 respectively. Such share options were re-classified from the category of "Directors of the Company" to "Other participants" during the year.

5. The share options were held by a grantee who ceased to be an employee of the Company on 24 December 2010. The Executive Committee of the Board approved the extension of the exercise period for his share options up to 31 December 2011. Such share options were re-classified from the category of "Employees of the Group" to "Other participants" during the year.

6. The share options were held by a grantee who ceased to be an employee of the Company during the year and such share options lapsed on 1 December 2010 according to the terms of the Scheme.

7. The share options were held by a grantee who ceased to be an employee of the Group on 1 December 2009 and such share options lapsed on 1 January 2010 according to the terms of the Scheme.

(b) Share option scheme of a former subsidiary of the Company – GDC

GDC (previously a non wholly-owned subsidiary of the Company which ceased to be a subsidiary of the Company from 10 December 2010), which is listed on the Growth Enterprise Market of the Stock Exchange ("GEM"), has adopted the GDC Scheme by a shareholders' resolution passed at its special general meeting held on 18 July 2003.

The purpose of the GDC Scheme is to enable GDC to grant share options to eligible participants as rewards for their contributions to GDC and its subsidiaries (the "GDC Group"). The GDC Scheme will remain in force for a period of 10 years commencing on 4 August 2003, being the date on which dealings in the shares of GDC first commenced on the GEM, to 3 August 2013.

SHARE OPTION SCHEMES (continued)

(b) Share option scheme of a former subsidiary of the Company – GDC (continued)

Under the GDC Scheme, the directors of GDC may, at their discretion, offer any full-time employees, directors (including independent non-executive directors) and part-time employees with weekly working hours of 10 hours and above, of the GDC Group and any advisors (professionals or otherwise) or consultants, distributors, suppliers, agents, customers, joint venture partners, service providers to the GDC Group who the directors of GDC consider, in their sole discretion, will contribute or have contributed to the GDC Group, share options to subscribe for shares of GDC.

As at 9 December 2010, the date immediately before the date on which GDC ceased to be a subsidiary of the Company, the total number of shares of GDC which may be issued upon exercise of all outstanding share options granted under the GDC Scheme was 25,580,000 which represented approximately 1.97% of the issued share capital of GDC as at 9 December 2010. As at 9 December 2010, the maximum number of shares of GDC available for issue upon exercise of all share options which may be granted under the GDC Scheme was 129,524,554, representing approximately 10% of the issued share capital of GDC as at 9 December 2010. The total number of shares of GDC issued and to be issued upon the exercise of share options granted under the GDC Scheme (including exercised, cancelled and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of GDC as at the date of grant. Any further grant of share options in excess of this limit is subject to approval of shareholders of GDC in a general meeting. In addition, any share options granted to a substantial shareholder or an independent non-executive director of GDC, or to any of their associates, in excess of in aggregate 0.1% of the shares of GDC in issue (based on the date of offer) and an aggregate value of HK$5,000,000 (based on the closing price of the shares of GDC at the date of each offer), within any 12-month period, are subject to approval of the shareholders of GDC in advance in a general meeting. Share options granted to a director, chief executive, management shareholder or substantial shareholder of GDC, or to any of their associates, are subject to approval in advance by the independent non-executive directors of GDC.

The period during which a share option may be exercised will be determined by the directors of GDC at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the GDC Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the directors of GDC are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

SHARE OPTION SCHEMES (continued)

(b) Share option scheme of a former subsidiary of the Company – GDC (continued)

The exercise price in relation to each share option will be determined by the directors of GDC at their absolute discretion and shall not be less than the highest of (i) the official closing price of the shares of GDC as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the official closing prices of the shares of GDC as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of the share of GDC on the date of offer of share options. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the GDC Scheme. The offer of share options must be accepted within 28 days from the date of the offer.

No share option was granted, exercised or cancelled in accordance with the terms of the GDC Scheme during the period from 1 January 2010 to 9 December 2010 (the "Relevant Period"). Details of movements in the share options under the GDC Scheme during the Relevant Period are as follows:

SHARE OPTION SCHEMES (continued)

(b) Share option scheme of a former subsidiary of the Company – GDC (continued)

Category or name of grantees	Options to subscribe for shares of GDC: At the beginning of the Relevant Period	Transferred to other category during the Relevant Period	Transferred from other category during the Relevant Period	Lapsed during the Relevant Period	At the end of the Relevant Period	Date of grant	Exercise period	Exercise price per share
Directors of the Company								
Cao Zhong	4,900,000	(4,900,000)[1]	–	–	–	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75
Chen Zheng	4,900,000	–	–	–	4,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75
Leung Shun Sang, Tony	4,900,000	–	–	–	4,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75
	14,700,000	(4,900,000)	–	–	9,800,000			
Employees of the Group	2,300,000	(100,000)[2]	–	(2,200,000)[3]	–	22.03.2007	22.03.2007 – 21.03.2010	HK$1.07
	2,703,000	(200,000)[2]	–	(2,503,000)[3]	–	04.04.2007	04.04.2007 – 03.04.2010	HK$1.52
	9,900,000	–	–	–	9,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75
	14,903,000	(300,000)	–	(4,703,000)	9,900,000			
Other participants	–	–	100,000[2]	(100,000)[2]	–	22.03.2007	22.03.2007 – 21.03.2010	HK$1.07
	1,340,000	–	200,000[2]	(1,540,000)[4]	–	04.04.2007	04.04.2007 – 03.04.2010	HK$1.52
	980,000	–	4,900,000[1]	–	5,880,000	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75
	2,320,000	–	5,200,000	(1,640,000)	5,880,000			
	31,923,000	(5,200,000)	5,200,000	(6,343,000)	25,580,000			

SHARE OPTION SCHEMES (continued)

(b) Share option scheme of a former subsidiary of the Company – GDC (continued)

Notes:

1. Mr. Cao Zhong resigned as a Director of the Company on 10 May 2010. Such share options were re-classified from the category of "Directors of the Company" to "Other participants" during the Relevant Period.

2. The share options were held by certain grantees who ceased to be employees of the Group and such share options were re-classified from the category of "Employees of the Group" to "Other participants" during the Relevant Period. Such share options lapsed on the expiry of the three months period following the date of cessation as employees of the Group.

3. Such share options lapsed upon the expiry of the respective option periods.

4. A total of 820,000 share options lapsed on the expiry of the three months period following the date of cessation as employees of the Group of certain grantees; and the remaining balance of 720,000 share options lapsed upon the expiry of the option period.

(c) Share option scheme of a former subsidiary of the Company – GDC Tech

Each of the Company and GDC has adopted the GDC Tech Scheme by a shareholders' resolution passed at its special general meeting held on 19 September 2006.

The purpose of the GDC Tech Scheme is to enable GDC Tech (previously a non wholly-owned subsidiary of the Company which ceased to be a subsidiary of the Company from 10 December 2010) to grant options to eligible participants as rewards for their contributions to GDC Tech, its subsidiaries and its holding companies (including intermediate and ultimate holding companies) (the "GDC Tech Group"). The GDC Tech Scheme will remain in force for a period of 10 years commencing on 19 September 2006, being the date of adoption of the GDC Tech Scheme, to 18 September 2016.

Under the GDC Tech Scheme, the directors of GDC Tech may, at their discretion, offer any full-time or part-time employees, executives, officers and directors (including non-executive directors and independent non-executive directors) of the GDC Tech Group and any advisors, consultants, suppliers, customers and agents to the GDC Tech Group and such other persons who the directors of GDC Tech consider, in their sole discretion, will contribute or have contributed to the GDC Tech Group, share options to subscribe for shares of GDC Tech.

SHARE OPTION SCHEMES (continued)

(c) Share option scheme of a former subsidiary of the Company – GDC Tech (continued)

As at 9 December 2010, the date immediately before the date on which GDC Tech ceased to be a subsidiary of the Company, the total number of shares of GDC Tech which may be issued upon exercise of all outstanding share options granted under the GDC Tech Scheme was 3,630,000 which represented approximately 1.54% of the issued share capital of GDC Tech as at 9 December 2010. As at 9 December 2010, the maximum number of shares of GDC Tech available for issue upon exercise of all share options which may be granted under the GDC Tech Scheme was 23,469,509, representing approximately 9.93% of the issued share capital of GDC Tech as at 9 December 2010. The total number of shares of GDC Tech issued and to be issued upon the exercise of share options granted under the GDC Tech Scheme (including exercised, cancelled and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of GDC Tech as at the date of grant. Any further grant of share options in excess of this limit is subject to approval of shareholders of GDC in a general meeting. In addition, any share options granted to a substantial shareholder or an independent non-executive director of GDC, or to any of their associates, in excess of in aggregate 0.1% of the shares of GDC Tech in issue (based on the date of offer) within any 12-month period, are subject to approval of the shareholders of GDC in advance in a general meeting. Share options granted to a director, chief executive, management shareholder or substantial shareholder of GDC, or to any of their associates, are subject to approval in advance by the independent non-executive directors of GDC.

The period during which a share option may be exercised will be determined by the directors of GDC Tech at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the GDC Tech Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the directors of GDC Tech are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option will be determined by the directors of GDC Tech at their absolute discretion and shall not be less than the nominal value of the share of GDC Tech and shall be subject to the approval of the board of directors of GDC or any committee duly constituted thereof. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the GDC Tech Scheme. The offer of share options must be accepted within 30 days from the date of the offer.

SHARE OPTION SCHEMES (continued)

(c) Share option scheme of a former subsidiary of the Company – GDC Tech (continued)

No share option was granted, cancelled or lapsed in accordance with the terms of the GDC Tech Scheme during the period from 1 January 2010 to 9 December 2010 (the "Relevant Period"). Details of movements in the share options under the GDC Tech Scheme during the Relevant Period are as follows:

	Options to subscribe for shares of GDC Tech							
Category or name of grantees	At the beginning of the Relevant Period	Transferred to other category during the Relevant Period	Transferred from other category during the Relevant Period	Exercised during the Relevant Period	At the end of the Relevant Period	Date of grant	Exercise period	Exercise price per share
Directors of the Company								
Cao Zhong	1,650,000	(1,650,000)[1]	–	–	–	02.11.2007	02.11.2007 – 01.11.2012	HK$2.00
Chen Zheng	1,650,000	–	–	–	1,650,000	02.11.2007	02.11.2007 – 01.11.2012	HK$2.00
Leung Shun Sang, Tony	1,650,000	–	–	(1,650,000)	–	02.11.2007	02.11.2007 – 01.11.2012	HK$2.00
	4,950,000	(1,650,000)	–	(1,650,000)	1,650,000			
Employees of the Group	1,650,000	–	–	–	1,650,000	02.11.2007	02.11.2007 – 01.11.2012	HK$2.00
Other participants	330,000	–	1,650,000[1]	(1,650,000)	330,000	02.11.2007	02.11.2007 – 01.11.2012	HK$2.00
	6,930,000	(1,650,000)	1,650,000	(3,300,000)	3,630,000			

Note:

1. Mr. Cao Zhong resigned as a Director of the Company on 10 May 2010. Such share options were re-classified from the category of "Directors of the Company" to "Other participants" during the Relevant Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year.

PRE-EMPTIVE RIGHTS

There are no provisions 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 a pro rata basis to its existing shareholders.

DISTRIBUTION RESERVES

At the end of the reporting period, the Company had distributable reserves of approximately HK$104,017,784.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 28% of the total sales for the year and the largest customer included therein amounted to approximately 10%. Purchases from the Group's five largest suppliers accounted for approximately 46% of the cost of sales for the year and the largest supplier included therein amounted to approximately 29%. None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers and suppliers.

CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions were recorded during the year and up to the date of this annual report:

As stated in the announcement of the Company dated 23 December 2009, a master supply agreement (the "Master Supply Agreement") was entered into between GDC Holdings Limited ("GDC Holdings", a wholly-owned subsidiary of GDC) and GDC Tech on 21 December 2009. Pursuant to the Master Supply Agreement, GDC Tech agreed to supply digital cinema equipment and related equipment to any subsidiaries and associates of GDC Holdings (the "Transactions"). The annual cap amounts of the Transactions contemplated under the Master Supply Agreement for each of the three financial years ending 31 December 2012 would not exceed US$106,424,000, US$110,448,000 and US$86,671,000, respectively.

As at the date of the Master Supply Agreement, GDC Tech was an indirect non-wholly owned subsidiary of the Company, in which Greater Appeal was interested as to approximately 22.5% in the share capital of GDC Tech then in issue. As Greater Appeal was ultimately beneficially wholly-owned by Mr. Li Ka-shing, who together with his associates, was interested as to approximately 11.6% in the share capital of the Company then in issue, GDC Tech was a connected person of the Company and the Transactions between GDC Tech and GDC Holdings and/or its subsidiaries and associates constitute continuing connected transactions for the Company under the Listing Rules. The purchases were for the purpose of deployment of digital cinema networks in Asia (outside of the People's Republic of China). The Master Supply Agreement and the relevant cap amounts were approved by the independent shareholders of the Company on 29 January 2010.

CONTINUING CONNECTED TRANSACTIONS (continued)

Following the cessation of GDC being a subsidiary of the Company on 10 December 2010, GDC Holdings also ceased to be a subsidiary of the Company on the same date, the Transactions under the Master Supply Agreement took place on or after 10 December 2010 would not constitute continuing connected transactions for the Company any more. The continuing connected transactions as set out above which took place during the period from 1 January 2010 to 9 December 2010 (the "Relevant Period") have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that:

(i) the transactions were entered into in the ordinary and usual course of business of the relevant members of the Group;

(ii) the transactions were conducted on normal commercial terms, or if there was no available comparison, on terms that were no less favourable than terms available to or from (as the case may be) independent third parties; and

(iii) the transactions were entered into in accordance with the relevant agreements governing such transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has provided a letter to the Board of Directors of the Company confirming the matters stated in Rule 14A.38 of the Listing Rules in respect of the continuing connected transactions as set out above which took place during the Relevant Period.

As far as the transactions took place during the year as set out in note 46(a) to the consolidated financial statements under the heading of "Related Party Transactions" are concerned, the transactions as set out in notes (ii) to (iv) were connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

As far as the transactions set out in note 46(b) to the consolidated financial statements under the heading of "Related Party Transactions" are concerned, the remuneration of the Directors as determined pursuant to the service contracts entered into between the Directors and the Group and the securities issued and to be issued upon exercise of options granted to the Directors under the share option scheme of the Company were connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

The remaining transactions which took place during the year as set out under the heading of "Related Party Transactions" did not constitute connected transactions under the Listing Rules.

DISCLOSURE UNDER RULE 13.18 OF THE LISTING RULES

Under the facility agreement dated 8 November 2010 (the "Facility Agreement") entered into between China Construction Bank (Asia) Corporation Limited (the "Bank") as lender, SCG Finance Corporation Limited ("SCG Finance"), a wholly-owned subsidiary of the Company, as borrower, Shougang Holding and the Company as guarantors in relation to a revolving loan facility in an aggregate amount of HK$92,000,000 (the "Facility") made available by the Bank to SCG Finance, each of the following constitutes a covenant and non-compliance with any covenant will constitute an event of default upon which the Facility will, among others, become immediately due and payable: (i) Shougang Holding shall directly or indirectly own 35% or more of all the issued share capital of the Company; (ii) the consolidated tangible net worth of Shougang Holding shall not be less than HK$2 billion; (iii) the total liabilities of Shougang Holding shall not exceed 200% of its consolidated tangible net worth; and (iv) the consolidated EBITDA (including share of results of associates) of Shougang Holding shall not be less than 3 times interest expenses. The final maturity date of the Facility falls on the date being 24 months after the date of the Facility Agreement.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 19 to 32 of this annual report.

AUDITOR

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

By Order of the Board
Li Shaofeng
Chairman

Hong Kong, 29 March 2011

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF SHOUGANG CONCORD GRAND (GROUP) LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shougang Concord Grand (Group) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 172, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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 presentation of the 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 as to whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (continued)

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 the 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 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000 (Restated)
Continuing operations			
Revenue	7	**57,147**	109,247
Cost of sales		**(31,653)**	(69,918)
Gross profit		**25,494**	39,329
Interest income from entrusted loan receivables		**307**	3,882
Other income	9	**2,590**	528
Distribution costs and selling expenses		**(928)**	(2,589)
Administrative expenses		**(37,695)**	(35,660)
Impairment loss on finance lease receivables		**(21,201)**	–
Increase in fair value of investment properties		**38,140**	24,961
Changes in fair value of held-for-trading investments		**(282)**	16,814
Finance costs	10	**(2,649)**	(2,958)
Share of results of associates		**(16,388)**	–
Discount on acquisition of additional interest in a subsidiary	11	**–**	2,154
Profit on disposal of partial interests in an associate		**1,358**	–
(Loss) profit before tax		**(11,254)**	46,461
Income tax expense	13	**(4,204)**	(6,021)
(Loss) profit for the year from continuing operations	14	**(15,458)**	40,440
Discontinued operations	12		
Profit for the year from discontinued operations		**135,233**	18,099
Profit for the year		**119,775**	58,539
Other comprehensive income (expense):			
Exchange differences on translation of foreign operations:			
Exchange gain (loss) arising during the year		**11,954**	(55)
Share of translation difference of an associate		**3,778**	–
Release of translation reserve upon deemed disposal of subsidiaries		**(10,934)**	–
Release of special reserve upon deemed disposal of subsidiaries		**21,354**	–
		26,152	(55)
Total comprehensive income for the year		**145,927**	58,484

	NOTE	2010 HK$'000	2009 HK$'000 (Restated)
Profit for the year attributable to:			
Owners of the Company			
– (Loss) profit for the year from continuing operations		**(15,421)**	39,661
– Profit (loss) for the year from discontinued operations		**45,269**	(965)
		29,848	38,696
Non-controlling interests			
– (Loss) profit for the year from continuing operations		**(36)**	779
– Profit for the year from discontinued operations		**89,963**	19,064
		89,927	19,843
		119,775	58,539
Total comprehensive income for the year attributable to:			
Owners of the Company		**54,325**	38,677
Non-controlling interests		**91,602**	19,807
		145,927	58,484
Earnings (loss) per share	16		
From continuing and discontinued operations			
Basic and diluted		**HK2.59 cents**	HK3.36 cents
From continuing operations			
Basic and diluted		**(HK1.34 cents)**	HK3.44 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	NOTES	**31.12.2010 HK$'000**	31.12.2009 HK$'000 (Restated)	1.1.2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	17	**30,459**	144,696	60,510
Prepaid lease payments	18	**–**	5,799	7,512
Investment properties	19	**190,590**	152,450	125,200
Goodwill	20	**52,935**	52,935	52,935
Intangible asset		**–**	–	244,111
Interests in associates	22	**204,888**	21,569	21,856
Other receivables	23	**–**	20,657	–
Advances		**–**	–	126,547
Finance lease receivables	24	**342,228**	429,347	827,138
Entrusted loan receivables	25	**–**	227	25,499
Restricted bank deposits	29	**10,619**	56,958	66,069
Pledged bank deposit	29	**–**	1,956	665
Available-for-sale investments	32	**4,941**	37,477	–
		836,660	924,071	1,558,042
Current assets				
Inventories	26	**–**	34,947	21,904
Production work in progress		**–**	–	3,875
Amounts due from customers for contract work	27	**–**	5,795	16,935
Amount due from an associate	36	**396**	–	–
Finance lease receivables	24	**206,414**	464,519	463,170
Entrusted loan receivables	25	**235**	25,873	26,879
Trade receivables	28	**132**	41,477	20,524
Prepayments, deposits and other receivables	29	**6,284**	93,746	22,957
Prepaid lease payments	18	**–**	125	156
Convertible loan receivable	30	**–**	119,255	–
Held-for-trading investments	31	**15,002**	25,420	85,668
Pledged bank deposit	29	**–**	–	2,808
Bank balances and cash	29	**308,337**	372,847	195,381
		536,800	1,184,004	860,257
Current liabilities				
Amounts due to customers for contract work	27	**–**	366	1,763
Trade payables	33	**–**	32,969	8,117
Other payables and accruals		**6,504**	58,316	53,492
Income received in advance	34	**4,896**	43,427	38,108
Rental and management fee deposits received		**1,210**	1,248	1,189
Amount due to an associate	35	**–**	20,874	–
Tax liabilities		**10,855**	19,526	9,506
Security deposits received	24	**–**	50,168	–
Secured bank borrowings – due within one year	37	**333,803**	596,642	579,973
		357,268	823,536	692,148
Net current assets		**179,532**	360,468	168,109
Total assets less current liabilities		**1,016,192**	1,284,539	1,726,151

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	NOTES	31.12.2010 HK$'000	31.12.2009 HK$'000 (Restated)	1.1.2009 HK$'000 (Restated)
Capital and reserves				
Share capital	39	**11,522**	11,514	11,514
Retained earnings		**520,794**	438,708	382,689
Other reserves		**171,434**	158,773	157,441
Equity attributable to owners of the Company		**703,750**	608,995	551,644
Non-controlling interests		**661**	288,377	319,530
Total equity		**704,411**	897,372	871,174
Non-current liabilities				
Income received in advance	34	**3,520**	7,754	16,393
Secured bank borrowings – due after one year	37	**295,691**	367,737	777,323
Security deposits received	24	**10,588**	10,000	60,168
Deferred tax liabilities	38	**1,982**	1,676	1,093
		311,781	387,167	854,977
Total equity and liabilities		**1,016,192**	1,284,539	1,726,151

The consolidated financial statements on pages 60 to 172 were approved and authorised for issue by the Board of Directors on 29 March 2011 and are signed on its behalf by:

Li Shaofeng
DIRECTOR

Luo Zhenyu
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2010

	Share capital HK$'000	Share premium HK$'000	Capital contribution reserve HK$'000 *(Note (a))*	Contributed surplus reserve HK$'000 *(Note (b))*	Translation reserve HK$'000	Share options reserve HK$'000	Statutory reserve HK$'000 *(Note (c))*	Special reserve HK$'000 *(Note (d))*	Retained earnings HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests: Share options reserve of a subsidiary HK$'000	Non-controlling interests: Share of net assets of subsidiaries HK$'000	Total HK$'000
At 1 January 2009	11,514	559	445	115,576	40,853	23,504	–	(23,496)	382,689	551,644	54,603	264,927	871,174
Exchange differences on translation of foreign operations	–	–	–	–	(19)	–	–	–	–	(19)	–	(36)	(55)
Profit for the year	–	–	–	–	–	–	–	–	38,696	38,696	–	19,843	58,539
Total comprehensive income (expense) for the year	–	–	–	–	(19)	–	–	–	38,696	38,677	–	19,807	58,484
Exercise of share option of a subsidiary	–	–	–	–	–	–	–	–	–	–	(6)	236	230
Transfer to statutory reserve	–	–	–	–	–	–	2,879	–	(5,682)	(2,803)	–	2,803	–
Lapse/cancellation of share options	–	–	–	–	–	(1,528)	–	–	1,528	–	–	–	–
Cancellation of share options granted by subsidiaries	–	–	–	–	–	–	–	–	21,477	21,477	(21,477)	–	–
Capital contribution from a non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	5,816	5,816
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(38,332)	(38,332)
At 31 December 2009 and 1 January 2010	11,514	559	445	115,576	40,834	21,976	2,879	(23,496)	438,708	608,995	33,120	255,257	897,372
Exchange difference on translation of foreign operations	–	–	–	–	10,279	–	–	–	–	10,279	–	1,675	11,954
Share of translation difference of an associate	–	–	–	–	3,778	–	–	–	–	3,778	–	–	3,778
Release upon deemed disposal of subsidiaries	–	–	–	–	(10,934)	–	–	21,354	–	10,420	–	–	10,420
Profit for the year	–	–	–	–	–	–	–	–	29,848	29,848	–	89,927	119,775
Total comprehensive income for the year	–	–	–	–	3,123	–	–	21,354	29,848	54,325	–	91,602	145,927
Exercise of share options	8	448	–	–	–	(128)	–	–	–	328	–	–	328
Partial disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	2,769	2,769
Recognition of equity-settled share-based payment	–	–	–	–	–	7,590	–	–	–	7,590	–	–	7,590
Release upon deemed disposal of subsidiaries	–	–	(445)	–	–	–	(2,879)	–	28,902	25,578	(25,578)	(384,338)	(384,338)
Release upon disposal of subsidiaries	–	–	–	–	(18,194)	–	–	–	18,194	–	–	–	–
Lapse of share options	–	–	–	–	–	(350)	–	–	350	–	–	–	–
Lapse of share options granted by subsidiaries *(Note (e))*	–	–	–	–	–	–	–	–	4,792	4,792	(7,542)	2,750	–
Non-controlling interest arising on acquisition of a subsidiary *(Note 40)*	–	–	–	–	–	–	–	–	–	–	–	27,927	27,927
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	236	236
Difference arising on dilution of interest in a subsidiary *(Note (f))*	–	–	–	–	–	–	–	2,142	–	2,142	–	4,458	6,600
At 31 December 2010	11,522	1,007	–	115,576	25,763	29,088	–	–	520,794	703,750	–	661	704,411

Notes:

(a) Capital contribution reserve represents accumulated effect of imputed interest on amount due to other related party.

(b) The contributed surplus reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in 1991 over the nominal value of the Company's shares issued in exchange, and the transfers as mentioned in note (e) below.

(c) As stipulated by the rules and regulations in the People's Republic of China (the "PRC", for the purpose of this report does not include Hong Kong, Macau and Taiwan), the subsidiaries of the Company established in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior years' losses) to a general reserve fund until the balance of the fund reaches 50% of their registered capital thereafter any further appropriation is optional and is determinable by the companies' boards of directors.

(d) Special reserve as at 31 December 2009 represented the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired by GDC Group (as defined in Note 12) from non-controlling interests during the year ended 31 December 2007. This special reserve was released to profit and loss upon the deemed disposal of GDC Group during the year.

(e) During the year ended 31 December 2010, 920,000 share options issued by a subsidiary of the Company lapsed on the expiry of the three-month period following the dates of cessation of the respective employees and 5,423,000 share options issued by a subsidiary of the Company lapsed on the expiry dates of the respective exercise periods of the options.

(f) During the year ended 31 December 2010, the difference arising on dilution of interest in a subsidiary represents the excess of proceeds received from exercise of share options of a subsidiary over the carrying amount of non-controlling interests deemed to be disposed.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (Restated)
OPERATING ACTIVITIES		
(Loss) profit for the year		
– continuing operations	**(15,458)**	40,440
– discontinued operations	**135,233**	18,099
Adjustments for:		
Impairment loss on convertible loan receivable	**7,519**	–
Profit on disposal of partial interests in an associate	**(1,358)**	–
Share-based payment expense	**7,590**	–
Depreciation of property, plant and equipment	**13,182**	8,328
Allowance for inventories	**–**	6,368
Allowance for production work in progress	**–**	4,811
Interest expenses (included in finance cost and cost of sales)	**36,557**	73,404
Allowance for bad and doubtful debts, net	**20,182**	3,309
Amortisation of intangible asset	**–**	633
Share of loss of associates	**16,465**	287
Loss on dilution of interest in a subsidiary	**–**	165
Amortisation of prepaid lease payments	**119**	148
(Gain) loss on disposal of property, plant and equipment	**(277)**	21
Increase in fair value of investment properties	**(38,140)**	(24,961)
Changes in fair value of held-for-trading investments	**41**	(10,436)
Interest income	**(5,755)**	(17,335)
Interest income from entrusted loan receivables	**(307)**	(5,686)
Gain on disposal of intangible asset	**–**	(2,543)
Discount on acquisition of additional interest in a subsidiary	**–**	(2,154)
Dividend income from held-for-trading investments	**(392)**	(91)
Gain on disposal of subsidiaries	**(9,899)**	–
Income tax expense	**15,036**	13,013
Operating cash flows before movements in working capital	**180,338**	105,820
Increase in inventories	**(23,698)**	(19,411)
Decease (increase) in production work in progress	**1,563**	(936)
(Increase) decrease in amounts due from customers for contract work	**(462)**	13,719
Increase in amount due from an associate	**(396)**	–
Decrease in security deposits received	**(51,704)**	–
Decrease in finance lease receivables	**356,590**	396,442
Increase in trade receivables	**(62,045)**	(24,271)
Increase in prepayments, deposits and other receivables	**(232,770)**	(87,689)
Decrease in held-for-trading investments	**7,814**	70,684
(Decrease) increase in amounts due to customers for contract work	**(249)**	1,182
Increase in trade payables	**8,086**	24,852
Increase in other payables and accruals	**35,480**	4,823
(Decrease) increase in rental and management fee deposits received	**(38)**	59
Increase (decrease) in income received in advance	**12,074**	(3,320)
Cash generated from operations	**230,583**	481,954
Dividend received from held-for-trading investments	**392**	91
Income tax paid	**(6,732)**	(2,410)
Interest paid	**(36,557)**	(73,404)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**187,686**	406,231

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
INVESTING ACTIVITIES			
Purchase of structured deposits		**(41,169)**	–
Proceeds from disposal of partial interests in an associate		**1,993**	–
Purchases of property, plant and equipment		**(154,331)**	(98,750)
Acquisition of a subsidiary	40	**(63,149)**	–
(Increase) decrease in pledged bank deposits		**(42,005)**	1,517
Disposal of subsidiaries	12	**9,321**	–
Proceeds from redemption of (investment in) a convertible loan receivable		**113,016**	(45,454)
Decrease in restricted bank deposits		**48,349**	9,111
Decrease in entrusted loan receivables		**25,955**	20,592
Interest received		**4,109**	10,542
Interest received from entrusted loan receivables		**307**	5,686
Investment in available-for-sale investments		**–**	(5,341)
Proceeds from disposal of property, plant and equipment		**1,859**	340
Proceeds from disposal of intangible asset, net of transaction costs		**–**	249,148
Purchases of investment properties		**(9,132)**	–
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		**(104,877)**	147,391
FINANCING ACTIVITIES			
Repayment of bank loans		**(372,189)**	(702,008)
New bank loans raised		**209,647**	309,091
Proceeds from issue of shares of a subsidiary upon exercise of its share options		**6,600**	65
Acquisition of additional interest in a subsidiary		**–**	(9,949)
Proceeds from exercise of share options		**328**	–
Capital contribution from non-controlling interests		**236**	5,816
Advance from an associate		**–**	20,874
NET CASH USED IN FINANCING ACTIVITIES		**(155,378)**	(376,111)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(72,569)**	177,511
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**372,847**	195,381
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**8,059**	(45)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**308,337**	372,847

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its controlling shareholder, which is defined under the Rules Governing the Listing of Securities on the Stock Exchange as a person who is entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of the issuer, is Shougang Holding (Hong Kong) Limited ("Shougang Holding"), a company incorporated in Hong Kong with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 47.

The functional currency of the Company is Renminbi. The consolidated financial statements are presented in Hong Kong dollars for the convenience of the readers.

The principal activities of the Company and its subsidiaries (the "Group") are property leasing and building management services, finance leasing and assets management. During the years ended 31 December 2010 and 2009, certain subsidiaries of the Company, namely Grand Award Limited and its subsidiaries (the "Grand Award Group") and Global Digital Creations Holdings Limited ("GDC") and its subsidiaries (the "GDC Group") were also engaged in digital content distribution and exhibitions, deployment of digital cinema network in Asia, computer graphic ("CG") creation and production, films and television programme production, CG training courses and cultural park. As the Company lost control over these subsidiaries upon disposal of the entire share capital of Grand Award Limited for US$1 and to assign the loan for HK$247,920,000 and the dilution of interest in GDC upon allotment and issue of the relevant GDC shares pursuant to the share option scheme of GDC to subscribe for shares in GDC, these operations were classified as discontinued operations during the year ended 31 December 2010 (see note 12 for details).

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

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the financial year beginning on 1 January 2010.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures have not yet been provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

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

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements (continued)

The application of the revised Standard has affected the accounting for the Group's deemed disposal of the subsidiary, GDC, in the current year. The change in policy has resulted in the fair value of HK$550,136,000 being recognised in derecognising the residual interest in GDC when the control over GDC has been lost. The fair value has become the deemed cost of the interests in associates and impairment loss on initial carrying amount of HK$332,003,000 was resulted when comparing the fair value and the recoverable amount of GDC at the date that control was lost. Details are set out in note 12(b).

The impact on basic and diluted earnings per share arising from the change in accounting policies is HK0.83 cents per share.

The application of the revised Standard has also affected the accounting for the Group's dilution of interest in GDC Technology Limited ("GDC Technology"), an indirect non-wholly owned subsidiary of the Company, upon exercise of its share options in the current year. The change in policy has resulted in the difference of approximately HK$2,142,000 between the proceeds received upon exercise of these share options of HK$6,600,000 and the non-controlling interests recognised of approximately HK$4,458,000 being recognised directly in equity attributable to the owners of the Company, instead of in profit or loss. In addition, the proceeds received in the current year of HK$6,600,000 has been included in cash inflow from financing activities.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The application of the revised Standard has resulted in share options reserve relating to the employee share option scheme of GDC Technology, being included as part of non-controlling interest in the consolidated statement of financial position and consolidated statement of changes in equity prior to disposal (see note 44 for details). Previously, such share options reserve was presented separately in the consolidated statement of financial position and consolidated statement of changes in equity.

Amendments to HKAS 7 Statement of Cash Flows

As a part of the consequential amendments of HKAS 27, HKAS 7 specifies that the cash flows arising from changes in ownership interest in a subsidiary that do not result in a loss of control should be classified as financing activities in the consolidated statement of cash flows. This change has been applied retrospectively. Accordingly, the cash consideration paid in the prior year of HK$9,949,000 for acquisition of additional interest in subsidiary has been reclassified from cash flows used in investing activities to cash flows used in financing activities.

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

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of approximately HK$57,316,000 and HK$152,925,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of approximately HK$52,964,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 5b for details).

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

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (continued)

Summary of the effects of the above changes in accounting policies

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 January 2009 and 31 December 2009 is as follows:

	As at 1.1.2009 (originally stated) HK$'000	Adjustments HK$'000	As at 1.1.2009 (restated) HK$'000	As at 31.12.2009 (originally stated) HK$'000	Adjustments HK$'000	As at 31.12.2009 (restated) HK$'000
Borrowings – current	427,048	152,925	579,973	539,326	57,316	596,642
Borrowings – non-current	930,248	(152,925)	777,323	425,053	(57,316)	367,737
Total effects on net assets	1,357,296	–	1,357,296	964,379	–	964,379

New and revised Standard, Amendments and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

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

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

New and revised Standard, Amendments and Interpretations issued but not yet effective (continued)

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition:

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company ("Directors") anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and the application of the new Standard may not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

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

New and revised Standard, Amendments and Interpretations issued but not yet effective (continued)

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The Directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The Directors are still in the progress of assessing the financial impact.

The Directors anticipate that the application of the other new and revised Standards, Amendments to Standards or Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods. The principal policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

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

Allocation of total comprehensive income to non-controlling interests

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a debit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and was able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010 (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. Goodwill arising on acquisition of additional interest in a subsidiary represents the excess of the cost of the acquisition over the fair value of the net assets attributable to the additional interest in a subsidiary. If, after reassessment, the fair value of the net assets attributable to the additional interest in a subsidiary by the Group exceeds the cost of the acquisition, the excess is recognised immediately in profit and loss. The difference between the fair value and the carrying value of the underlying assets and liabilities attributable to the additional interest in a subsidiary is debited directly to special reserve. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Business combinations that took place on or after 1 January 2010

Acquisitions 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, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Business combinations that took place on or after 1 January 2010 (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the aquiree.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

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

Revenue from continuing operations

Interest income from the finance leasing business and other financial assets is recognised when it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from continuing operations (continued)

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from property and equipment leasing is recognised on a straight-line basis over the relevant lease terms.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Revenue from discontinued operations

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Distribution income for films and television programme is recognised when the films and/or television programme are delivered to the customers.

Training fee income is recognised over the period of the training course on a straight-line basis. Unearned training fee income received is recorded as income received in advance.

Royalty income from share of box office receipts is recognised when the digital motion pictures are exhibited using the digital cinema equipment sold by the Group and the Group's right to receive payment, which is based on a certain percentage of the relevant box office receipts, has been established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from discontinued operations (continued)

Receipts from exhibition of digital motion pictures are recognised when the motion pictures are exhibited.

Technical service income and management fee income are recognised when services are provided.

Revenue from provision of assembly and integration services in connection with deployment of digital cinema equipments under Virtual Print Fee ("VPF") Arrangement (details of which are set out in note 23) is recognised when the services have been rendered and the equipments are installed and ready for their intended use.

Deposits received from sale of goods or services to be provided prior to meeting the revenue recognition criteria are included in the consolidated statement of financial position under current liabilities.

Contracts for computer graphic ("CG") creation and production

Where the outcome of a contract for CG creation and production can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances from customers. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statement of financial position under trade receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including building held for use in supply of goods or services or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes and are carried at cost less any recognised impairment loss. Cost included professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined, as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amounts of the investment properties under construction. Investment properties under construction are measured at fair values at the end of the reporting period, provided that the fair values of the properties under construction can be estimated reliably. Any difference between the fair values of the investment properties under construction and their carrying amounts is recognised in profit or loss in the year in which it arises.

When the fair value of an investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or the construction is completed, whichever is earlier.

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

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term, except where another system for basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

From 1 January 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

Payments to the state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are charged as expenses when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax law) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would flow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in 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.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development expenditure (continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Inventories

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

Production work in progress

Production work in progress is stated at the lower of cost and net realisable value. Costs include all direct costs associated with the production of films or television programme. Production costs are classified to films or television programme under inventories upon completion.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments, other than financial assets classified at FVTPL, of which interest income is included in net gains or losses.

Financial Assets at fair value through profit or loss

Financial assets at FVTPL represents financial assets held-for-trading.

A financial asset is classified as held-for-trading if:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including convertible loan receivable, entrusted loan receivables, trade receivables, finance lease receivables, other receivables, amount due from an associate, restricted bank deposits, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss of financial assets below).

Impairment of financial assets

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

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

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as default or delinquency in interest or principal payments; or

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, finance lease receivables and entrusted loan 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, finance lease receivable or entrusted loan 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

Financial liabilities and equity

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, other payables, amount due to an associate and secured bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and cumulated in equity is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity settled share-based payment transactions

Share options granted to the directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

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

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

For share options granted on or before 7 November 2002 and share options granted after 7 November 2002 but vested before 1 January 2005, the Group did not recognise any financial effect of these share options in accordance with the transitional provisions of HKFRS 2.

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to other participants

Share options issued in exchange for goods or services are measured at the fair value of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of finance lease receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows and fair value of the pledged assets less cost to sell. The amount of the impairment loss is measured as the difference between the asset's carrying amount and higher of the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) and the fair value of the pledged assets less cost to sell. Where the actual future cash flows or the net selling price of the pledged assets are less than expected, a material impairment loss may arise.

At 31 December 2010, impairment loss of HK$21,201,000 have been recognised for finance lease receivables (2009: Nil). As at 31 December 2010, the carrying amount of finance lease receivables is approximately HK$548,642,000 (2009: HK$893,866,000).

5. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2010 **HK$'000**	2009 HK$'000
Financial assets		
Financial assets at FVTPL		
Held-for-trading investments	**15,002**	25,420
Loan and receivables (including cash and cash equivalents)	**323,558**	708,955
Available-for-sale investments	**4,941**	37,477
Finance lease receivables	**548,642**	893,866
Financial liabilities		
Amortised cost	**645,243**	1,101,444

5. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and polices

The Group's major financial instruments include available-for-sale investments, convertible loan receivable, finance lease receivables, entrusted loan receivables, trade receivables, other receivables, held-for-trading investments, restricted bank deposits, pledged bank deposits and bank balances, amount due from an associate, secured bank borrowings, trade payables and other payables. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The normal operations and investments of the Group are mainly in Hong Kong and the People's Republic of China ("the PRC", for the purpose of this consolidated financial statements, does not include Hong Kong, Macau and Taiwan), with revenue and expenditure denominated in Hong Kong dollars and Renminbi which are primarily transacted using functional currencies of the respective group entities. The Group is mainly exposed to currency risk in relation to Hong Kong dollar (HK$) denominated secured bank borrowings as at 31 December 2010 and 2009. The Group will consider using forward exchange contracts to hedge against foreign currency exposures if necessary.

Sensitivity analysis

The sensitivity analysis below has been determined based on 5% (2009: 5%) increase and decrease in Renminbi, the functional currency of the entity against HK$.

For a 5% (2009: 5%) weakening of HK$ against Renminbi, there would be an increase in post-tax profit by HK$5,542,000 (2009: HK$6,384,000). For a 5% (2009: 5%) strengthening of HK$ against Renminbi, there would be an equal and opposite impact on the profit.

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

5. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of market interest rate on variable-rate finance lease receivables as disclosed in note 24, certain entrusted loan receivable as disclosed in note 25, bank balances and secured variable-rate bank borrowings as disclosed in note 37. It is the Group's policy to keep majority of its finance lease receivables, entrusted loan receivable and borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the People's Bank of China Renminbi Lending Rate ("PBC Rate") arising from the Group's variable-rate finance lease receivables, entrusted loan receivables, other receivable and secured bank borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate finance lease receivables, entrusted loan receivable, other receivables, secured bank borrowings and bank balances at the end of reporting period. The analysis is prepared assuming these outstanding balances at the end of the reporting period was outstanding for the whole year. A 50 basis points (2009: 50 basis points) increase or decrease which represents management's assessment of the reasonably possible change in interest rates is used.

If interest rates had been 50 basis points (2009: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2010 would decrease/increase by approximately HK$2,330,000 (2009: decrease/increase by approximately HK$1,721,000).

5. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities classified as held-for-trading investments. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments of entities operating in the PRC which are quoted in stock exchanges in the PRC and Hong Kong. The Group currently does not use any derivative contracts to hedge its exposure to other price risk. However, the management has appointed a team to monitor the price risk and will consider hedging the risk exposure should that needs arise.

Sensitivity analysis

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

If the prices of the respective equity instruments had been 10% (2009: 10%) higher/lower, post-tax loss for the year ended 31 December 2010 would decrease/increase by approximately HK$1,253,000 (2009: post-tax profit increase/decrease by approximately HK$2,123,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk

As at 31 December 2010 and 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

5. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Before accepting any new finance lease and entrusted loan borrower, the Group assesses the credit quality of each potential finance lease or entrusted loan borrower and defined limits for each finance lease borrower or entrusted loan borrower. The Group also demands certain finance lease borrowers to place security deposits with the Group at the time the finance lease arrangement is entered into. In addition, the Group has reviewed the repayment history of finance lease payments from each finance lease borrower or repayment from each entrusted loan borrower with reference to the repayment schedule from the date of finance lease or entrusted loan was initially granted up to the reporting date to determine the recoverability of a finance lease receivable and entrusted loan receivable.

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

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2009: 100%) of the financial lease receivables and 100% (2009: 100%) of the entrusted loan receivables as at 31 December 2010.

The Group has concentration of credit risk on its trade receivables as 27% (2009: 26%) and 90% (2009: 62%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively. The customers are sourced from the Group's property leasing business.

The Group also has concentration of credit risk from finance leasing business as 32% (2009: 35%) and 95% (2009: 94%) of the total finance lease receivables was due from the Group's largest finance lease borrower and the five largest finance lease borrowers, respectively. The Group's five largest finance lease borrowers are spread across diverse industries such as airline and utility industries. Of the five largest finance lease borrowers, four of them are listed companies in the PRC or group companies of listed companies in the PRC. Over 95% (2009: 94%) of the finance lease customers have good repayment history with no record of late payment.

As at 31 December 2010, the Group has concentration of credit risk from entrusted loan business as the Group has only one entrusted loan borrower. As at 31 December 2009, the Group had concentration of credit risk from entrusted loan business as 89% of the total entrusted loan receivables were due from the Group's largest entrusted loan borrower. The customers are from different industry sectors. The entrusted loan borrowers have good repayment history with no record of late payment.

5. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings from time to time.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

Liquidity table

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 - 3 months HK$'000	3 months to 1 year HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows as at 31.12.2010 HK$'000	Carrying amount at 31.12.2010 HK$'000
Non-derivative financial liabilities								
Other payables	-	193	515	3,243	-	-	3,951	3,951
Security deposits received	-	-	-	-	10,588	-	10,588	10,588
Rental and management fee deposits received	-	-	1,210	-	-	-	1,210	1,210
Secured bank borrowings	4	156,191	33,509	146,292	314,482	-	650,474	629,494
		156,384	35,234	149,535	325,070	-	666,223	645,243

5. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity table (continued)

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows as at 31.12.2009 HK$'000	Carrying amount at 31.12.2009 HK$'000
Non-derivative financial liabilities (restated)								
Trade payables	–	13,273	17,880	1,816	–	–	32,969	32,969
Other payables	–	2,599	2,634	16,573	–	–	21,806	21,806
Security deposits received	–	3,977	45,455	736	10,000	–	60,168	60,168
Rental and management fee deposits received	–	–	–	1,248	–	–	1,248	1,248
Amount due to an associate	–	–	–	20,874	–	–	20,874	20,874
Secured bank borrowings	7	160,370	256,668	191,698	402,068	10,227	1,021,031	964,379
		180,219	322,637	232,945	412,068	10,227	1,158,096	1,101,444

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2010 and 31 December 2009, the aggregate undiscounted principal amounts of these bank loans amounted to HK$57,091,000 and HK$57,316,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans will be fully repaid thirteen years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows within one year will amount to HK$4,127,000 and HK$690,000 respectively; within one to 5 years will amount to HK$17,033,000 and HK$2,236,000 respectively; and over 5 years will amount to HK$35,931,000 and HK$1,808,000 respectively.

The amounts scheduled above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

5. FINANCIAL INSTRUMENTS (continued)

c. Fair value

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

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

- 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.

The Directors consider that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets at FVTPL				
Held-for-trading investments	**15,002**	**–**	**–**	**15,002**

	2009			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVTPL				
Held-for-trading investments	25,420	–	–	25,420

5. FINANCIAL INSTRUMENTS (continued)

c. Fair value (continued)

Fair value measurements recognised in the consolidated statement of financial position (continued)

There was no transfer between Level 1 and 2 in the current year.

There was no transfer into or out of Level 3 and there was no gain or loss for the year recognised in profit or loss or other comprehensive income.

6. CAPITAL RISK MANAGEMENT

The Group's objectives to manage its capital are to ensure that entities of the Group will be able to continue as a going concern while maximising the return to shareholders, to support the Group's stability and growth, and to strengthen the Group's financial management capability. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in note 37 net of restricted bank deposits, pledged bank deposits, bank balances and cash, and total equity.

The Directors review the capital structure regularly and manage its capital structure to ensure an optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Directors monitor capital mainly using net debt to total equity ratio and current ratio. These ratios as at 31 December 2010 and 2009 were as follows:

	2010 **HK$'000**	2009 HK$'000 (Restated)
Net debt (1)	**310,538**	532,618
Total equity (2)	**704,411**	897,372
Net debt to total equity ratio (%)	**44**	59
Current assets	**536,800**	1,184,004
Current liabilities	**357,268**	823,536
Current ratio (%)	**150**	143

The Directors considered that the Group maintained healthy capital as at 31 December 2010 as the Group has excess of current assets over current liabilities.

6. CAPITAL RISK MANAGEMENT (continued)

Notes:

(1) Net debt equals borrowings less restricted bank deposits, pledged bank deposits and bank balances and cash.

(2) Total equity equals to all capital and reserves of the Group including non-controlling interests.

7. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2010	2009
	HK$'000	HK$'000
Finance lease income	**51,350**	102,929
Property leasing and management fee income	**5,797**	6,318
	57,147	109,247

8. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("CODM"), being the Managing Director of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided, which is also the basis of organisation of the Group, is set out below.

For the year ended 31 December 2009, there were eight reportable segments of the Group, namely (i) digital content distribution and exhibitions, (ii) deployment of digital cinema network in Asia; (iii) CG creation and production; (iv) CG training courses; (v) films and television programme production; (vi) property leasing and building management services; (vii) finance leasing – leasing income and (viii) assets management – asset management service income. During the year ended 31 December 2010, a new reportable segment, (ix) cultural park, was reported to CODM.

Upon disposal of Grand Award Group and GDC Group in 2010, reportable segments (i) to (v) and (ix) were discontinued. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 12.

8. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

For the year ended 31 December 2010

Continuing operations

	Property leasing and building management services HK$'000	Finance leasing HK$'000	Assets management HK$'000	Total HK$'000
Segment revenue	5,797	51,350	–	57,147
Segment result	42,888	(1,405)	(647)	40,836
Investment income				1,569
Central administration costs				(35,698)
Changes in fair value of held-for-trading investments				(282)
Finance costs				(2,649)
Share of results of associates				(16,388)
Profit on disposal of partial interests in an associate				1,358
Loss before tax (continuing operations)				(11,254)

8. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 December 2009

Continuing operations

	Property leasing and building management services HK$'000	Finance leasing HK$'000	Assets management HK$'000	Total HK$'000
Segment revenue	6,318	102,929	–	109,247
Segment result	30,108	28,863	(5,196)	53,775
Investment income				16
Central administration costs				(23,340)
Changes in fair value of held-for-trading investments				16,814
Finance costs				(2,958)
Discount on acquisition of additional interest in a subsidiary				2,154
Profit before tax (continuing operations)				46,461

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior years.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administration costs including Directors' salaries, share of results of associates, investment and other income, finance costs, changes in fair value of held-for-trading investments, discount on acquisition of additional interest in a subsidiary and profit on disposal of partial interest in an associate. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	31.12.2010 **HK$'000**	31.12.2009 HK$'000 (Restated)	1.1.2009 HK$'000 (Restated)
Segment assets			
Property leasing and building management services	**195,849**	157,627	146,225
Finance leasing	**821,414**	1,169,136	1,577,527
Assets management	**37,046**	4,828	4,818
Total segment assets	**1,054,309**	1,331,591	1,728,570
Interests in associates	**204,888**	21,569	21,856
Held-for-trading investments	**15,002**	25,420	85,668
Unallocated assets	**99,261**	78,066	151,352
Assets relating to discontinued operations	**–**	651,429	430,853
Consolidated assets	**1,373,460**	2,108,075	2,418,299

	31.12.2010 **HK$'000**	31.12.2009 HK$'000 (Restated)	1.1.2009 HK$'000 (Restated)
Segment liabilities			
Property leasing and building management services	**3,254**	2,867	3,194
Finance leasing	**501,416**	880,726	1,278,449
Assets management	**453**	978	6,329
Total segment liabilities	**505,123**	884,571	1,287,972
Amount due to an associate	**–**	20,874	–
Tax liabilities	**10,855**	19,526	9,506
Unallocated secured bank borrowings	**149,091**	163,151	171,199
Unallocated liabilities	**3,980**	5,699	12,362
Liabilities relating to discontinued operations	**–**	116,882	66,086
Consolidated liabilities	**669,049**	1,210,703	1,547,125

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

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

- all assets are allocated to reportable segments other than interests in associates, held-for-trading investments, unallocated assets (including primarily unallocated property, plant and equipment, cash and bank balances and prepayments) and assets relating to discontinued operations.

- all liabilities are allocated to reportable segments other than current tax liabilities, secured bank borrowings, unallocated liabilities, amount due to an associate and liabilities relating to discontinued operations.

Other segment information

2010

Continuing operations

	Property leasing and building management services HK$'000	Finance leasing HK$'000	Assets management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:					
Depreciation of property, plant and equipment	–	793	5	637	1,435
Impairment loss on finance lease receivables	–	21,201	–	–	21,201
Loss on disposal of property, plant and equipment	–	–	–	6	6
Increase in fair value of investment properties	38,140	–	–	–	38,140
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss:					
Interest income	–	607	11	685	1,303

8. SEGMENT INFORMATION (continued)

Other segment information (continued)

2009

Continuing operations

	Property leasing and building management services HK$'000	Finance leasing HK$'000	Assets management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:					
Depreciation of property, plant and equipment	14	408	3	633	1,058
Gain on disposal of property, plant and equipment	–	–	–	(3)	(3)
Amortisation of prepaid lease payments	23	–	–	–	23
Increase in fair value of investment properties	24,961	–	–	–	24,961
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss:					
Interest income	–	447	–	9	456

8. SEGMENT INFORMATION (continued)

Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

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

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**51,350**	102,929	**82,289**	53,034
Hong Kong	**5,797**	6,318	**191,695**	153,186
	57,147	109,247	**273,984**	206,220

Note:

1. Non-current assets excluded available-for-sale investments, interests in associates, financial instruments and other assets related to discontinued operations.

Information about major customers

Revenue from three customers contributing over 10% of the total revenue of the Group from the continuing operations individually for the year ended 31 December 2010 is approximately HK$19,842,000 (2009: HK$31,042,000), HK$13,343,000 (2009: HK$20,229,000) and HK$5,727,000 (2009: HK$18,992,000) respectively, under reportable segment of finance leasing.

9. OTHER INCOME

	2010	2009
	HK$'000	HK$'000
Continuing operations		
Interest income	**1,303**	456
Dividend income from held-for-trading investments	**392**	44
Others	**895**	28
	2,590	528

10. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Continuing operations		
Interest on bank borrowings wholly repayable within five years	**2,189**	2,958
Other finance costs	**460**	–
	2,649	2,958

Included in cost of sales is interest on bank borrowings wholly repayable within five years amounting to HK$31,653,000 (2009: HK$69,765,000) under the finance leasing segment.

11. DISCOUNT ON ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

On 20 August 2008, the Group entered into a conditional agreement with the non-controlling shareholder of South China International Leasing Co., Ltd. ("South China Leasing"), a then 80% indirect owned subsidiary of the Company, pursuant to which the non-controlling shareholder agreed to transfer its 20% equity interest in the registered capital of South China Leasing to the Group for a consideration of RMB31,755,150 (equivalent to approximately HK$36,085,000). Details of this acquisition are set out in the circular of the Company dated 3 September 2008.

This acquisition was completed in April 2009 upon receiving the approval by the appropriate authority in the PRC and South China Leasing became an indirect wholly-owned subsidiary of the Company. The advance paid and direct transaction costs incurred in relation to this acquisition of approximately HK$26,229,000 as at 31 December 2008 formed part of the consideration thereafter and the Group paid the remaining consideration of approximately HK$9,949,000 to the non-controlling interests during the year ended 31 December 2009.

The Group has ascertained the fair value of the net assets of South China Leasing in relation to the acquisition of additional interest in South China Leasing at the date of completion and concluded that the fair values of assets and liabilities of South China Leasing at that time did not have significant difference from their respective carry amounts. Accordingly, discount on acquisition of additional interest in South China Leasing of approximately HK$2,154,000 arose, which represented the excess of the Group's additional interest in the fair value of the net assets of South China Leasing over the consideration paid at the date of completion.

12. DISCONTINUED OPERATIONS

(a) Disposal of subsidiaries

On 16 March 2010, a subsidiary of the Company entered into a share transfer agreement with an independent purchaser and a guarantor, pursuant to which the subsidiary agreed to sell to the purchaser the entire issued share capital of Grand Award Limited for US$1 and to assign the loan to the purchaser for an aggregate consideration of HK$247,920,000 (the "Disposal"). Grand Award Limited and its subsidiaries ("Grand Award Group") carried out all the Group's film and television programme production. The Disposal was completed on 11 June 2010 on which date the Group passed the control of Grand Award Group to the purchaser. Details of the Disposal are set out in the announcement of the Company dated 16 March 2010.

(b) Deemed disposal of subsidiaries

On 10 December 2010, upon allotment and issue of the relevant GDC shares pursuant to its share option scheme, the Company's equity interest in GDC has been diluted and fallen below 50% and was considered as a deemed disposal of GDC. Accordingly, GDC and its subsidiaries ("GDC Group") ceased to be subsidiaries of the Company and became an associate of the Company on that day ("Deemed Disposal").

GDC is incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange.

The principal activities of GDC are provision and distribution of cultural recreation content including CG creation and production, digital content distribution and exhibitions, deployment of digital cinema network in Asia, CG training courses and cultural park. Accordingly, these operations were considered as discontinued since 10 December 2010.

Analysis of profit for the year from discontinued operations

The combined results of discontinued operations from the Grand Award Group and GDC Group included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below. The comparative figures presented in the consolidated statements of comprehensive income and cash flows have been restated in order to re-present those operations classified as discontinued in the current year as discontinued operations.

12. DISCONTINUED OPERATIONS (continued)

Analysis of profit for the year from discontinued operations (continued)

The profit for the year from discontinued operations is analysed as follows:

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Profit from discontinued operations	**125,334**	18,099
Gain on disposal of discontinued operations	**9,899**	–
	135,233	18,099

The combined results of the Grand Award Group for the period from 1 January 2010 to 10 June 2010 and the GDC Group for the period from 1 January 2010 to 9 December 2010 were as follows. No separate disclosure of the results of Grand Award Group and GDC Group has been made as the results attributed to Grand Award Group are insignificant.

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Revenue	**545,129**	385,294
Cost of sales	**(304,200)**	(288,224)
Gross profit	**240,929**	97,070
Interest income from entrusted loan receivables	**–**	1,804
Other income	**9,754**	26,438
Distribution costs and selling expenses	**(12,971)**	(10,084)
Administrative expenses	**(91,936)**	(82,624)
Changes in fair value for held-for-trading investments	**241**	(6,379)
Finance costs	**(2,255)**	(682)
Share of loss of associates	**(77)**	(287)
Loss on dilution of interests in a subsidiary	**–**	(165)
Impairment loss on convertible loan receivable	**(7,519)**	–
Profit before tax	**136,166**	25,091
Income tax expenses	**(10,832)**	(6,992)
Profit from discontinued operations	**125,334**	18,099

12. DISCONTINUED OPERATIONS (continued)

Analysis of profit for the year from discontinued operations (continued)

	Year ended 31 December 2010 HK$'000	2009 HK$'000
Profit for the year from discontinued operations included the following:		
Allowance for inventories	–	6,368
Allowance for production work in progress	–	4,811
(Reversal of) allowance for doubtful debts	(1,019)	3,309
Amortisation of prepaid lease payment	119	125
Amortisation of intangible assets	–	633
Depreciation of property, plant and equipment	13,427	12,428
Less: amounts included in productions work in progress	(1,563)	(5,158)
amounts included in contract cost	(117)	–
	11,747	7,270
Auditor's remuneration	1,070	1,142
Loss on disposal of property, plant and equipment	–	24
Cost of inventories recognised as an expense	214,329	180,015
Research and development cost	6,391	8,043
Staff costs (including directors' remuneration)		
Salaries and allowance	50,021	97,123
Pension scheme contributions	1,286	2,729
Less: amount included in contracts work in progress	–	(21,095)
Total staff costs	51,307	78,757
and after crediting:		
Exchange gain, net	392	1,429
Interest income	4,452	16,879
Gain on disposal of property, plant and equipment	283	–
Gain on disposal of intangible assets	–	2,543

12. DISCONTINUED OPERATIONS (continued)

Analysis of profit for the year from discontinued operations (continued)

The net assets of the subsidiaries at the dates of the disposal of Grand Award Group and deemed disposal of GDC Group were as follows. No separate disclosure of the net assets of Grand Award Group and GDC Group has been made as the net assets attributed to Grand Award Group are insignificant.

	HK$'000
Property, plant and equipment	254,920
Prepaid lease payments	5,873
Investment properties	93,605
Interests in associates	21,732
Other receivables	24,121
Available-for-sale investments	32,506
Inventories	59,197
Amounts due from customers for contract work	6,257
Trade receivables	104,471
Prepayments, deposits and other receivables	329,410
Convertible loan receivable	366
Held-for-trading investments	2,639
Pledged bank deposits	44,030
Structured deposits	41,169
Bank balances and cash	245,497
Trade payables	(41,055)
Other payables and accruals	(93,113)
Income received in advance	(56,250)
Amount due to an associate	(21,114)
Tax liabilities	(16,669)
Bank borrowings – due within one year	(42,001)
Bank borrowings – due after one year	(158,621)
	836,970
Non-controlling interests	(384,338)
	452,632

12. DISCONTINUED OPERATIONS (continued)

Analysis of profit for the year from discontinued operations (continued)

	HK$'000
The gain on disposal of subsidiaries is calculated as follows:	
Cash received	254,818
Fair value of residual interests in GDC Group, based on quoted market price of GDC shares at 10 December 2010	550,136
Reclassification of translation and special reserves to profit or loss	(10,420)
Impairment loss on initial carrying amount of interests in GDC Group (Note 22)	(332,003)
Less: net assets attributable to GDC Group and Grand Award Group	(452,632)
Gain on disposal	9,899
Net cash inflow arising on disposal:	
Cash consideration received	254,818
Less: bank balances and cash disposed of	(245,497)
	9,321

Cash flows from discontinued operations:

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Net cash flows (used in) from operating activities	**(63,242)**	29,931
Net cash flows (used in) from investing activities	**(164,787)**	107,014
Net cash flows from (used in) financing activities	**190,417**	(14,416)
Effect of foreign exchange rate changes	**6,138**	(45)
Net cash flows	**(31,474)**	122,484

13. INCOME TAX EXPENSE

Continuing operations

	2010 HK$'000	2009 HK$'000
Current tax:		
Hong Kong		
Provision for the year	239	137
Underprovision in prior year	–	31
	239	168
PRC Enterprise Income Tax ("EIT")		
Provision for the year	3,659	5,271
Overprovision in prior year	–	(1)
	3,659	5,270
	3,898	5,438
Deferred taxation (Note 38):		
Current year	306	583
	4,204	6,021

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Laws of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of certain subsidiaries of the Group operating in the PRC was either reduced from 33% to 25% or was increased from 15% to 25% progressively from 1 January 2008 onwards. For the year ended 31 December 2010, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 22% to 25% (2009: 20% to 25%).

13. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the (loss) profit before tax from continuing operations in the consolidated statement of comprehensive income as follows:

	2010 HK$'000	2009 HK$'000
(Loss) profit before tax from continuing operations	**(11,254)**	46,461
Tax calculated at PRC EIT rate of 25%	**(2,814)**	11,615
Tax effect on share of results of associates	**4,097**	–
Tax effect of expenses not deductible for tax purposes	**7,113**	2,091
Tax effect of income not taxable for tax purposes	**(6,599)**	(2,884)
Under(over)provision in prior year	**–**	30
Tax effect of deferred tax assets not recognised	**2,336**	4,378
Tax effect of utilisation of deferred tax assets previously not recognised	**–**	(4,487)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(368)**	(3,282)
Others	**439**	(1,440)
Income tax expense for the year	**4,204**	6,021

14. (LOSS) PROFIT FOR THE YEAR

Continuing operations

	2010	2009
	HK$'000	HK$'000
		(Restated)
(Loss) profit for the year has been arrived at after charging:		
Staff costs, including Directors' remuneration (Note 15):		
– Salaries, wages and other benefits	**19,464**	17,323
– Retirement benefit scheme contributions	**(255)**	660
– Share-based payments	**7,590**	–
Total staff costs	**26,799**	17,983
Amortisation of prepaid lease payments	**–**	23
Auditor's remuneration	**1,351**	274
Depreciation	**1,435**	1,058
Loss on disposal of property, plant and equipment	**6**	–
and after crediting:		
Exchange gain, net	**1**	–
Gain on disposal of property, plant and equipment	**–**	3
Gross rent from investment properties	**5,797**	6,318
Less: direct operating expenses from investment properties that generated rental income during the year	**(822)**	(684)
	4,975	5,634

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 11 (2009: 9) Directors were as follows:

2010

	Wang Qinghai HK$'000 (Note 1)	Li Shaofeng HK$'000 (Note 2)	Luo Zhenyu HK$'000 (Note 2)	Cao Zhong HK$'000 (Note 1)	Chen Zheng HK$'000	Wang Tian HK$'000	Yuan Wenxin HK$'000	Leung Shun Sang, Tony HK$'000	Tam King Ching, Kenny HK$'000	Zhou Jianhong HK$'000	Yip Kin Man, Raymond HK$'000	Total HK$'000
Fees	54	-	-	-	-	-	-	190	240	240	240	964
Other emoluments												
Salaries and other benefits	-	1,823	2,008	650	1,560	1,800	1,800	-	-	-	-	9,641
Retirement benefit scheme contributions	-	61	73	4	72	72	72	-	-	-	-	354
Share-based payments	-	2,940	2,406	-	-	-	-	-	-	-	-	5,346
Total emoluments	54	4,824	4,487	654	1,632	1,872	1,872	190	240	240	240	16,305

2009

	Wang Qinghai HK$'000	Cao Zhong HK$'000	Chen Zheng HK$'000	Wang Tian HK$'000	Yuan Wenxin HK$'000	Leung Shun Sang, Tony HK$'000	Tam King Ching, Kenny HK$'000	Zhou Jianhong HK$'000	Yip Kin Man, Raymond HK$'000	Total HK$'000
Fees	150	–	–	–	–	190	240	240	240	1,060
Other emoluments										
Salaries and other benefits	–	2,100	1,680	1,680	1,680	–	–	–	–	7,140
Retirement benefit scheme contributions	–	12	72	72	72	–	–	–	–	228
Total emoluments	150	2,112	1,752	1,752	1,752	190	240	240	240	8,428

Notes:

1. Resigned on 10 May 2010.
2. Newly appointed on 10 May 2010.

For the year ended 31 December 2010, Mr. Cao Zhong waived emoluments of approximately HK$654,000 (2009: HK$1,800,000) in relation to his service to GDC. No other Director waived any emoluments in both years.

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, all (2009: four) were Directors whose emoluments are included in the disclosures above. The emoluments of the remaining one individual for the year ended 31 December 2009 was as follows:

	2009 HK$'000
Salaries and other benefits	2,769
Retirement benefits schemes contributions	12
	2,781

16. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2010 **HK$'000**	2009 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**29,848**	38,696

The incremental shares from assumed exercise of share options has been excluded from the calculation of diluted earnings per share from the continuing and discontinued operations in 2010 even though they are dilutive, because they are antidilutive in calculating the diluted earnings per share from continuing operations.

Accordingly, the denominators used are the same as those detailed below for both basic and diluted earnings per share from continuing operations.

16. EARNINGS (LOSS) PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2010	2009
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	**29,848**	38,696
Less: (Profit) loss for the year from discontinued operations	**(45,269)**	965
(Loss) earnings for the purpose of basic earnings per share from continuing operations	**(15,421)**	39,661

	2010	2009
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,152,042**	1,151,392

The computation of diluted loss per share from the continuing operations for both years has not assumed the exercise of share options as the effect of which would decrease in loss per share from the continuing operations for the year ended 31 December 2010 and as the exercise prices of the share options were higher than the average market prices of the shares of the Company for the year ended 31 December 2009.

From discontinued operations

Basic earnings per share for the discontinued operations is HK3.93 cents per share (2009: loss of HK0.08 cents per share), based on the profit for the year from the discontinued operations of HK$45,269,000 (2009: loss of HK$965,000) and the denominators detailed above for both basic and diluted earnings per share from continuing operations.

The incremental shares from assumed exercise of share options have been excluded from the calculation of the diluted earnings per share from the discontinued operations in 2010 even though they are dilutive, because they are antidilutive in calculating the diluted earnings per share from continuing operations.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Computer equipment	Other fixed assets	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 January 2009	30,729	10,801	19,825	14,567	8,983	84,905
Additions	–	2,938	11,862	1,473	82,477	98,750
Disposals	–	–	(3,264)	(53)	–	(3,317)
Reclassified to investment properties	(1,043)	–	–	–	–	(1,043)
At 31 December 2009	29,686	13,739	28,423	15,987	91,460	179,295
Exchange realignment	1,029	363	476	153	965	2,986
Additions	895	7,909	6,400	41,195	97,932	154,331
Disposal of subsidiaries	(190,357)	(20,282)	(35,081)	(49,694)	–	(295,414)
Other disposals	–	(126)	(218)	(1,489)	–	(1,833)
Transfer	190,357	–	–	–	(190,357)	–
At 31 December 2010	31,610	1,603	–	6,152	–	39,365
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2009	1,125	7,153	6,616	9,501	–	24,395
Provided for the year	694	2,656	7,888	2,248	–	13,486
Eliminated on disposals	–	–	(2,885)	(47)	–	(2,932)
Eliminated on reclassification to investment properties	(350)	–	–	–	–	(350)
At 31 December 2009	1,469	9,809	11,619	11,702	–	34,599
Exchange realignment	146	1	–	43	–	190
Provided for the year	707	4,202	7,828	2,125	–	14,862
Eliminated on disposal of subsidiaries	–	(12,341)	(19,327)	(8,826)	–	(40,494)
Eliminated on other disposals	–	(77)	(120)	(54)	–	(251)
At 31 December 2010	2,322	1,594	–	4,990	–	8,906
CARRYING VALUES						
At 31 December 2010	29,288	9	–	1,162	–	30,459
At 31 December 2009	28,217	3,930	16,804	4,285	91,460	144,696

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line method at the following rates per annum:

Buildings	Over the shorter of term of the lease of the land or 50 years
Leasehold improvements	Over the shorter of term of the lease or 5 years
Computer equipment	$33^1/_3$%
Other fixed assets	10% – 30%

At 31 December 2009, the construction in progress represented a building in the PRC for the Group's own use in the course of construction. All of the Group's construction in progress were pledged to secure banking facility granted to the Group (see note 37).

The buildings are situated on land with lease term of 50 years.

18. PREPAID LEASE PAYMENTS

As at 31 December 2009, the Group's prepaid lease payments comprised of medium-term leasehold land in the PRC. Approximately HK$125,000 was classified as current and HK$5,799,000 was classified as non-current in the consolidated statement of financial position.

As at 31 December 2009, all of Group's prepaid lease payments were pledged to secure banking facilities granted to the Group (see note 37).

All of the Group's prepaid lease payments were disposed of upon the Deemed Disposal as set out in note 12(b).

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2009	125,200
Reclassified from property, plant and equipment (Note)	693
Reclassified from prepaid lease payment (Note)	1,596
Net increase in fair value recognised in profit or loss	24,961
At 31 December 2009 and 1 January 2010	152,450
Acquired on an acquisition of a subsidiary (Note 40)	84,473
Additions	9,132
Eliminated upon Deemed Disposal (Note 12(b))	(93,605)
Net increase in fair value recognised in profit or loss	38,140
At 31 December 2010	190,590

Note: During the year ended 31 December 2009, property, plant and equipment and prepaid lease payments with a carrying amount of approximately HK$2,289,000 which approximated to its fair value at the date of transfer, were reclassified to investment properties. The property was used by the Group as Directors' quarters for the year ended 31 December 2008. During the year ended 31 December 2009, the property was leased to an independent third party and therefore reclassified to investment properties.

The fair values of the Group's investment properties at 31 December 2010 and 2009 have been arrived at on the basis of a valuation carried out on that date by AA Property Services Limited, an independent qualified professional valuer not connected with the Group. AA Property Services Limited is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

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

At 31 December 2010 and 2009, all of the Group's investment properties are located in Hong Kong and held under long leases with the lease terms of 52 to 126 years. All of the Group's investment properties have been pledged to banks to secure general banking facilities granted to the Group (note 37).

20. GOODWILL

	HK$'000
COST	
At 1 January 2009, 31 December 2009 and 2010	254,789
IMPAIRMENT	
At 1 January 2009, 31 December 2009 and 2010	201,854
CARRYING VALUE	
At 31 December 2009 and 2010	52,935

Particulars regarding impairment testing on goodwill are disclosed in note 21.

21. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in note 20 has been allocated to the Cash Generating Unit ("CGU") represented by finance leasing division.

The recoverable amount of the CGU arising from finance leasing division has been determined on the basis of value in use calculations. The recoverable amount is based on certain key assumptions. For the purpose of impairment testing, the value in use calculations use cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 8% (2009: 9%) for finance leasing division. Cash flow projections during the budget period for the CGU are based on the expected revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the above CGU to exceed the recoverable amount of the above CGU.

22. INTERESTS IN ASSOCIATES

	2010	2009
	HK$'000	HK$'000
Cost of investments in associates	**204,888**	21,569

Details of the Group's associates at 31 December 2010 and 2009 are as follows:

Name of entity	Form of business structure	Place of incorporation/ establishment and operation	Proportion of nominal value of issued share capital/ registered capital held by the Group 2010	2009	Proportion of voting power held 2010	2009	Principal activities
Top Pearl International Development Ltd. ("Top Pearl")	Incorporated	BVI/ The PRC	**50%** (Note 1)	50%	**50%**	50%	Property development and became inactive
中影首鋼環球數碼數字影院建設（北京）有限公司 CFGDC Digital Cinema Company Limited ("CFGDC")	Sino-foreign equity joint venture	The PRC/ The PRC	**N/A** (Note 2)	49%	**N/A**	40%	Inactive
GDC	Incorporated	Bermuda/ Hong Kong	**49.84%**	52.57%	**49.84%**	52.57%	Provision and distribution of cultural recreation content including CG creation and production, digital content distribution and exhibitions, deployment of digital cinema network in Asia, CG training courses and cultural park

22. INTERESTS IN ASSOCIATES (continued)

Notes:

1. In the opinion of the Directors, the investment in Top Pearl of approximately HK$780,000, together with the loan to Top Pearl amounting to HK$31,489,000 are considered to be fully impaired at 31 December 2010 and 2009 as Top Pearl has became inactive.

2. As at 31 December 2009, the Group held 49% of the registered capital of CFGDC through GDC and held 2 out of 5 votes (representing 40% of the votes) in the meeting of the board of directors of CFGDC. Pursuant to the Articles of Association of CFGDC, over 50% vote was required to pass a resolution in relation to the financial and operating policies of CFGDC. The Directors considered the Group did not control CFGDC but the Group could exercise significant influence over CFGDC. Hence, CFGDC was classified as an associate of the Group. At 31 December 2010, it was no longer an associate of the Group upon Deemed Disposal as set out in note 12(b).

On initial recognition of the investment in GDC, its entire carrying amount of HK$550,136,000 (see Note 12) has been tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset. The recoverable amount of the investment in GDC Group has been determined on the basis of value in use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rates of 4.6%. Cash flow projections during the budget period for the GDC Group are based on the expected revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development. On this basis, the Group recognised an impairment loss of HK$332,003,000 on the initial carrying amount of GDC Group.

22. INTERESTS IN ASSOCIATES (continued)

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

	2010	2009
	HK$'000	HK$'000
Total assets	**1,032,845**	44,018
Total liabilities	**(460,455)**	–
Net assets	**572,390**	44,018
The Group's share of net assets of associates	**204,888**	21,569
Revenue	**39,238***	60
Loss for the year	**(32,775)***	(586)
The Group's share of loss of associates for the year		
– continuing operations	**(16,388)***	–
– discontinued operations	**(77)**	(287)
	(16,465)	(287)
The Group's share of translation difference	**3,778***	–

Contingent liability of GDC Group is set out in note 42.

* Included revenue, profit or other comprehensive income of GDC Group from the date it became an associate of the Group up to 31 December 2010.

23. OTHER RECEIVABLES

During the year ended 31 December 2009, a subsidiary of the GDC Group signed VPF agreements and exhibition agreements (collectively referred to as "VPF Arrangement") with distributors and exhibitors of digital contents (collectively referred to as "Third Parties") in connection with the deployment of digital cinema equipment in cinemas in Asia. Under the VPF Arrangement, the Group would provide (i) assembly and integration services in respect of digital cinema equipment and install the equipments in the exhibitors' cinemas as well as (ii) financing to the Third Parties for a portion of the agreed purchase prices of the digital cinema equipments. These receivables, which were to be settled based on the usage of the digital cinema equipment within 10 years from the date of installation, bear interest at the cost of funds incurred by that subsidiary arising from the VPF Arrangement but subject to a cap of 10% per annum. The Directors expected that approximately HK$4,153,000 would be settled within one year after the end of the reporting period and this amount was therefore classified as current asset at 31 December 2009 (see note 29).

During the year 2010, the Group's balances became nil upon Deemed Disposal as set out in note 12(b).

24. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Variable-interest rate finance lease receivables comprise:				
Within one year	**244,374**	509,737	**206,414**	464,519
In more than one year but not more than two years	**248,826**	220,935	**231,474**	197,595
In more than two years but not more than three years	**62,776**	210,666	**56,359**	200,882
In more than three years but not more than four years	**30,884**	31,414	**27,686**	30,014
In more than four years but not more than five years	**27,790**	705	**26,661**	615
More than five years	**48**	248	**48**	241
	614,698	973,705	**548,642**	893,866
Less: Unearned finance income	**(66,056)**	(79,839)	**N/A**	N/A
Present value of minimum lease receipts	**548,642**	893,866	**548,642**	893,866
Analysed as:				
Current finance lease receivables (receivable within 12 months)			**206,414**	464,519
Non-current finance lease receivables (receivable after 12 months)			**342,228**	429,347
			548,642	893,866

24. FINANCE LEASE RECEIVABLES (continued)

Effective interest rates per annum of the above finance lease receivables for the year are as follows:

	2010	2009
Effective interest rates	**5% to 15%**	5% to 16%

For the year ended 31 December 2010, finance lease receivables of approximately HK$501,532,000 (2009: HK$827,855,000) have been pledged against specific bank borrowings granted to the Group (note 37).

As at 31 December 2010, finance lease receivables amounting to HK$21,201,000 (2009: HK$6,034,000) has been past due as at the reporting date, which full impairment loss on this amount (2009: Nil) has been recognised during the year as in the opinion of the Directors, this amount cannot be recovered. The Directors have assessed the estimated fair value of the leased assets of receivables which are past due but not impaired to determine whether adequate collateral has been held for these finance lease borrowers and considered that the estimated fair value of these leased assets held is in excess of the carrying amount of the receivables. The leased assets for those past due receivables mainly include machineries and vessels.

For the finance lease receivables which are neither past due nor impaired, the Directors assessed that the balances are with good credit quality according to their past repayment history.

Security deposits of approximately HK$10,588,000 (2009: HK$60,168,000) have been received by the Group to secure the finance lease receivables. In addition, the finance lease receivables are secured over the leased assets mainly aeroplanes and hopper dredgers as at 31 December 2010 and 2009 and certain finance lease receivables amounting to HK$501,532,000 (2009: HK$827,855,000) were pledged against bank borrowing granted to the group (note 37). The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

Security deposits received have been classified into current liabilities of nil (2009: HK$50,168,000) and non-current liabilities of HK$10,588,000 (2009: HK$10,000,000) based on the final lease instalment due date stipulated in the finance lease agreements.

All the Group's finance lease receivables are denominated in Renminbi, the functional currency of the relevant group entity.

25. ENTRUSTED LOAN RECEIVABLES

One of the PRC subsidiaries of the Company (2009: Two) entered into entrusted loan arrangements with banks, in which the subsidiaries acted as the entrusting parties and the banks acted as the lenders to provide funding to specified borrowers. Details of the entrusted loan receivables are as follows:

	2010	2009
	HK$'000	HK$'000
Entrusted loan receivables comprise:		
Within one year	**235**	25,873
In more than one year, but not more than two years	**–**	227
	235	26,100
Less: Amounts due within one year shown under current assets	**(235)**	(25,873)
Amounts due after one year	**–**	227

As at 31 December 2010, the exposure of the Group's fixed-rate receivables and the contractual maturity dates are as follows:

	2010	2009
	HK$'000	HK$'000
Fixed-rate receivables which are due:		
Within one year	**235**	2,554
In more than one year, but not more than two years	**–**	227
	235	2,781

As at 31 December 2009, the Group variable-rate receivable amounted to approximately HK$23,319,000 (2010: nil) was due within one year.

25. ENTRUSTED LOAN RECEIVABLES (continued)

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's entrusted loan receivables are as follows:

	2010	2009
Effective interest rate:		
Fixed-rate receivables	**13%**	13%
Variable-rate receivables	**N/A**	PBC Rate up by a premium of 5%

For the years ended 31 December 2010 and 2009, no entrusted loan receivables have been past due but not impaired. The Directors considered that the entrusted loan borrowers have good credit quality according to their past repayment history.

All the Group's entrusted loan receivables are denominated in Renminbi, the functional currency of the relevant group entities.

The entrusted loan receivables are mainly secured by properties and vessels pledged by the specified borrowers or their related parties. The Group is not permitted to sell or repledge the collateral in the absence of default by the entrusted loan borrower.

26. INVENTORIES

	2009 HK$'000
Raw materials, net of allowance of approximately HK$1,974,000	7,059
Finished goods, net of allowance of approximately HK$5,984,000	27,888
	34,947

During the year 2010, the inventories were disposed of upon Deemed Disposal as set out in note 12(b).

27. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

The following are details of contracts from CG production in progress at the end of the reporting period:

	2009 HK$'000
Contract costs incurred plus recognised profits less recognised losses	49,991
Less: progress billings	(44,562)
	5,429
Analysed for reporting purposes as:	
Amounts due from customers for contract work	5,795
Amounts due to customers for contract work	(366)
	5,429

During the year 2010, the balances became nil upon Deemed Disposal as set out in note 12(b).

28. TRADE RECEIVABLES

	2010 HK$'000	2009 HK$'000
Trade receivables	**132**	51,172
Less: Allowance for doubtful debts	**–**	(9,695)
	132	41,477

28. TRADE RECEIVABLES (continued)

The Group allows an average credit period of 90 days to its trade customers.

The following is an aged analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	HK$'000
0 – 90 days	**132**	39,670
91 – 180 days	**–**	1,484
Over 180 days	**–**	323
	132	41,477

At 31 December 2009, included in the Group's trade receivable balances were debtors with an aggregate carrying amount of approximately HK$1,807,000 (2010: nil) which were past due at the reporting date for which the Group had not provided for impairment loss. The Directors assessed that the balances would be recovered as these receivables had good credit quality according to their past repayment history. The Group did not hold any collateral over these balances.

The following is an aged analysis of trade receivables based on invoice date which were past due but not impaired:

	2010	2009
	HK$'000	HK$'000
91 – 180 days	**–**	1,484
181 – 270 days	**–**	140
271 – 360 days	**–**	156
Over 360 days	**–**	27
Total	**–**	1,807

28. TRADE RECEIVABLES (continued)

Movement in the allowance for doubtful debts

	2010 HK$'000	2009 HK$'000
At 1 January	**9,695**	6,386
Allowance for impairment losses	**–**	3,536
Amounts recovered during the year	**(1,019)**	(227)
Impairment losses released upon Deemed Disposal	**(8,676)**	–
At 31 December	**–**	9,695

Included in the allowance for doubtful debts as at 31 December 2009 were individually impaired trade receivables with an aggregate balance of approximately HK$9,695,000, in respect of which the customers were not fully satisfied with the quality of products provided by CG creation and production division, films and television programme production division and the services provided by CG training division and the amount was considered uncollectible.

29. OTHER FINANCIAL ASSETS

Prepayments, deposits and other receivables

	2010 HK$'000	2009 HK$'000
Other receivables	**3,839**	69,706
Prepayments	**953**	13,160
Deposits	**1,492**	10,880
	6,284	93,746

Other receivables as at 31 December 2009 included a receivable of approximately HK$61,177,000 due from an independent third party for the assets management division. The amount was secured by a listed security in the PRC with market value of approximately HK$134,903,000 as at 31 December 2009, interest bearing at 15% per annum and was expected to be realised in the next twelve months from the end of the reporting period. Therefore the whole carrying amount was classified as a current asset. This receivable was disposed of upon the disposal of the Grand Award Group as set out in note 12(a).

29. OTHER FINANCIAL ASSETS (continued)

Prepayments, deposits and other receivables (continued)

In addition, included in the other receivables as at 31 December 2009 was HK$4,153,000 arising from VPF agreement with distributors and exhibitors of digital contents. Details of which are disclosed in note 23. The receivable was disposed of upon Deemed Disposal as set out in note 12(b).

Restricted bank deposits

The amounts as at 31 December 2010 and 2009 represented bank deposits which will be released upon the full settlement of the relevant bank borrowings. Therefore, they are classified as non-current assets.

The deposits carried interest at average interest rate of 3.60% (2009: 3.60%) per annum.

Pledged bank deposit

As at 31 December 2009, the pledged bank deposit represented deposit of approximately HK$1,956,000 pledged to a bank to secure a construction agreement (classified as non-current asset) entered into with an independent third party which carried interest rate at 1.98% per annum. The pledged bank deposit was disposed of upon Deemed Disposal as set out in note 12(b).

Bank balances and cash

The Group's deposits carry interest rate at prevailing bank saving deposits rate ranging from 0.04% to 2.30% (2009: 0.05% to 0.39%) per annum.

30. CONVERTIBLE LOAN RECEIVABLE

On 23 December 2008, the Group entered into a conditional agreement (the "Loan Facility Agreement") with Southern International Limited (the "Borrower") and its holding company whereby the Group agreed to advance a loan facility in the maximum principal amount of RMB100 million (equivalent to approximately HK$113.6 million) (the "Loan Receivable") and the Borrower agreed to grant to the Group the exclusive rights and options to subscribe for an aggregate of up to 60% of the enlarged issued capital of the Borrower (the "Conversion Option"). Details of the transaction were set out in the circular of the Company dated 23 January 2009.

The transaction was approved by shareholders of the Company at the special general meeting of the Company on 17 February 2009, the advance of approximately HK$68.2 million as at 31 December 2008 formed part of the Loan Receivable thereafter and the Group advanced the remaining approximately HK$45.4 million to the Borrower during the year ended 31 December 2009.

30. CONVERTIBLE LOAN RECEIVABLE (continued)

The Conversion Option was granted to the Group pursuant to the Loan Facility Agreement. Accordingly, the Group assessed the fair value of the Loan Receivable with reference to the prevailing market interest of similar non-convertible loans and appointed Messrs. Jones Lang LaSalle Sallmanns ("Sallmanns"), an independent qualified professional valuer not connected with the Group, to ascertain the fair value of the Conversion Option as at 17 February 2009 and 30 June 2009. The fair value of the Conversion Option as at 31 December 2009 had been estimated by the Directors using the same valuation methodology adopted by Sallmanns and the performance of the Borrower since 1 July 2009. The Group concluded that the principal amount of the Loan Receivable approximates to its fair value at initial recognition and the fair value of the Conversion Option was insignificant at both initial recognition and 31 December 2009.

As at 31 December 2009, the carrying amount of the convertible loan receivable of approximately HK$119.3 million comprises principal amount of RMB100 million (equivalent to approximately HK$113.6 million) and the accrued interest thereon. The convertible loan receivable was stated at amortised cost using the effective interest method at 6% per annum less any identified impairment losses. Subsequent to 31 December 2009, the Borrower repaid part of the principal amount of Loan Receivable and the accrued interest thereon amounting to approximately HK$113.6 million. The remaining amount of approximately HK$5.7 million was expected to be settled within one year after the end of reporting period and therefore the whole amount of approximately HK$119.3 million was classified as a current asset as at 31 December 2009.

The convertible loan receivable is stated at amortised cost using the effective interest method at 6% per annum less any identified impairment losses. During the year ended 31 December 2010, the Borrower repaid substantial amount of the principal amount of Loan Receivable and the accrued interest thereon amounting to approximately HK$113 million. During the year ended 31 December 2010, the Group reviewed the recoverability and recognised a full impairment of approximately HK$7,519,000 in respect of the remaining outstanding balance.

During the year 2010, the convertible loan receivable was disposed of upon Deemed Disposal as set out in note 12(b).

31. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2010 and 2009 represented equity securities as follows:

	2010	2009
	HK$'000	HK$'000
Listed in the PRC	**1,843**	2,154
Listed in Hong Kong	**13,159**	23,266
	15,002	25,420

The fair values of the held-for-trading investments were determined based on the quoted market bid prices available on the relevant exchanges.

32. AVAILABLE-FOR-SALE INVESTMENTS

		2010	2009
	Notes	**HK$'000**	HK$'000
Unlisted non-performing loans and interests	(i)	**–**	32,136
Unlisted equity interests	(ii)	**4,941**	5,341
		4,941	37,477

32. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes:

(i) On 30 January 2009, the Group entered into two agreements with 中國東方資產管理公司石家莊辦事處 (the "Vendor"), an independent third party pursuant to which the Group acquired two non-performing loans and interest accrued thereon with principal amounts of RMB23 million (equivalent to approximately HK$26.1 million) and RMB30.54 million (equivalent to approximately HK$34.7 million) for considerations of RMB9 million (equivalent to approximately HK$10.2 million) and RMB19 million (equivalent to approximately HK$21.6 million), respectively. The investment was pledged by land and wine in the PRC held by borrower with estimated fair value above the carrying amount of investment at 31 December 2009. Details of which were set out in the announcement of the Company dated 4 February 2009.

The advance of approximately RMB28 million (equivalent to approximately HK$32.1 million) as at 31 December 2008 to the Vendor became the investment costs which were then designated as available-for-sale investments thereafter and the fair value of the investment as at 31 December 2009 was estimated to approximate its cost. Only after such time as the interest-in-suspense was no longer required, interest income would then be subsequently recognised using the effective interest method.

This investment was disposed of upon the disposal of Grand Award Group as set out in note 12(a).

(ii) The investment represents equity interest in private entities established in the PRC.

Certain investments have been disposed of upon Deemed Disposal as set out in note 12(b).

The remaining investment is measured at cost less impairment at the end of the reporting period because the range of the reasonable fair value estimates is so variable that the Directors are of the opinion that their fair values cannot be measured reliably.

33. TRADE PAYABLES

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

	2010	2009
	HK$'000	HK$'000
0 – 90 days	–	31,153
91 – 180 days	–	1,816
	–	32,969

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

34. INCOME RECEIVED IN ADVANCE

As at 31 December 2010 and 2009, the income received in advance included handling fee income received from finance lease borrowers for administrative services provided over the relevant lease term. The balance at 31 December 2009 also included deposits received in advance before sales of goods are completed, training fee income received in advance before the training courses are completed and production and distribution income of films and television programme received before completion of production and distribution of films and television programme to the customers, all of which were disposed of upon the disposal of the subsidiaries as set out in note 12.

	2010	2009
	HK$'000	HK$'000
Analysed for reporting purposes:		
Current	**4,896**	43,427
Non-current	**3,520**	7,754
	8,416	51,181

35. AMOUNT DUE TO AN ASSOCIATE

The amount was unsecured, non-interest bearing and was disposed of upon Deemed Disposal as set out in note 12(b).

36. AMOUNT DUE FROM AN ASSOCIATE

The amount is unsecured, non-interest bearing and repayable on demand.

37. SECURED BANK BORROWINGS

	2010 HK$'000	2009 HK$'000 (Restated)
Secured variable-rate bank borrowings	**629,494**	964,379
Carrying amount repayable (Note):		
Within one year	**280,839**	539,326
More than one year, but not exceeding two years	**202,637**	170,529
More than two years, but not exceeding three years	**38,707**	174,481
More than three years, but not exceeding four years	**27,686**	12,500
More than four years, but not exceeding five years	**26,661**	–
More than five years	**–**	10,227
	576,530	907,063
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**52,964**	57,316
	629,494	964,379
Less: Amounts due within one year shown under current liabilities	**(333,803)**	(596,642)
Amounts due after one year	**295,691**	367,737

Note: The amounts are based on scheduled repayment dates set out in the loan agreements.

37. SECURED BANK BORROWINGS (continued)

The interest rates for the Group's bank borrowings vary from different subsidiaries. The interest rates vary from prime rate minus 2.25%, HIBOR plus 1.5% and variable PBC rate plus a percentage spread of 5% to 9% (2009: prime rate minus 2.25%, HIBOR plus 1% and variable PBC rate plus a percentage spread of 5% to 10%). The interest rates for the Group ranged from 1.2% – 9.0% per annum for the year ended 31 December 2010 (2009: 1.2% to 9.0% per annum). The interest is repricing every month for secured bank borrowing of approximately HK$149,091,000 (2009: HK$163,151,000) and repricing every quarter for secured bank borrowing of approximately HK$480,403,000 (2009: HK$801,228,000). The proceeds were used as general working capital for the Group for the year ended 31 December 2010 and construction of a building in the PRC for the year ended 31 December 2009.

As at 31 December 2010, the bank borrowings were secured by the Group's pledge of investment properties (note 19) and certain finance lease receivables (note 24). As at 31 December 2009, the bank borrowings were secured by the Group's pledge of prepaid lease payment (note 18), investment properties (note 19) and certain finance lease receivables (note 24).

As at 31 December 2009, the Group had undrawn borrowing facilities of approximately RMB141,000,000 (equivalent to approximately HK$160,227,000) (2010: Nil), which was secured by construction in progress (note 17) and prepaid lease payment (note 18), carried interest at the People's Bank of China Renminbi Lending Rate per annum and would be expired beyond one year.

38. DEFERRED TAX LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010	2009
	HK$'000	HK$'000
Deferred tax liabilities	**11,457**	10,884
Deferred tax assets	**(9,475)**	(9,208)
	1,982	1,676

38. DEFERRED TAX LIABILITIES (continued)

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

	Investment properties HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2009	10,020	128	(9,055)	1,093
Charge (credit) to profit or loss	634	102	(153)	583
At 31 December 2009	10,654	230	(9,208)	1,676
Charge (credit) to profit or loss	2,714	53	(2,461)	306
At 31 December 2010	13,368	283	(11,669)	1,982

At the end of the reporting period, the Group has unused tax losses of approximately HK$183,348,000 (2009: HK$239,233,000) available for offset against future profits subject to approval from the relevant tax authority. Upon the Deemed Disposal, the amount of unused tax losses arisen from GDC Group of approximately HK$80,141,000 are excluded from the Group's used tax losses as at 31 December 2010. A deferred tax asset has been recognised in respect of approximately HK$70,720,000 (2009: HK$55,806,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$112,628,000 (2009: HK$103,286,000) due to the unpredictability of future profit streams.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the PRC subsidiaries amounting to HK$18 million as at 31 December 2010 (31 December 2009: HK$94 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The decrease in deferred taxation is attributable the disposal of subsidiaries amounting to HK$68 million in the current year.

39. SHARE CAPITAL

	2010		2009	
	Number of shares	**Nominal value HK$'000**	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At 1 January	**1,151,392,469**	**11,514**	1,151,392,469	11,514
Exercise of share options (Note)	**800,000**	**8**	–	–
At 31 December	**1,152,192,469**	**11,522**	1,151,392,469	11,514

Note: For the year ended 31 December 2010, share option holders exercised their right to subscribe 800,000 ordinary shares of the Company at HK$0.41 per share.

40. ACQUISITION OF A SUBSIDIARY

On 30 March 2010, the Group acquired 68% of the issued capital of 廣東時尚置業有限公司 (Guangdong Shishang Zhiye Investment Co., Ltd.) ("Guangdong Shishang") for consideration of RMB56,060,000 (equivalent to approximately HK$63,705,000). The acquisition was completed on 20 April 2010. Details of the acquisition were set out in the announcement of the Company dated 30 March 2010.

Guangdong Shishang is a limited liability company established in the PRC on 23 March 2007. Guangdong Shishang entered into framework agreement on 28 March 2007 (as supplemented on 3 April 2008) (the "Framework Agreement") with 珠江電影製片有限公司 (Pearl River Film Production Company Limited) ("Pearl River Film Production") to redevelop 珠影文化產業園 ("Pearl River Film Cultural Park"). Pearl River Film Production, as the landlord of the Pearl River Film Cultural Park, agreed to grant the property leasing right to Guangdong Shishang, in return for predetermined fixed monthly payment from Guangdong Shishang for a term up to 31 December 2045. Guangdong Shishang is responsible for the design, financing, construction and operation of the Pearl River Film Cultural Park and the funding of the entire construction project. Upon the expiration of the Framework Agreement, Guangdong Shishang has to return all properties to Pearl River Film Production.

40. ACQUISITION OF A SUBSIDIARY (continued)

The Pearl River Film Cultural Park is located at No. 352 and 354, Xin Gang Zhong Road, Guangzhou, China and the present land use right is owned by Pearl River Film Production. After the redevelopment, which is expected to be completed in the next 2 to 3 years, the Pearl River Film Cultural Park will have a commercial area, a cultural entertainment area and a film production and development area, which will be held for investment properties purpose.

The acquisition of the subsidiary is accounted for as acquisition of assets and assumption of liabilities.

The net assets of the subsidiary acquired as of the completion date of the acquisition are as follows:

	HK$'000
Net assets acquired:	
Investment properties	84,473
Prepayments, deposits and other receivables	12,305
Bank balances and cash	556
Other payables and accruals	(5,702)
	91,632
Non-controlling interests	(27,927)
Total consideration satisfied by cash	63,705
Net cash outflow arising on acquisition:	
Cash consideration paid	63,705
Bank balances and cash acquired	(556)
	63,149

This subsidiary has been disposed of during the year upon Deemed Disposal as set out in note 12(b).

41. CAPITAL COMMITMENTS

	2010 **HK$'000**	2009 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	–	125,733

42. LITIGATION

GDC (previously a non wholly-owned subsidiary of the Company and now became an associate of the Company) received an original complaint in April 2010 and a first amended complaint in July 2010 for damages and injunctive relief, and demand for jury trial (the "Proceeding") filed with the District Court, Central District of California Western Division of the United States (the "Court") by X6D Limited, X6D USA Inc. and XpanD, Inc. (collectively, the "X6D") against, among others, GDC and its subsidiaries namely GDC Technology, GDC Technology China Limited, GDC Technology (USA) LLC and GDC Technology of America LLC (collectively, the "Defendants") for copyright infringement, trademark and trade dress infringement, patent infringement, misappropriation of trade secrets and statutory unfair competition in relation to the 3D glasses sold by the Defendants. Sale of 3D glasses is not a core business of the GDC Group.

The GDC Group filed its answer and counterclaims in November 2010 and amended answer and counterclaims in January 2011 denying X6D's allegations, asserting various affirmative defenses and asserting eight counterclaims against X6D generally that X6D does not own any valid intellectual property rights that cover the Defendants' 3D glasses and X6D wrongfully and intentionally interfered with the Defendants' prospective business relations with their potential customers. In January 2011, X6D filed its answer to the counterclaims denying the Defendants' allegations and asserting various affirmative defenses.

A Joint Rule 26 Statement was submitted to the Court in January 2011 and the Court issued a scheduling order in February 2011 that the motion for summary judgement shall be filed by no later than 30 November 2011. No trial date has been set up to the date of these consolidated financial statements were authorised for issue.

At 31 December 2010, the directors of GDC are of the opinions that settlement of the claims is remote. Accordingly, no provision for any potential liability has been made in the consolidated financial statements of the Group as there is no material impact to the Group.

43. OPERATING LEASES

The Group as lessor

Property rental income earned during the year was approximately HK$5,797,000 (2009: HK$6,318,000). The remaining properties are expected to generate rental yield of 3.7% (2009: 4.1%) on ongoing basis. All of the properties held have committed tenants for the next one to two years.

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

	2010	2009
	HK$'000	HK$'000
Within one year	**3,613**	3,206
In the second to fifth years inclusive	**1,067**	701
	4,680	3,907

The Group as lessee

Minimum lease payments paid under operating lease in respect of office premises during the year was approximately HK$3,024,000 (2009: HK$7,889,000).

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

	2010	2009
	HK$'000	HK$'000
Within one year	**2,340**	8,591
In the second to fifth years inclusive	**4,485**	13,177
Over five years	**–**	3,558
	6,825	25,326

For the year ended 31 December 2010, operating lease payments represent rentals payable by the Group for certain of its office premises. For the year ended 31 December 2009, operating lease payments represented rentals payable by the Group for certain of its office premises, production studios, training centers, warehouse and staff quarters. Leases for properties are negotiated for a term ranging from one to five years (2009: one to ten years) with fixed rentals.

44. SHARE OPTIONS SCHEMES

a. Share Option Scheme of the Company

The Company operates the share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group and/or its associated companies. Eligible participants of the Scheme included Directors (including executive and non-executive directors), executives, officers, employees or shareholders of the Company or any of its subsidiaries or any of its associated companies and any suppliers, customers, consultants, advisers, agents, partners or business associates. The Scheme became effective on 7 June 2002, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares of the Company available for issue upon exercise of all share options granted and to be granted under the Scheme must not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the refreshment of the 10% limit on grant of options under the Scheme on 6 June 2008. The maximum number of shares issued and issuable under share options to each eligible participant in the Scheme within any 12-month period up to the date of grant, is limited to 1% of the shares of the Company in issue on the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The period during which a share option may be exercised will be determined by the Directors at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Directors are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

44. SHARE OPTIONS SCHEMES (continued)

a. Share Option Scheme of the Company (continued)

The exercise price in relation to each share option will be determined by the Directors at their absolute discretion and shall not be less than the highest of (i) the official closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the official closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of the share of the Company on the date of offer of share options. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the Scheme. The offer of share options must be accepted within 60 days from the date of the offer.

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

44. SHARE OPTIONS SCHEMES (continued)

a. Share Option Scheme of the Company (continued)

The following table discloses the details of the share options and movements in the share options under the Scheme during the years ended 31 December 2010 and 2009:

For the year ended 31 December 2010

				Number of share options						
Category of grantees	Date of grant	Exercise period	Exercise price per share	At 1.1.2010	Transferred to other category during the year	Transferred from other category during the year	Granted during the year[6]	Exercised during the year[7]	Lapsed during the year	Balance as at 31.12.2010
Directors	23.8.2002	23.8.2002 – 6.6.2012	HK$0.73	75	–	–	–	–	–	75
	6.3.2003	6.3.2003 – 5.3.2013	HK$0.76	604	–	–	–	–	–	604
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.41	63,068,000	(22,736,000)[1]	–	–	–	–	40,332,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.724	41,950,000	(11,500,000)[2]	–	–	–	–	30,450,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.54	–	–	–	20,000,000	–	–	20,000,000
Employees of the Group	6.3.2003	6.3.2003 – 5.3.2013	HK$0.76	1,330,000	(1,330,000)[3]	–	–	–	–	–
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.41	5,900,000	–	–	–	(800,000)	(1,400,000)[4]	3,700,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.54	–	–	–	10,920,000	–	–	10,920,000
Other participants	6.3.2003	6.3.2003 – 31.12.2011	HK$0.76	–	–	1,330,000[3]	–	–	–	1,330,000
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.41	800,000	–	22,736,000[1]	–	–	(800,000)[5]	22,736,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.724	–	–	11,500,000[2]	–	–	–	11,500,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.54	–	–	–	600,000	–	–	600,000
Total				113,048,679	(35,566,000)	35,566,000	31,520,000	(800,000)	(2,200,000)	141,568,679

For the year ended 31 December 2009

				Number of share options				
Category of grantees	Date of grant	Exercise period	Exercise price per share	At 1.1.2009	Transferred to other category during the year	Transferred from other category during the year	Lapsed during the year	Balance as at 31.12.2009
Directors	23.8.2002	23.8.2002 – 6.6.2012	HK$0.73	75	–	–	–	75
	6.3.2003	6.3.2003 – 5.3.2013	HK$0.76	604	–	–	–	604
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.41	63,068,000	–	–	–	63,068,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.724	41,950,000	–	–	–	41,950,000
Employees of the Group	6.3.2003	6.3.2003 – 5.3.2013	HK$0.76	1,330,000	–	–	–	1,330,000
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.41	7,200,000	(800,000)	–	(500,000)	5,900,000
Other participants	19.1.2007	19.1.2007 – 18.1.2017	HK$0.41	–	–	800,000	–	800,000
Total				113,548,679	(800,000)	800,000	(500,000)	113,048,679

44. SHARE OPTIONS SCHEMES (continued)

a. Share Option Scheme of the Company (continued)

Notes:

(1) The share options were held by two grantees who resigned as Directors of the Company on 10 May 2010. The Board approved the extension of the exercise period for their share options up to 18 January 2017. Such options were re-classified from the category of "Directors" to "Other participants" during the year.

(2) The share options were held by a grantee who resigned as a Director of the Company on 10 May 2010. The Board approved the extension of the exercise period for his share options up to 21 January 2018. Such options were re-classified from the category of "Directors" to "Other participants" during the year.

(3) The share options were held by a grantee who ceased to be an employee of the Company on 24 December 2010. The Executive Committee of the Board approved the extension of the exercise period for his share options up to 31 December 2011. Such share options were re-classified from the category of "Employees of the Group" to "Other participants" during the year.

(4) The share options were held by a grantee who ceased to be an employee of the Company during the year and such share options lapsed on 1 December 2010 according to the terms of the Scheme.

(5) The share options were held by a grantee who ceased to be an employee of the Group on 1 December 2009 and such share options lapsed on 1 January 2010 according to the terms of the Scheme.

(6) The closing price of the shares of the Company at the date on which the share options were granted was HK$0.54 per share.

(7) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was approximately HK$0.49 per share.

44. SHARE OPTIONS SCHEMES (continued)

a. Share Option Scheme of the Company (continued)

HK$11 was received from employees for taking up the options granted for the year ended 31 December 2010 (2009: Nil).

The fair value of the share options determined at the date of grant using Binomial Option Valuation pricing model was approximately HK$7,590,000.

The following assumptions were used to calculate the fair value of share options:

	14 December 2010
Grant date share price	HK$0.54
Exercise price	HK$0.54
Option life	10 years
Expected volatility	62.68%
Dividend yield	Nil
Risk-free interest rate	3.31%
Suboptimal exercise factor for Directors	2.05
Suboptimal exercise factor for employees	1.83

Expected volatility of the Company was determined by using the historical volatility of the Company's weekly average share prices over the past year. The expected option life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

Share-based compensation expenses in respect of grant of the share options by the Company of approximately HK$7,590,000 was included in the administrative expenses for the year ended 31 December 2010 (2009: Nil).

b. Share option schemes of former subsidiaries of the Company – GDC (the "GDC Scheme") and GDC Technology (the "GDC Technology Scheme")

GDC (previously a non wholly-owned subsidiary of the Company and became an associate of the Company from 10 December 2010), which is listed on the GEM, has adopted the GDC Scheme by a shareholders' resolution passed at its special general meeting held on 18 July 2003.

The purpose of the GDC Scheme is to enable GDC to grant share options to eligible participants as rewards for their contributions to GDC and its subsidiaries (the "GDC Group"). The GDC Scheme will remain in force for a period of 10 years commencing on 4 August 2003, being the date on which dealings in the shares of GDC first commenced on the GEM, to 3 August 2013.

44. SHARE OPTIONS SCHEMES (continued)

b. Share option schemes of former subsidiaries of the Company – GDC (the "GDC Scheme") and GDC Technology (the "GDC Technology Scheme") (continued)

Under the GDC Scheme, the directors of GDC may, at their discretion, offer any full-time employees, directors (including independent non-executive directors) and part-time employees with weekly working hours of 10 hours and above, of the GDC Group and any advisors (professionals or otherwise) or consultants, distributors, suppliers, agents, customers, joint venture partners, service providers to the GDC Group who the directors of GDC consider, in their sole discretion, will contribute or have contributed to the GDC Group, share options to subscribe for shares of GDC.

The period during which a share option may be exercised will be determined by the directors of GDC at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the GDC Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the directors of GDC are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option will be determined by the directors of GDC at their absolute discretion and shall not be less than the highest of (i) the official closing price of the shares of GDC as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the official closing prices of the shares of GDC as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of the share of GDC on the date of offer of share options. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the GDC Scheme. The offer of share options must be accepted within 28 days from the date of the offer.

The GDC Technology Scheme was adopted pursuant to a resolution passed at a Special General Meeting of GDC held on 19 September 2006 for the primary purpose of providing incentives or rewards to eligible participants for their contribution to GDC Technology (previously a non wholly-owned subsidiary of the Company which ceased to be a subsidiary of the Company from 10 December 2010), its subsidiaries and its holding companies (including intermediate and ultimate holding companies). The GDC Technology Scheme will remain in force for a period of 10 years to 18 September 2016.

Details of the GDC Scheme and the GDC Technology Scheme are disclosed in the section headed "Share Option Schemes" in the Report of the Directors.

44. SHARE OPTIONS SCHEMES (continued)

b. Share option schemes of former subsidiaries of the Company – GDC (the "GDC Scheme") and GDC Technology (the "GDC Technology Scheme") (continued)

The following table sets out the movements in the share options of GDC under the GDC Scheme during the period from 1 January 2010 to 9 December 2010 (the "Relevant Period"):

				Number of share options				
Category of grantees	Date of grant	Exercise period	Exercise price per share	At the beginning of the Relevant Period	Transferred to other category during the Relevant Period	Transferred from other category during the Relevant Period	Lapsed during the Relevant Period	At the end of the Relevant Period
Directors of the Company	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	14,700,000	(4,900,000)[1]	–	–	9,800,000
Employees of the Group	22.3.2007	22.3.2007 – 21.3.2010	HK$1.07	2,300,000	(100,000)[2]	–	(2,200,000)[3]	–
	4.4.2007	4.4.2007 – 3.4.2010	HK$1.52	2,703,000	(200,000)[2]	–	(2,503,000)[3]	–
	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	9,900,000	–	–	–	9,900,000
Other participants	22.3.2007	22.3.2007 – 21.3.2010	HK$1.07	–	–	100,000[2]	(100,000)[2]	–
	4.4.2007	4.4.2007 – 3.4.2010	HK$1.52	1,340,000	–	200,000[2]	(1,540,000)[4]	–
	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	980,000	–	4,900,000[1]	–	5,880,000
Total				31,923,000	(5,200,000)	5,200,000	(6,343,000)	25,580,000

Notes:

1. Mr. Cao Zhong resigned as a Director of the Company on 10 May 2010. Such share options were re-classified from the category of "Directors of the Company" to "Other participants" during the Relevant Period.

2. The share options were held by certain grantees who ceased to be employees of the Group and such share options were re-classified from the category of "Employees of the Group" to "Other participants" during the Relevant Period. Such share options lapsed on the expiry of the three months period following the date of cessation as employees of the Group.

3. Such share options lapsed upon the expiry of the respective option periods.

4. A total of 820,000 share options lapsed on the expiry of the three months period following the date of cessation as employees of the Group of certain grantees; and the remaining balance of 720,000 share options lapsed upon the expiry of the option period.

44. SHARE OPTIONS SCHEMES (continued)

b. Share option schemes of former subsidiaries of the Company – GDC (the "GDC Scheme") and GDC Technology (the "GDC Technology Scheme") (continued)

The following table sets out the movements in the share options of GDC Technology under the GDC Technology Scheme during the period from 1 January 2010 to 9 December 2010 (the "Relevant Period"):

				Number of share options				
Category of grantees	Date of grant	Exercise period	Exercise price per share	At the beginning of the Relevant Period	Transferred to other category during the Relevant Period	Transferred from other category during the Relevant Period	Exercised during the Relevant Period	At the end of the Relevant Period
Directors of the Company	2.11.2007	2.11.2007 – 1.11.2012	HK$2.00	**4,950,000**	**(1,650,000)[1]**	**–**	**(1,650,000)**	**1,650,000**
Employees of the Group	2.11.2007	2.11.2007 – 1.11.2012	HK$2.00	**1,650,000**	**–**	**–**	**–**	**1,650,000**
Other participants (Note)	2.11.2007	2.11.2007 – 1.11.2012	HK$2.00	**330,000**	**–**	**1,650,000[1]**	**(1,650,000)**	**330,000**
Total				**6,930,000**	**(1,650,000)**	**1,650,000**	**(3,300,000)**	**3,630,000**

Note:

1. Mr. Cao Zhong resigned as a Director of the Company on 10 May 2010. Such share options were re-classified from the category of "Directors of the Company" to "Other participants" during the Relevant Period.

Note: Other participants mainly represent employees of the Group other than employees of GDC.

44. SHARE OPTIONS SCHEMES (continued)

b. Share option schemes of former subsidiaries of the Company – GDC (the "GDC Scheme") and GDC Technology (the "GDC Technology Scheme") (continued)

The following table sets out the movements in the share options of GDC under the GDC Scheme during the year ended 31 December 2009:

				Number of share options				
Category of grantees	Date of grant	Exercise period	Exercise price per share	Balance as at 1.1.2009	Transferred to other category during the year	Transferred from other category during the year	Lapsed during the year	Balance as at 31.12.2009
Directors of the Company	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	14,700,000	–	–	–	14,700,000
Employees of the Group	06.10.2006	06.10.2006 – 05.10.2009	HK$0.30	9,708,200	–	–	(9,708,200)	–
	22.3.2007	22.3.2007 – 21.3.2010	HK$1.07	2,300,000	–	–	–	2,300,000
	4.4.2007	4.4.2007 – 3.4.2010	HK$1.52	3,323,000	(620,000)	–	–	2,703,000
	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	21,900,000	–	–	(12,000,000)	9,900,000
Other participants (Note)	6.10.2006	6.10.2006 – 5.10.2009	HK$0.30	800,820	–	–	(800,820)	–
	4.4.2007	4.4.2007 – 3.4.2010	HK$1.52	720,000	–	620,000	–	1,340,000
	30.10.2007	30.10.2007 – 29.10.2012	HK$2.75	980,000	–	–	–	980,000
Totals				54,432,020	(620,000)	620,000	(22,509,020)	31,923,000

The following table sets out the movements in the share options of GDC Technology under the GDC Technology Scheme during the year ended 31 December 2009:

				Number of share options			
Category of grantees	Date of grant	Exercise period	Exercise price per share	Balance as at 1.1.2009	Exercised during the year	Lapsed during the year	Balance as at 31.12.2009
Directors of the Company	29.9.2006	29.9.2006 – 28.9.2009	HK$0.145	3,333	–	(3,333)	–
	2.11.2007	2.11.2007 – 1.11.2012	HK$2.00	4,950,000	–	–	4,950,000
Other individual with options granted in excess of limit	2.11.2007	2.11.2007 – 1.11.2012	HK$2.00	12,000,000	–	(12,000,000)	–
Employees of the Group	29.9.2006	29.9.2006 – 28.9.2009	HK$0.145	853,333	(320,000)	(533,333)	–
	5.10.2006	5.10.2006 – 4.10.2009	HK$0.145	3,913,332	(130,000)	(3,783,332)	–
	2.11.2007	2.11.2007 – 1.11.2012	HK$2.00	1,650,000	–	–	1,650,000
Other participants (Note)	2.11.2007	2.11.2007 – 1.11.2012	HK$2.00	330,000	–	–	330,000
Totals				23,699,998	(450,000)	(16,319,998)	6,930,000

Note: Other participants mainly represent employees of the Group other than employees of GDC.

45. RETIREMENT BENEFIT SCHEMES

The Group contributes to defined contribution retirement schemes which are available to all employees in Hong Kong (Hong Kong and Singapore for the year ended 31 December 2009). The assets of the schemes are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in the PRC, the subsidiaries in the PRC participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme.

The retirement benefit costs represent gross contributions paid and payable by the Group to the schemes operated in Hong Kong, the PRC and Singapore (collectively the "Retirement Schemes"). No (2009: HK$205,000) contributions payable to the Retirement Schemes at 31 December 2010. For the year ended 31 December 2009, all contributions payable were included in other payables and accruals. There was no forfeited contribution throughout the year (2009: Nil).

46. RELATED PARTY TRANSACTIONS

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

	Notes	2010 HK$'000	2009 HK$'000
(i) Rental income received from Gold Regal Limited, an associate of Shougang Holding	(a)	**71**	142
(ii) Rental income received from Li Shaofeng, the Chairman of the Group	(a)	**71**	–
(iii) Consultancy expense charged by Shougang Holding	(b)	**960**	960
(iv) Management fee charged by Shougang Concord International Enterprises Company Limited ("Shougang International"), an associate of Shougang Holding	(b)	**965**	4,085

Notes:

(a) The transaction was carried out in accordance with the relevant lease agreements.

(b) The transaction was carried out in accordance with the relevant agreements.

At 31 December 2010, the Group's held-for-trading investments included listed securities of 13,870,000 shares (2009: 13,870,000 shares) of Shougang Concord Century Holdings Limited ("Shougang Century"), nil shares (2009: 40,000 shares) of Shougang Concord Technology Holdings Limited ("Shougang Technology") and 230,000 shares (2009: 230,000 shares) of Shougang International. Shougang Century, Shougang Technology and Shougang International are associates of Shougang Holding.

46. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the year was as follows:

	2010	2009
	HK$'000	HK$'000
Short-term benefits	**23,034**	21,962
Share-based payments	**5,346**	–
Post-employment benefit	**467**	285
	28,847	22,247

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

During the year ended 31 December 2010, 20,000,000 share options with an exercise price of HK$0.54 per share were granted to the Directors (2009: Nil).

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is a part of a larger group of companies under Shougang Corporation which is controlled by the PRC government. The Directors are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations.

The Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the Directors are of the opinion that separate disclosure would not be meaningful. The Directors are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations.

Details of balances with related parties as at the end of the reporting period are set out in the consolidated statement of financial position and in notes 35 and 36.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of principal subsidiaries at 31 December 2010 and 2009 are as follows. The details of changes of subsidiaries as compared with 2009, are set out in Notes (f), (g), (h) and (i):

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital (Note (a))	Effective equity interest attributable to the Group 2010	2009	Principal activities
Direct subsidiary					
SCG Investment (BVI) Limited	British Virgin Islands ("BVI")	HK$100,000	**100%**	100%	Investment holding
Indirect subsidiaries					
首方投資管理（深圳）有限公司 Capital Steel Investment (China) Ltd.*	PRC (Note (b))	HK$230,000,000	**–** (Note (h))	100%	Investment holding
Concord Grand TV & Movie Investment Limited	BVI	US$1	**100%**	100%	Investment holding
Dunley Developments Limited	BVI	US$1	**100%**	100%	Investment holding
Durali Developments Limited	BVI	US$1	**100%**	100%	Investment holding
GDC Asset Management Limited	BVI	US$1	**N/A** (Note (g))	53%	Investment holding
GDC China Limited	Hong Kong	HK$2	**N/A** (Note (g))	53%	Investment holding
GDC Digital Cinema Network Limited	BVI	US$1	**N/A** (Note (g))	53%	Investment holding

* *For identification purpose only*

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital (Note (a))	Effective equity interest attributable to the Group 2010	2009	Principal activities
Indirect subsidiaries – continued					
GDC Digital Cinema Network Limited	Hong Kong	HK$1	**N/A** (Note (g))	53%	Deployment of digital cinema equipment
GDC Holdings Limited	BVI	US$5,214,181	**N/A** (Note (g))	53%	Investment holding
GDC International Limited	Samoa	US$1	**N/A** (Note (g))	53%	Provision of CG animation creation and production services
GDC Management Services Limited	Hong Kong	HK$2	**N/A** (Note (g))	53%	Provision of administrative and management services
GDC Technology	BVI	HK$23,634,509	**N/A** (Note (g))	33%	Provision of computing solutions for digital content distribution and exhibitions in a worldwide basis
GDC Technology (Hong Kong) Limited	Hong Kong	HK$2	**N/A** (Note (g))	33%	Provision of computing solutions for digital content distribution and exhibitions
GDC Technology Pte. Ltd.	Singapore	S$900,000	**N/A** (Note (g))	33%	Provision of computing solutions for digital content distribution and exhibitions in a worldwide basis

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital (Note (a))	Effective equity interest attributable to the Group 2010	2009	Principal activities
Indirect subsidiaries – continued					
GDC Technology (USA), LLC.	United States of America	US$1,000	**N/A** (Note (g))	33%	Provision of computing solutions for digital content distribution and exhibitions
GDC (Note (c))	Bermuda	HK$12,952,555	**N/A** (Note (i))	53%	Investment holding
Grand Award Limited	BVI	US$1	**–** (Note (h))	100%	Investment holding
Grand Park Investment Limited	Hong Kong	HK$2	**100%**	100%	Property investment
Grand Phoenix Limited	BVI	US$1	**100%**	100%	Investment holding
環球數碼媒體科技（上海）有限公司 Institute of Digital Media Technology (Shanghai) Limited*	PRC (Note (b))	US$1,300,000	**N/A** (Note (g))	53%	Provision of CG animation training in the PRC
環球數碼媒體科技研究（深圳）有限公司 Institute of Digital Media Technology (Shenzhen) Limited*	PRC (Note (b))	US$35,353,896	**N/A** (Note (g))	53%	Provision of CG and animation training, development of multimedia software and hardware, and provision of related technical consultancy services in the PRC

* *For identification purpose only*

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital	Effective equity interest attributable to the Group		Principal activities
		(Note (a))	**2010**	2009	
Indirect subsidiaries – continued					
Jeckman Holdings Limited	BVI	US$100	**100%**	100%	Investment holding
Linksky Limited	Hong Kong	HK$2	**100%**	100%	Property holding
Long Cosmos Investment Limited	Hong Kong	HK$2	**100%**	100%	Provision of administrative and management services
Lyre Terrace Management Limited	Hong Kong	HK$1,000,000	**100%**	100%	Investment holding and property investment
On Hing Investment Company, Limited	Hong Kong	HK$1,000 (ordinary) HK$2,000,000 (non-voting deferred)	**100%** (Note (j))	100% (Note(j))	Property investment
SCG Capital Corporation Limited	Hong Kong	HK$20	**100%**	100%	Investment holding
SCG Finance Corporation Limited	Hong Kong	HK$20	**100%**	100%	Provision of financial services
SCG Financial Investment Limited	BVI	US$1,000	**100%**	100%	Investment holding
SCG Leasing Corporation Limited	Hong Kong	HK$2	**100%**	100%	Property investment

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital (Note (a))	Effective equity interest attributable to the Group 2010	Effective equity interest attributable to the Group 2009	Principal activities
Indirect subsidiaries – continued					
Shougang GDC Media Holding Limited	Hong Kong	HK$1	**N/A** (Note (g))	53%	Investment holding
South China Leasing	PRC (Note (d))	US$24,000,000	**100%**	100%	Leasing of property, plant and equipment
Strenbeech Limited	BVI	HK$147,000,008	**100%**	100%	Investment holding
天津首方投資管理有限公司 Tianjin Capital Steel Investment Management Co., Ltd.*	PRC (Note (d))	RMB130,000,000	**–** (Note (h))	90%	Development of finance and assets investment and management
Tin Fung Investment Company, Limited	Hong Kong	HK$975,000 (ordinary) HK$210,000 (non-voting deferred)	**100%** (Note (j))	100% (Note (j))	Property investment
Upper Nice Assets Ltd.	BVI	US$1	**100%**	100%	Investment holding
Valuework Investment Holdings Limited	BVI	US$100	**100%**	100%	Investment holding
四方源創國際影視文化傳播（北京）有限公司 Concord Creation International (Beijing) Company Limited*	PRC (Note (d))	RMB20,000,000	**–** (Note (h))	80%	Production of films and television programme series

* *For identification purpose only*

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital (Note (a))	Effective equity interest attributable to the Group 2010	2009	Principal activities
Indirect subsidiaries – continued					
廣東四方源創動畫製作有限公司 Concord Creation Animation Production Guangdong Company Limited*	PRC (Note (d))	RMB10,000,000	– (Note (h))	64%	Provision of graphic animation creation
東陽市四方源創影視製作有限公司 Dongyang Concord Creation Film@TV Company Limited*	PRC (Note (d))	RMB1,000,000	– (Note (h))	80%	Production of films and television programme series
東陽方源影視製作有限公司 Dongyang Creation Film@TV Company Limited*	PRC (Note (d))	RMB1,000,000	– (Note (h))	80%	Production of films and television programme series
杭州四方源創動畫製作有限公司 Concord Creation Animation Production Hangzhou Company Limited*	PRC (Note (d))	RMB3,000,000	– (Note (h))	64%	Provision of graphic animation creation
深圳市環球數碼科技有限公司 Shenzhen GDC Technology Limited*	PRC (Note (d))	RMB3,000,000	**N/A** (Note (g))	33%	Provision of computing solutions for digital content distribution and exhibition
深圳市環球數碼影視文化有限公司 Shenzhen GDC Media Culture Limited*	PRC (Note (d))	RMB3,000,000	**N/A** (Note (g))	53%	Animation investment

* *For identification purpose only*

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital (Note (a))	Effective equity interest attributable to the Group 2010	2009	Principal activities
Indirect subsidiaries – continued					
重慶環球數碼動畫有限公司 Chongqing GDC Animation Limited*	PRC (Note (b))	RMB10,000,000	**N/A** (Note (g))	53%	Provision of CG and animation training, development of multimedia software and hardware, and provision of related technical consultancy services in the PRC
深圳市南山區環球數碼培訓學校 Shenzhen Nanshan GDC Training School*	PRC (Note (e))	RMB200,000	**N/A** (Note (g))	53%	Provision of CG and animation training in the PRC
上海環球數碼職業技能培訓學校 Shanghai GDC Vocation Training School*	PRC (Note (e))	RMB200,000	**N/A** (Note (g))	53%	Provision of CG and animation training in the PRC
北京科創環球數碼技術有限公司 Beijing GDC Technology Limited*	PRC (Note (d))	RMB200,000	**N/A** (Note (g))	33%	Provision of computer solutions for digital content distribution and exhibition
重慶北部新區環球數碼動畫職業培訓學校 Chongqing New North GDC Animation Vocation Training School*	PRC (Note (e))	RMB100,000	**N/A** (Note (g))	53%	Provision of CG and animation training in the PRC

* *For identification purpose only*

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ contributed capital (Note (a))	Effective equity interest attributable to the Group 2010	2009	Principal activities
Indirect subsidiaries – continued					
悅康融滙投資咨詢（深圳）有限公司 (Note (f)) Ecko Investment Company Limited	PRC (Note (d))	HK$11,700,000	**100%**	N/A	Investment holding
無錫環球數碼動畫有限公司 Wuxi GDC Animation Limited*	PRC (Note (d))	RMB500,000	**N/A** (Note (g))	53%	Provision of CG and animation training in the PRC

Notes:

(a) All issued share capital are ordinary shares unless otherwise stated.

(b) These entities are wholly foreign owned enterprises.

(c) This entity is listed on the Growth Enterprise Market of the Stock Exchange.

(d) These entities are sino-foreign equity joint venture/enterprises or limited liability enterprises.

(e) These entities are schools.

(f) The subsidiary was newly established/incorporated in current year.

(g) These entities ceased to be subsidiaries of the Company upon deemed disposal of GDC Group. Details are set out in note 12(b).

(h) These entities ceased to be subsidiaries of the Company upon the disposal of Grand Award Group on 11 June 2010. Details are set out in note 12(a).

(i) As disclosed in note 12(b) to the consolidated financial statement, GDC ceased to be a subsidiary of the Company on 10 December 2010.

(j) Interests only refer to voting shares.

* *For identification purpose only*

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

48. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2010 **HK$'000**	2009 HK$'000
Non-current asset		
Investment in a subsidiary	**231,154**	231,154
Current assets		
Prepayment, deposits and other receivables	**193**	193
Bank balances and cash	**65**	140
	258	333
Current liabilities		
Other payables and accruals	**102**	102
Amount due to subsidiaries, net	**85,675**	86,079
	85,777	86,181
Net current liabilities	**(85,519)**	(85,848)
Net assets	**145,635**	145,306
Capital and reserves		
Share capital	**11,522**	11,514
Reserves	**134,113**	133,792
Total equity	**145,635**	145,306

PARTICULARS OF MAJOR PROPERTIES

Details of the Group's major properties at the end of the reporting period are as follows:

LOCATION		EXISTING USE	LEASE TERM	ATTRIBUTABLE INTEREST OF THE GROUP
Investment properties				
1.	Units A and B on all of 3rd, 6th and 9th Floors and 26 car parking spaces on 4th Floor, Tin Fung Industrial Mansion, 63 Wong Chuk Hang Road, Aberdeen, Hong Kong	Industrial	Long	100%
2.	16th Floor and roof and car parking space nos. 7, 8 and 9, Manson Industrial Building, S.I.L. 739 A Kung Ngam Road, A Kung Ngam, Shaukeiwan, Hong Kong	Industrial	Long	100%
3.	Flat 55 on 15th Floor of Tower 8 (of Parkview Rise) and Carparking Space No.283 on Car Park Entrance 3 (Level 4) Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Tai Tam, Hong Kong	Residential	Long	100%
4.	Flat 9 on 23rd Floor and Flat 7 on 25th Floor, Apartment Tower on the Western Side, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong	Residential	Long	100%

LOCATION		EXISTING USE	LEASE TERM	ATTRIBUTABLE INTEREST OF THE GROUP
Investment properties (continued)				
5.	Flat 1612 of Block Q and Flat 2904 of Block R, Kornhill, Quarry Bay, Hong Kong	Residential	Long	100%
6.	Room 2907 on 29th Floor, West Tower, Shun Tak centre, Nos. 168-200 Connaught Road Central, Hong Kong	Commercial	Long	100%
7.	A space known as A35 on Ground Floor, Villa Verde, Guildford Road, The Peak, Hong Kong	Residential	Long	100%
8.	Flat 2602 of Block N, Kornhill, Quarry Bay, Hong Kong	Residential	Long	100%
Buildings				
1.	Eight Offices on 23rd Floor, Times Financial Centre, No. 4001 Shennan Road, Futian District, Shenzhen, Guangdong Province, The People's Republic of China	Commercial	Long	100%

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2006 HK$'000 (Restated)	2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000 (Restated)	**2010** **HK$'000**
RESULTS					
Continuing operations					
Revenue	19,475	22,833	135,169	109,247	**57,147**
Cost of sales	(9,750)	(16,513)	(105,165)	(69,918)	**(31,653)**
Gross (loss) profit	9,725	6,320	30,004	39,329	**25,494**
Other income	2,211	5,152	2,321	528	**2,590**
Interest income from entrusted loan receivables	–	–	3,674	3,882	**307**
Distribution costs and selling expenses	–	–	(2,579)	(2,589)	**(928)**
Administrative expenses	(29,218)	(43,632)	(44,805)	(35,660)	**(37,695)**
Impairment loss on finance lease receivables	(4,649)	–	–	–	**(21,201)**
Finance costs	(6,709)	(4,285)	(4,083)	(2,958)	**(2,649)**
Share of results of:					
Jointly controlled entity (net of amortisation of goodwill)	1,531	–	–	–	**–**
Associates	(1,073)	7,553	–	–	**(16,388)**
Gain on disposal of partial interests in subsidiaries	24,711	–	–	–	**–**
Increase (decrease) in fair value of investment properties	8,500	25,860	(15,960)	24,961	**38,140**
Discount on acquisition of additional interest in a subsidiary	–	–	–	2,154	**–**
Profit on disposal of partial interests in an associate	–	–	–	–	**1,358**
Changes in fair value of held-for-trading investments	3,308	8,232	(37,080)	16,814	**(282)**
Profit (loss) before tax	8,337	5,200	(68,508)	46,461	**(11,254)**
Income tax expense	(1,103)	(1,479)	(2,689)	(6,021)	**(4,204)**
Profit (loss) for the year from continuing operations	7,234	3,721	(71,197)	40,440	**(15,458)**
Discontinued operations					
Profit (loss) for the year from discontinued operations	(23,412)	437,492	(86,552)	18,099	**135,233**
Profit (loss) for the year	(16,178)	441,213	(157,749)	58,539	**119,775**
Attributable to:					
Owners of the Company	(15,204)	425,661	(119,446)	38,696	**29,848**
Minority interests/Non-controlling interests	(974)	15,552	(38,303)	19,843	**89,927**
	(16,178)	441,213	(157,749)	58,539	**119,775**

FIVE-YEAR FINANCIAL SUMMARY

	As at 31 December				
	2006 HK$'000 (Restated)	2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000 (Restated)	**2010** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	457,164	2,566,391	2,418,299	2,108,075	**1,373,460**
Total liabilities	(235,601)	(1,598,035)	(1,547,125)	(1,210,703)	**(669,049)**
	221,563	968,356	871,174	897,372	**704,411**
Equity attributable to owners of the Company	212,010	635,814	551,644	608,995	**703,750**
Share options reserve of subsidiaries	5,907	55,249	54,603	33,120	**–**
Minority interests/ Non-controlling interests	3,646	277,293	264,927	255,257	**661**
	221,563	968,356	871,174	897,372	**704,411**