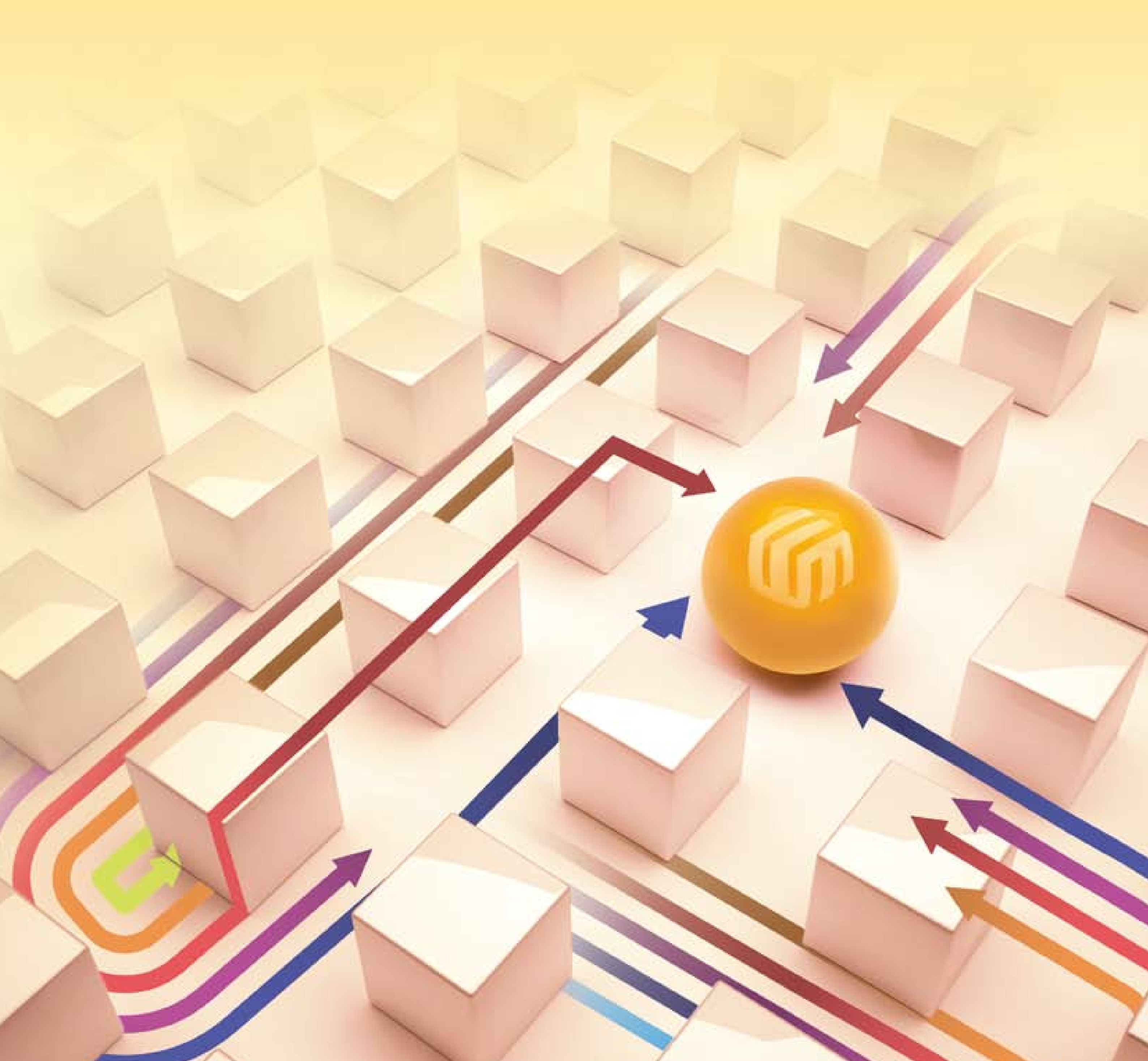
Madex International (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00231)

ANNUAL REPORT 2010



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Zhong Guoxing *(Chief Executive Officer)*
Mr. Zhang Guodong

Non-executive Director:

Ms. Liang Huixin

Independent Non-executive Directors:

Dr. Dong Ansheng
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, *JP*

AUDIT COMMITTEE

Dr. Dong Ansheng *(Committee Chairman)*
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, *JP*

REMUNERATION COMMITTEE

Dr. Dong Ansheng *(Committee Chairman)*
Mr. Zhong Guoxing
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, *JP*

NOMINATION COMMITTEE

Dr. Dong Ansheng *(Committee Chairman)*
Mr. Zhong Guoxing
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, *JP*

AUTHORISED REPRESENTATIVES

Mr. Zhong Guoxing
Mr. Chan Kwan Pak

COMPANY SECRETARY

Mr. Chan Kwan Pak

AUDITORS

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co. Ltd. (Hong Kong) Branch

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 3005, 30/F
West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

WEBSITE

www.madex.com.hk

STOCK CODE

00231

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

On behalf of the board of directors ("the Directors") of Madex International (Holdings) Limited ("the Company") and its subsidiaries (together "the Group"), I would like to present to the shareholders of the Company the annual report for the year ended 31 December 2010.

RESULTS

For the year ended 31 December 2010, the Group recorded an audited consolidated turnover of approximately HK$24,814,000, representing an increase of approximately HK$10% as compared to the year ended 31 December 2009, and net profit of approximately HK$52,989,000 (as compared to a net loss of approximately HK$18,170,000 for the year ended 31 December 2009). The increase in net profit was mainly attributable to a gain of disposal of certain subsidiaries of the Company in the sum of approximately HK$50,532,000 recognised in the year ended 31 December 2010.

BUSINESS REVIEW

The year 2010 was a year of milestone for the Group. Following the passing of a resolution by the shareholders of the Company on 16 April 2010, the Company formally changed its name to "Madex International (Holdings) Limited" and adopt "盛明國際（控股）有限公司" as its secondary name, projecting a fresh corporate image for the Group. During the year, the Group has also moved in its Hong Kong Head Office, a self-owned office premises which was purchased in late 2009 at a relatively low price. All these positive moves have boosted our staff morale and the confidence of our investors and business partners.

During the year under review, the Company's principal activity continued to be investment holding. The Group's main asset, the Harbin Commercial Building, remained as our steady revenue generator, the rental income of which accounted for approximately 66% of the Group's total turnover during the year. The Group's another income source was the royalty fee of RMB5 million in connection with Zhuhai City Xiang Quan Hotel Company Limited (珠海市香泉酒店有限公司), which accounted for approximately 23% of the Group's total turnover during the year.

During the year, the Group endeavoured to streamline its operations by disposing of some under-performing assets. In August 2010, the Group sold the entire issued share of Fairyoung (Shanghai) Properties Limited (惠揚（上海）置業有限公司), a wholly-owned subsidiary of the Company which had became inactive after the completion of its property development project in Pudong, Shanghai, PRC. In November 2010, the Group sold the entire interests of Nanzhang Shuijinghu Resort Hotel Company Limited, which had failed to generate any income for the Group in the past few years and its ongoing maintenance would not justify the costs in the view of the management.

On the other hand, in a bid to increasing its market sharing in the property development and management sector of the PRC, the Group formed a joint venture by entering into a joint venture agreement with an independent third party in July 2010, with a view to participating in the market of property management services in the PRC. The investment was funded by internal resources of the Group.

PROSPECTS AND OUTLOOK

Guarding against possible economic overheat, China is beginning to remove government stimulus and loose monetary policies but instead adopting modest tightening measures, aiming to achieve sustainable growth that meets the long-term interests of the nation and the economy. It is our firm belief that this prudent approach will help China achieve a sustainable and balanced growth in the long run. The property market in China will enjoy healthy development.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

While we are optimistic in the overall property market in China, we are particularly confident in the tremendous potential in the western region of China, which has witnessed a higher economic growth rate than the central and eastern regions in the recent years. The Group is now undergoing a very substantial acquisition of a mall in Chongqing, Sichuan Province, a hub of the vast western region. The acquisition, if successful, will greatly enhance our investment portfolio and bring in long term rental income and asset appreciation potential. The acquisition will be funded by issue of shares and convertible notes.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENTS

As at 31 December 2010, the Group's current assets and current liabilities were HK$51,677,000 and HK$110,074,000 respectively. The total secured bank loans amounted to HK$154,330,000.

As at 31 December 2010, main charges on assets of the Group included bank balances of HK$3,479,000, investment properties with fair value of HK$367,811,000 and property, plant and equipment with carrying amount of approximately HK$31,903,000.

As at 31 December 2010, the Group had no significant capital commitments.

The Group's gearing ratio as at 31 December 2010 was 45%, which is calculated on the Group's total liabilities divided by its total assets.

FOREIGN EXCHANGE RISK

The Group's operations are principally in the PRC and all assets and liabilities were denominated either in Renminbi or Hong Kong dollars. The Directors considers that the Group does not have any material exposure to fluctuations in exchange. Therefore, no hedging measures have been taken at present.

LITIGATION AND CONTINGENT LIABILITIES

In 2010, the Group received a legal letter from an independent third party for claim of rights under a past sub-distribution agreement. The Group was of the opinion that the allegation was ungrounded, and it subsequently instituted legal proceedings against the independent third party for refund of deposit paid. The independent third party defended and counterclaimed. Based on the latest circumstances and legal advice obtained, in the opinion of the Directors, the Group had a valid and strong case and would not suffer material financial losses arising from the litigation, if any. Accordingly, no provision for any claim amount and other costs were made as at 31 December 2010 in the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of approximately 50 employees, who were remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training was provided to its staff from time to time. The Group did not have any share option scheme for its employees.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the management and staff for their valuable contribution and dedication in the past year. We would also like to thank our shareholders, investors, customers and business partners for their continued support and confidence.

Zhong Guoxing
CEO & Executive Director

Hong Kong, 25 March 2011

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhong Guoxing, aged 44, has been an Executive Director of the Company since 11 August 2009 and also appointed as the CEO of the Company since 11 June 2010. Mr. Zhong was graduated from the Hunan University, majoring in Manufacturing Accounting and holds a Master's Degree in Business Administration from the Asia International Open University (Macau). Mr. Zhong had been a manager of Zhuhai Branch, Bank of China (中國銀行珠海市分行) and assistant general manager of Guangzhou Branch, China Oriental Asset Management Company (中國東方資產管理公司). He had also been the managing director respectively of Zhuhai International Finance Building (Group) Company (珠海國際金融大廈（集團）公司) and Zhuhai Hongwan Combined Cycle Generation Company Limited (珠海洪灣燃機發電有限公司), Zhuhai Yuhua Polyester Company Limited (珠海裕華聚脂有限公司) as well as the general manager of Oriental Polytec Asset Management Company Limited (東方保利達資產管理有限公司).

Mr. Zhang Guodong, aged 34, has been an Executive Director of the Company since 1 March 2009. Mr. Zhang holds a Bachelor's degree in Accountancy. He is a certified accountant in the PRC. He is now studying for full membership of ACCA and Master's degree in Accountancy (MPAcc). Mr. Zhang had worked as a project manager respectively in Beijing and Zhuhai BDO Certified Public Accountants, as well as a department manager in BDO Shenzhen Dahua Tiancheng Certified Public Accountants, and was mainly responsible for financial audit and advisory as well as tax planning work relating to companies listed in the PRC and overseas. He was then appointed as the financial controller of two companies in the PRC respectively. Mr. Zhang is well versed in the PRC and international accounting standards, rules and regulations and has profound knowledge in finance.

NON-EXECUTIVE DIRECTOR

Ms. Liang Huixin, aged 25, has been a Non-executive Director of the Company since 11 August 2009. Ms. Liang holds a Bachelor of Science Degree in Economics and in Political Science from the University of Oregon, the United States. She had served in the banking sector in Singapore before. She has been the managing director of Shanghai Madex Business Management Company, Limited (上海盛鑫商業管理有限公司) since 2008. Ms. Liang is a daughter of Mr. Liang Wenguan, the controlling shareholder of the Company.

BIOGRAPHIES OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Dong Ansheng, aged 59, has been an Independent Non-executive Director of the Company since 6 January 2006. Dr. Dong holds a Bachelor of Laws degree from the Political and Law Sciences School of Chinese Northwestern College（西北政法學院）; and Master and Doctoral degrees in laws from the Law School of the Renmin University, China (中國人民大學). Dr. Dong is well versed in various areas of law and has been a lecturer in Mainland China, Hong Kong and Taiwan as well as a China law consultant to a number of companies in their listing exercise in mainland China and Hong Kong.

Dr. Dong is serving as an independent non-executive director of Beijing Capital International Airport Corporation Limited (Stock code: 694, Hong Kong Stock Exchange), Beijing Wangfujing Department Store (Group) Company, Limited (listed on the Shanghai Stock Exchange), BOE Technology Group Company, Limited (listed on the Shanghai Stock Exchange), and Sichuan Western Resources Company, Limited (listed on the Shanghai Stock Exchange). In the past three years, Dr. Dong had served as an independent non-executive director of Zhongjin Gold Company, Limited (listed on the Shenzhen Stock Exchange).

Mr. Hung Hing Man, aged 40, has been an Independent Non-executive Director of the Company since 23 September 2009. Mr. Hung holds a Master's degree in Business Administration from the University of Western Sydney. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong and a member of the Society of Chinese Accountants and Auditors. Mr. Hung has over 14 years of working experience in the sectors of corporate finance, accounting, auditing and taxation and is currently a proprietor of a certified public accountants firm. Mr. Hung also serves as an independent non-executive director of China Gamma Group Limited (Stock code: 164, Hong Kong Stock Exchange) and Eternity Investment Limited (Stock code: 764, Hong Kong Stock Exchange).

Dr. Tam Hok Lam, Tommy Ph.D., J.P., aged 61, has been appointed as an Independent Non-executive Director of the Company since 11 June 2010. Dr. Tam is a fellow member of the Association of International Accountants and the Hong Kong Institute of Certified Public Accountants. He is also an honorary director of Hong Kong Watch Manufacturer's Association Limited and a council member of the Hong Kong Institute of Directors. Dr. Tam is serving as an independent non-executive director of Elegance International Holdings Limited (Stock code: 907, Hong Kong Stock Exchange) and Hao Tian Resources Group Limited (Stock code: 474, Hong Kong Stock Exchange). Dr. Tam is currently a director of Nano and Advanced Materials Institute Limited (NAMI). He is the Managing Director of Tomson Holdings Limited, which is an investment holding company; and is also the Chairman of Artistic Precision Holdings Limited, which is involved in watch design, production and trading. Dr. Tam is a Standing Committee Member of the Chinese People's Political Consultative Conference in Shandong Province, the People's Republic of China.

The board of directors ("Board") of the Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance with emphasis on transparency, independence and accountability. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders and comply with increasingly tightened regulatory requirements.

The Code on Corporate Governance Practices ("CGP Code") issued by The Stock Exchange of Hong Kong Limited ("Stock Exchange") in its Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") sets out two levels of corporate governance practices, ie, mandatory code provisions that a listed company must comply with or explain its non-compliance, and recommended best practices that listed companies are encouraged to comply with but need not disclose in the case of non-compliance. The Company is in compliance with the mandatory code provisions of the CGP Code, save for the deviations discussed below.

THE BOARD

The Board is responsible for guiding and leading the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders.

The Board currently comprises two Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The Board has established committees to oversee different areas of the Company's affairs. The composition of the Board and the committees are given below and their respective responsibilities are discussed in this report. The Board members have no financial, business, family or other material/relevant relationships with each other.

The numbers of Board Meetings and meetings of various committees attended by each Director during the year under review are set out in the following table. Figure in brackets indicates maximum number of meetings in the period in which the individual could attend as a Board member and member of various committees, as the case may be.

		Meetings Attended/(Held)			
	Note	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Executive Directors					
Mr. Zhong Guoxing	*1*	7/(7)	N/A	1/(1)	1/(1)
Mr. Zhang Guodong		6/(7)	N/A	N/A	N/A
Non-executive Director					
Ms. Liang Huixin		5/(7)	N/A	N/A	N/A
Independent Non-executive Directors					
Dr. Dong Ansheng		5/(7)	1/(2)	1/(1)	1/(1)
Mr. Wu Fengchun	*2*	3/(3)	N/A	N/A	N/A
Mr. Hung Hing Man		7/(7)	2/(2)	1/(1)	1/(1)
Dr. Tam Hok Lam, Tommy, *JP*	*3*	2/(2)	1/(1)	N/A	N/A

Notes:

1. *Also appointed as Chief Executive Officer on 11 June 2010.*
2. *Resigned on 19 March 2010.*
3. *Appointed on 11 June 2010.*

Each of the Independent Non-executive Directors have confirmed in writing their independence from the Company in accordance with the guidelines on director independence of the Listing Rules. On this basis, the Company considers all such Directors to be independent.

Biographical details of the Directors of the Company as at the date of this report are set out on pages 5 to 6 of this annual report. Given the composition of the Board and the skills, knowledge and expertise of the Director, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders. The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

The Directors are remunerated with reference to their respective duties and responsibility with the Company, the Company's performance and current market situation. Details of emoluments of the Directors from the Group for the year are disclosed in Note 14 to the financial statements.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointment of any new Director are considered upon recommendation by the Nomination Committee and approved by the Board by taking into account criteria such as expertise, experience, integrity and commitment.

In accordance with the Bye-laws of the Company ("Bye-laws"), all Directors (except the Chairman and/or Managing Director) are subject to retirement by rotation and re-election at annual general meetings of the Company. New Directors appointed by the Board during the year are required to retire and submit themselves for re-election at the first annual general meeting immediately following their appointments. Further, at each annual general meeting, one-third of the Directors (excluding the Chairman and/or Managing Director), or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third are required to retire from office.

The existing Bye-laws governing the retirement of Directors deviate from the CGP Code provisions in the following aspects: (i) unlike the other Directors, the Chairman and/or Managing Director is not subject to retirement by rotation; (ii) new Directors appointed to fill casual vacancies are subject to election by shareholders at the first annual general meeting instead of the first general meeting after their appointments; and (iii) the Directors who are subject to retirement by rotation are not explicitly subject to retirement at least once every three years. The Board may review the above-mentioned practice from time to time and consider amending the Bye-laws when necessary.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same person. No Board Chairman has been appointed by the Company, and decisions are made collectively by the Executive Directors. Since 11 June 2010, the position of CEO has been assumed by Mr. Zhong Guoxing, an Executive Director of the Company. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election. Currently, all Independent Non-executive Directors have no specific term of office with the Company. All of them are subject to retirement by rotation in accordance with Company's Bye-laws. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

AUDIT COMMITTEE

The Audit Committee comprises all Independent Non-executive Directors and is chaired by Dr. Dong Ansheng. The Committee is responsible for review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedures. The Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records and external auditors and senior management.

The Audit Committee has specific written terms of reference which are of no less exacting terms than those stipulated in Code provision.

The Group's consolidated financial statements for the year ended 31 December 2010 have been reviewed and approved by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee, comprised all Independent Non-executive Directors and the CEO, is responsible for reviewing and determining the compensation and benefits of the Directors and senior management. The Remuneration Committee is chaired by an Independent Non-executive Director.

The Remuneration Committee has specific written terms of reference which are of no less exacting terms than those stipulated in the Code Provision.

NOMINATION COMMITTEE

The Nomination Committee, comprised all Independent Non-executive Directors and the CEO, is responsible for reviewing and making recommendation to the Board on matters relating to the Board structure and appointment and re-appointment of Directors. The Nomination Committee is chaired by an Independent Non-executive Director.

The Nomination Committee has specific written terms of reference which are of no less exacting terms than those stipulated in the Code Provision.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable assurance against material misstatement or loss, and to oversee the Group's operational systems for the achievement of the Group's business objectives.

AUDITOR'S REMUNERATION

SHINEWING (HK) CPA Limited has been the independent auditor of the Company since 23 September 2009. Total auditors remuneration in relation to statutory audit work of the Group amounted to HK$600,000 (2009: HK$625,000). No cost was incurred for other non-audit services provided by the auditor for the Company and its subsidiaries during the year.

The responsibilities of the auditor with respect to financial reporting are set out in the section of "Independent Auditor's Report" on page 17.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

COMMUNICATION WITH SHAREHOLDERS

The Company attaches great priority to establishing effective communications with its shareholders and investors. As a means of communications, the Company provides information relating to the Company and its business in its interim and annual reports.

The Company regards its annual general meetings as an opportunity for direct communications between the Board and its shareholders. All Directors, senior management and external auditors make an effort to attend the annual general meetings to address shareholders' queries. The Company also responds to requests for information and queries from the shareholders and investors and welcomes the views of shareholders on matters concerning the Group and encourages them to attend shareholders' meetings to communicate any concerns they might have with the Board or management direct.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the principal subsidiaries and the jointly controlled entity are set out in detail in notes 41 and 23, respectively, to the financial statements. There was no change in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 31 December 2010 is set out in note 8 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2010 and the state of affairs of the Group at that date are set out in the financial statements on pages 19 to 26.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2010 (2009: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 31 December 2010, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 87. The summary is not part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 18 to the financial statements.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group are set out in note 20 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 36 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group are set out in note 43 to the financial statements and on page 24 respectively.

DISTRIBUTABLE RESERVES

At 31 December 2010 the Company did not have any reserves available for distribution to equity shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for more than 30% of the total sales for the year, and the purchases attributable of the five largest suppliers accounted for less than 30% of the Group's total purchases. Information about major customers are set out in note 8 to the financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Zhong Guoxing	(Also appointed as CEO on 11 June 2010)
Mr. Zhang Guodong	

Non-executive Director

Ms. Liang Huixin

Independent Non-executive Directors

Dr. Dong Ansheng	
Mr. Wu Fengchun	(Resigned on 19 March 2010)
Mr. Hung Hing Man	
Dr. Tam Hok Lam, Tommy, *JP*	(Appointed on 11 June 2010)

Dr. Tam Hok Lam, Tommy shall retire at the AGM in accordance with Bye-law 100 and Dr. Dong Ansheng and Mr. Zhong Guoxing shall retire at the AGM in accordance with Bye-law 109(A); and all being eligible, offer themselves for re-election as Directors at the AGM.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information on directors of the Company are set out below:

(a) Dr. Tam Hok Lam, Tommy has been appointed as an Independent Non-executive Director of the Company as well as a member respectively of Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from 11 June 2010.

(b) Mr. Zhong Guoxing has been appointed as the Chief Executive Officer of the Company in addition to his capacity of Executive Director of the Company with effect from 11 June 2010.

(c) Changes in directors' emoluments during the year are set out in note 14 to the consolidated financial statements.

DIRECTORS' SERVICE AGREEMENTS

Mr. Zhang Guodong, Mr. Zhong Guoxing and Ms. Liang Huixin have each entered into a service agreement with the Company for an initial term of three years commencing on 1 March 2009, 11 August 2009 and 11 August 2009 respectively and shall continue thereafter unless terminated in accordance with the terms of the service agreements.

None of the Independent Non-executive Directors have entered into a service agreement with the Company. They have no specific term of office but shall be subject to retirement by rotation and be eligible for re-election at the AGM of the Company pursuant to the Bye-laws.

None of the Directors entered into a service agreement with the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had any beneficial interest, either direct or indirect, in any significant contract to which the Company, any of its holding companies or any of its subsidiaries was a party at the year end date or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31 December 2010, none of the Directors were interested in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with business of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2010, the interests of Directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by our Company pursuant to Section 352 of the SFO, or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Type of interests	Number of shares held	Percentage of interest
Mr. Zhong Guoxing *(Note)*	Family	550,000	0.01%

Note: Mr. Zhong is deemed to have a family interest in the said shares held by his spouse.

SUBSTANTIAL SHAREHOLDERS

At as 31 December 2010, the following parties were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

(a) Long position in the Shares:

	No. of ordinary shares of HK$0. 50 each			
Name of substantial shareholder	Personal interests	Corporate interests	Total	Shareholding percentage
Mr. Liang Wenguan ("Mr. Liang")	125,412,000	1,689,549,171 *(Note)*	1,814,961,171	46.14%

Note: *The said shares were held by Madex International Company Limited, a company which is 100% owned by Mr. Liang.*

As at 31 December 2010, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

(b) Long position in the shares of the subsidiaries of the Company:

Name of subsidiary	Name of substantial shareholder	Percentage of Shareholding
Binshou Huifeng Three-Dimension Agriculture Development Ltd.* (濱州惠豐三維農業發展有限公司)	Wuli County Donghuang Agiculture Development Centre* (無棣縣東黃農業綜合開發中心)	49%

* *for identification purpose only*

Save as disclosed above, as at 31 December 2010, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company), who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 44 to the financial statements.

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.

CONNECTED TRANSACTIONS AND MATERIAL RELATED PARTY TRANSACTIONS

Details of the connected transactions and material related party transactions are provided in note 37 to the financial statements.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company or its subsidiaries during the year, which are or may be material:

(a) On 8 January 2010, New China IQ Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Gainway Enterprises Limited HK$31,756,800 to acquire an office premises situated on 30th Floor, West Tower, Shun Tak Centre, No. 168-200 Connaught Road Central, Hong Kong for use as the Group's Hong Kong Head Office.

(b) On 23 February 2010, Dynamic Global Development Limited, a wholly owned subsidiary of the Company, entered into a share mortgage agreement with The Bank of East Asia, Limited to charge the entire share capital of New China IQ Limited for a loan of HK$21,500,000.00.

(c) On 22 June 2010, Dynamic Progress Development Limited, a wholly owned subsidiary of the Company, entered into an agreement of pledge of equity interests with The Bank of East Asia, Limited to pledge all the equity interests of Harbin Dynamic Global Property Co. Ltd. for a facility of up to HK$40,000,000.

(d) By a joint venture agreement dated 2 July 2010 ("Agreement") entered into between Madex Trading Limited (盛明貿易有限公司) ("Madex Trading"), a wholly owned subsidiary of the Company, Worldpro International Investment Limited（世茂國際投資有限公司）("Worldpro") and Madex (Zhuhai) Limited（盛明（珠海）有限公司）("Joint Venture") in relation to, among others, the establishment of the Joint Venture by Madex Trading and Worldpro and the contribution of HK$35 million in cash by Madex Infrastructure in the Joint Venture as its paid-up capital. The Joint Venture is principally engaged in property development and provision of management services in the PRC. Detailed information of the aforesaid was set out in the announcement of the Company dated 2 July 2010;

(e) By an agreement dated 12 August 2010 entered into between Dynamic Global Development Limited ("D.G. Development") (as vendor), a wholly-owned subsidiary of the Company, and Shanghai Ensheng Investment Administration Limited ("Shanghai Ensheng")（上海恩盛投資管理有限公司）(as purchaser), pursuant to which Shanghai Ensheng agreed to acquire and D.G. Development agreed to sell the entire share capital of Fairyoung (Shanghai) Properties Limited（惠揚（上海）置業有限公司）("Fairyoung"), a wholly-owned subsidiary of the Company, together with all the liabilities due from D.G. Development to Fairyoung for a consideration of HK$1. Detailed information of the aforesaid was set out in the announcement of the Company dated 12 August 2010; and

(f) On 24 November 2010, Fortune House Worldwide Holdings Limited (as Vendor), a wholly-owned subsidiary of the Company, entered into an agreement with Wide Charm Holdings Ltd. (as Purchaser), pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the entire share capital of 3 indirect wholly-owned subsidiaries of the Company, which collectively held the entire equity interests of Nanzhang Shuijinghu Resort Hotel Company Limited (南漳水鏡湖度假村酒店有限責任公司).

CONTINGENT LIABILITIES

Details of the contingent liabilities are provided in note 42 to the financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date hereof, there is sufficient public float of not less than 25% of the Company's issued shares as required by the Listing Rules.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2010 have been audited by SHINEWING (HK) CPA Limited "SHINEWING". SHINEWING was appointed on 23 September 2009 as the independent auditor of the Company to fill the casual vacancy following the retirement of CCIF CPA Limited on 30 June 2009. SHINEWING will retire at the conclusion of the forthcoming annual general meeting ("AGM") and, being eligible, offer itself for reappointment at the AGM. A resolution for reappointment of SHINEWING as auditor of the Company will be proposed at the AGM.

ON BEHALF OF THE BOARD

Zhang Guodong
Executive Director

Hong Kong, 25 March 2011

INDEPENDENT AUDITOR'S REPORT

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF MADEX INTERNATIONAL (HOLDINGS) LIMITED
(Formerly known as Dynamic Global Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Madex International (Holdings) Limited (formerly known as Dynamic Global Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 86, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated income statement, 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 in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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.

INDEPENDENT AUDITOR'S REPORT

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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group's current liabilities exceeded its current assets by approximately HK$58,397,000 as at 31 December 2010. This condition indicates the existence of a material uncertainty which may cast doubt about the Group's ability to continue as going concern.

SHINEWING (HK) CPA LIMITED
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
25 March 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000 (Restated)
Continuing operations			
Revenue	9	**24,814**	22,568
Cost of sales		**(7,205)**	(6,355)
Gross profit		**17,609**	16,213
Other revenue	9	**1,593**	414
Negative goodwill on acquisition of additional interest in a subsidiary	34	**–**	4,136
Gain on disposal of subsidiaries	35(ii)	**5,643**	–
Fair value changes on investment property	20	**18,233**	28,345
Impairment loss recognised in respect of trade and other receivables		**(1,592)**	(16,701)
Share of profits of a jointly controlled entity		**843**	–
Distribution costs		**(62)**	(1,385)
Administrative expenses		**(22,154)**	(25,161)
Finance costs	10	**(6,513)**	(4,801)
Profit before tax		**13,600**	1,060
Income tax expenses	11	**(4,558)**	(7,456)
Profit (loss) for the year from continuing operations	13	**9,042**	(6,396)
Discontinued operation			
Profit (loss) for the year from discontinued operation	12	**43,947**	(11,774)
Profit (loss) for the year		**52,989**	(18,170)

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000 (Restated)
Profit (loss) for the year attributable to:			
Owners of the Company			
– Profit (loss) for the year from continuing operations		**10,322**	(6,583)
– Profit (loss) for the year from discontinued operation		**43,947**	(11,774)
Profit (loss) for the year attributable to owners of the Company		**54,269**	(18,357)
Non-controlling interests			
– (Loss) profit for the year from continuing operations		**(1,280)**	187
– Profit for the year from discontinued operation		**–**	–
(Loss) profit for the year attributable to non-controlling interests		**(1,280)**	187
		52,989	(18,170)
Earnings (loss) per share	17		
From continuing and discontinued operations			
– Basic and diluted		**1.38 cents**	(0.48) cents
From continuing operations			
– Basic and diluted		**0.26 cents**	(0.17) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (Restated)
Profit (loss) for the year	**52,989**	(18,170)
Other comprehensive income (expense)		
Exchange differences on translation of foreign operations:		
Exchange differences arising during the year	**13,401**	–
Reclassification adjustments relating to foreign operation disposed of during the year	**(21,675)**	–
Total comprehensive income (expense) for the year	**44,715**	(18,170)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**45,793**	(18,357)
Non-controlling interests	**(1,078)**	187
	44,715	(18,170)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	18	**37,096**	4,075
Prepaid lease payments	19	**4,572**	5,549
Investment property	20	**367,811**	331,066
Intangible asset	21	**46,961**	48,205
Available-for-sale investments	22	**–**	–
Interest in a jointly controlled entity	23	**35,843**	–
Deposit paid for acquisition of a property	24	**–**	1,000
		492,283	389,895
Current assets			
Inventories	25	**748**	2,727
Trade and other receivables	26	**18,983**	6,388
Pledged bank balances	27	**3,479**	3,258
Bank balances and cash	27	**28,467**	64,446
		51,677	76,819
Current liabilities			
Trade and other payables	28	**38,955**	68,882
Bank borrowings	29	**70,909**	8,929
Tax liabilities		**210**	1,216
Provisions	30	**–**	230
		110,074	79,257
Net current liabilities		**(58,397)**	(2,438)
Total assets less current liabilities		**433,886**	387,457

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	NOTES	**2010** **HK$'000**	2009 HK$'000
Capital and reserves			
Share capital	36	**196,667**	196,667
Reserves		**96,163**	50,370
Equity attributable to owners of the Company		**292,830**	247,037
Non-controlling interests		**4,500**	5,578
Total equity		**297,330**	252,615
Non-current liabilities			
Bank borrowings	29	**83,421**	88,433
Deferred tax liabilities	31	**53,135**	46,409
		136,556	134,842
		433,886	387,457

The consolidated financial statements on pages 19 to 86 were approved and authorised for issue by the board of directors on 25 March 2011 and are signed on its behalf by:

Zhong Guoxing
Director

Zhang Guodong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company							
	Share capital HK$'000	**Share premium** HK$'000	**Capital redemption reserve** HK$'000	**Translation reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2009	180,625	124,177	52	28,560	(90,479)	242,935	60,527	303,462
(Loss) profit for the year	–	–	–	–	(18,357)	(18,357)	187	(18,170)
Total comprehensive (expense) income for the year	–	–	–	–	(18,357)	(18,357)	187	(18,170)
Acquisition of additional interest in a subsidiary *(note 34)*	–	–	–	–	–	–	(55,136)	(55,136)
Shares issued pursuant to acquisition of an intangible asset through acquisition of a subsidiary *(note 33)*	16,042	6,417	–	–	–	22,459	–	22,459
At 31 December 2009	196,667	130,594	52	28,560	(108,836)	247,037	5,578	252,615
At 1 January 2010	**196,667**	**130,594**	**52**	**28,560**	**(108,836)**	**247,037**	**5,578**	**252,615**
Profit (loss) for the year	**–**	**–**	**–**	**–**	**54,269**	**54,269**	**(1,280)**	**52,989**
Other comprehensive (expense) income	**–**	**–**	**–**	**(8,476)**	**–**	**(8,476)**	**202**	**(8,274)**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**(8,476)**	**54,269**	**45,793**	**(1,078)**	**44,715**
At 31 December 2010	**196,667**	**130,594**	**52**	**20,084**	**(54,567)**	**292,830**	**4,500**	**297,330**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (restated)
OPERATING ACTIVITIES		
Profit before tax from continuing operations	**13,600**	1,060
Profit (loss) before tax from discontinued operation	**43,947**	(11,774)
Profit (loss) before tax	**57,547**	(10,714)
Adjustments for:		
Depreciation for property, plant and equipment	**2,414**	964
Amortisation of prepaid lease payments	**208**	218
Amortisation of intangible asset	**3,258**	2,254
Gain on disposal of subsidiaries	**(50,532)**	–
Impairment loss recognised in respect of trade and other receivables	**1,592**	25,064
Write-back of other payables	**(1,172)**	–
Fair value changes on investment property	**(18,233)**	(28,345)
Finance costs	**6,513**	4,801
Interest income	**(284)**	(342)
Loss on disposal of property, plant and equipment	**465**	2
Share of profits of a jointly controlled entity	**(843)**	–
Allowance for obsolete inventories	**253**	–
Negative goodwill on acquisition of additional interest in a subsidiary *(Note 34)*	**–**	(4,136)
Operating cash flows before movements in working capital	**1,186**	(10,234)
Decrease in inventories	**1,422**	496
(Increase) decrease in trade and other receivables	**(15,977)**	995
(Decrease) increase in trade and other payables	**(508)**	3,017
Decrease in provisions	**–**	(1,553)
Cash used in operations	**(13,877)**	(7,279)
Income tax paid	**–**	(160)
Net cash used in operating activities	**(13,877)**	(7,439)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (restated)
INVESTING ACTIVITIES		
Capital contribution to a jointly controlled entity	**(35,000)**	–
Addition to investment property	**(3,376)**	–
Decrease in long-term other receivable	**–**	5,682
Interest received	**284**	342
Proceeds on disposal of property, plant and equipment	**33**	7
Increase in pledged bank balances	**(221)**	(327)
Purchase of property, plant and equipment	**(34,986)**	(340)
Net cash inflow on disposal of subsidiaries *(Note 35)*	**2,699**	–
Deposit paid for acquisition of property, plant and equipments	**–**	(1,000)
Cash payment for acquisition of an intangible asset through acquisition of a subsidiary	**–**	(8,000)
Acquisition of additional interest in a subsidiary	**–**	(39,649)
Net cash used in investing activities	**(70,567)**	(43,285)
FINANCING ACTIVITIES		
New bank borrowings raised	**61,500**	100,908
Repayments of bank borrowings	**(8,469)**	(60,661)
Interest paid	**(6,513)**	(4,801)
Repayments of obligations under finance leases	**–**	(956)
Net cash from financing activities	**46,518**	34,490
Net decrease in cash and cash equivalents	**(37,926)**	(16,234)
Cash and cash equivalents at 1 January	**64,446**	80,680
Effect of foreign exchange rate changes	**1,947**	–
Cash and cash equivalents at 31 December	**28,467**	64,446

1. GENERAL

Madex International (Holdings) Limited (formerly known as Dynamic Global Holdings Limited) (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent company and the ultimate holding company is Madex International Company Limited ("Madex International") (incorporated in Western Samoa). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of the annual report.

The name of the Company was changed from Dynamic Global Holdings Limited into Madex International (Holdings) Limited pursuant to a special resolution passed at a special general meeting of the Company held on 16 April 2010 and took effect upon the approval of the Registrar of Companies of Bermuda granted on 29 April 2010.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is Renminbi ("RMB"). The board of directors considered that it is more appropriate to present the consolidated financial statements in HK$ as the shares of the Company are listed on the Stock Exchange.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in note 41.

2. BASIS OF PREPARATION

The Group's current liabilities exceeded its current assets by approximately HK$58,397,000 as at 31 December 2010. Nevertheless, the consolidated financial statements of the Group have been prepared by the directors on a going concern basis.

In the opinion of directors, the Group is able to maintain itself as a going concern in the coming year by taking into consideration that:

(i) the Group is able to generate positive cash flows from its continuing operations,

(ii) Zhu Hai Port Plaza Development Company Limited ("Zhu Hai Port"), a subsidiary of the Company's ultimate holding company, has granted a standby facility to the Company with limit up to RMB50,000,000 (approximately HK$59,172,000), which is available for use by the Company up to 3 July 2012, and

(iii) bank loans with the aggregate carrying amount of approximately HK$49,153,000 that are repayable more than one year after the end of the reporting period per loan agreements, with repayment on demand clause, have been classified as current liabilities as at 31 December 2010 in order to comply with the requirements set out in Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. Taking into account the Group's financial position, the directors believe that the bank will not exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Accordingly, the directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

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

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 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$49,153,000 (2009: nil) have been classified as current liabilities as at 31 December 2010. 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 that reflects the remaining contractual maturities.

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

AMENDMENT TO HKFRS 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations issued in 2009, as part of the Improvements to HKFRSs clarifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It states that disclosure requirements of other HKFRSs do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs have specific disclosure requirement in respect of such asset (or disposal groups); or the disclosures relate to the measurement of an individual asset or assets, as part of a disposal group which follows other HKFRSs and the information is not disclosed elsewhere in the consolidated financial statements.

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

AMENDMENT TO HKAS 17 LEASES

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the leasee.

In accordance with transitional provisions of HKAS 17 Leases, the Group reassessed the classification of land element of unexpired leases at 1 January 2010 based on information which existed at the inception of these leases. No leasehold land which met finance lease classification have been reclassified from prepaid lease payment to property, plant and equipment retrospectively. As at 31 December 2010, leasehold lands which met finance lease classification have been classified to property, plant and equipment with carrying amount of approximately HK$2,119,000.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosure – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosure[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 February 2010.
[3] Effective for annual periods beginning on or after 1 July 2010.
[4] Effective for annual periods beginning on or after 1 January 2011.
[5] Effective for annual periods beginning on or after 1 July 2011.
[6] Effective for annual periods beginning on or after 1 January 2012.
[7] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at 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 period. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 liabilities that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of that 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 recognised in profit or loss.

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

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 24 Related Party Disclosure (as revised in 2009) modifies the definition of a related party and simplifies disclosure for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group, because the Group is not a government-related entity.

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

The amendments to HKAS 32 titled Classification of Right Issues address the classification of certain right issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangement that would fall within the scope of the amendment. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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.

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

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

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

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

ALLOCATION OF TOTAL COMPREHENSIVE INCOME TO NON-CONTROLLING INTERESTS

Total comprehensive income and expenses 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 deficit 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 were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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. When assets of the subsidiary are carried 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 relevant assets (i.e. reclassified to profit or loss or transferred directly to accumulated losses). 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. 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVESTMENTS IN ASSOCIATES *(Continued)*

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

INTEREST IN A JOINTLY CONTROLLED ENTITY

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

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

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

REVENUE RECOGNITION

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

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

Royalty income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including buildings held for use in the production or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

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

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

INVESTMENT PROPERTY

Investment property is a property held to earn rentals and/or for capital appreciation.

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

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.

INTANGIBLE ASSETS

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IMPAIRMENT LOSSES ON TANGIBLE AND INTANGIBLE ASSETS

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

LEASING

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

The Group as lessor

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASING *(Continued)*

The Group as lessee

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

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

LEASEHOLD LAND FOR OWN USE

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. 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.

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.

FOREIGN CURRENCIES

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES *(Continued)*

For the purpose 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. HK$) 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 year, 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 under the heading of the translation reserve (attributed to non-controlling interest as appropriate).

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, a disposal involving loss of joint control over a jointly controlled entity 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.

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), 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 that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

BORROWING COSTS

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

RETIREMENT BENEFIT COSTS

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense 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 income statement because it excludes items of income or expenses 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION *(Continued)*

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a jointly controlled entity, 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 profits will be available to allow all or part of the asset to be recovered.

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

INVENTORIES

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

CASH AND CASH EQUIVALENTS

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROVISION

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including available-for-sale investments and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 the debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (continued)

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as loans and receivables.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank balances and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see the accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment losses on financial assets

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

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

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

– significant financial difficulty of the issuer or counterparty; or
– breach of contract, such as default or delinquency in interest or principal payments; or
– it becoming probable that the borrower will enter into 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 assets, such as trade and other 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 and observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (continued)

Impairment losses on financial assets *(continued)*

For financial assets carried at amortised cost, 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 and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other 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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

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

The Group's financial liabilities are generally classified into other financial liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity instruments (continued)

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.

Interest is recognised on an effective interest basis.

Other financial liabilities

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

Equity instruments

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

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

The following are the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Going concern basis

The assessment of the going concern assumptions involves making judgement by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The management considers that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumption are set out in note 2.

(ii) Potential litigation

As detailed in note 42, the Group had received legal letters from an independent third party for claims of rights under a past distribution contract during the year. The directors are of the opinion that after having sought the legal advice from the Company's lawyers, the claims can be successfully defended, and no provision is required to be made in the consolidated financial statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The followings 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 and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment and estimation on depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different from those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Fair value of investment property

Investment property is carried in the consolidated statement of financial position at their fair value. The fair value was based on a valuation on these properties conducted by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, professional independent valuers not connected to the Group, using property valuation techniques which involve making assumptions on certain market conditions, favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment property and the corresponding adjustments to the gain or loss recognised in the consolidated income statement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(iii) Estimated impairment loss on an intangible asset

Intangible asset is tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to impairment loss. The recoverable amount is the value-in-use. The value-in-use calculation requires the directors of the Company to estimate the future cash flows expected to arise from the relevant cash generating unit and a suitable discount rate is used in order to calculate the present value.

(iv) Estimated impairment loss on trade and other receivables

The Group maintains an allowance for estimated loss arising from the inability of its individual customers to make the required payments. The Group makes its estimates based on the history of its client, such as financial difficulties or default payments and current market conditions. If the financial condition of its individual customers was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 December 2010, the carrying amount of trade and other receivables was approximately HK$18,983,000, net of allowance for doubtful debts of approximately HK$21,547,000 (2009: carrying amount of approximately HK$6,388,000, net of allowance for doubtful debts of approximately HK$28,287,000).

(v) Estimated provision for current and deferred taxation

The Group is subject to taxation in the PRC. Significant judgement is required in determining the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liabilities in the period in which such determination is made.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which included the bank borrowings disclosed in note 29, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

There is no change in the capital risk management policy adopted by the Company during the two years ended 31 December 2010 and 31 December 2009.

The Group is not subject to any externally imposed capital requirements.

7. FINANCIAL INSTRUMENTS

a) CATEGORIES OF FINANCIAL INSTRUMENTS

	2010 HK$'000	2009 HK$'000
Financial assets		
Available-for-sale investments	**–**	–
Loan and receivables		
– Trade and other receivables	**14,865**	5,576
– Pledged bank balances	**3,479**	3,258
– Bank balances and cash	**28,467**	64,446
	46,811	73,280
	46,811	73,280
Financial liabilities		
Other financial liabilities at amortised cost		
– Trade and other payables	**32,663**	63,279
– Bank borrowings	**154,330**	97,362
	186,993	160,641

b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings. The Group has various other financial assets and liabilities such as available-for-sale investments, trade and other receivables, pledged bank balances, bank balances and cash, trade and other payables, which arise directly from its operation. The main purpose of these financial instruments is to raise finance for the Group's operations. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate 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.

7. FINANCIAL INSTRUMENTS *(continued)*

b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk

(i) Foreign currency risk

The functional currency of certain subsidiaries is RMB since all of the revenue of the Group are derived from operations in the PRC. In relation to the fluctuation on RMB against HK$, the Group considers that exchange risk arising from those currencies does not have significant financial impact to the Group. No hedging or other alternatives have been implemented during the year. The Group will consider hedging significant foreign currency exposure should the need arise. Other than the above, the Group did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

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

	Liabilities	
	2010	2009
	HK$'000	HK$'000
Hong Kong dollar	**40,000**	–

Sensitivity analysis

The Group is mainly exposed to the currency of HK$.

The following table details the Group's sensitivity to a 5% (2009: 5%) increase and decrease in RMB against the relevant foreign currency. 5% (2009: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in post-tax profit where RMB strengthen 5% (2009: 5%) against the relevant currency. For a 5% (2009: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

	HKD impact	
	2010	2009
	HK$'000	HK$'000
Profit or loss	**2,000**	–

7. FINANCIAL INSTRUMENTS *(continued)*

b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk (continued)

(ii) Interest rate risk

The Group is preliminary exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 29) and cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings at prevailing market rates (see notes 27 and 29). The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The directors of the Company consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity periods.

Interest rate sensitivity

If interest rates had been 25 (2009: 25) 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 HK$306,000 (2009: HK$74,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and bank borrowings.

The 25 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

Credit risk

As at 31 December 2010, 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 is arising 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 and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain degree of concentration of credit risk as 92% (2009: 67%) and 100% (2009: 91%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. However, the directors consider the credit risk is under control since the management exercise due care in granting credit and check the financial background of these customers on a regular basis.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

7. FINANCIAL INSTRUMENTS *(continued)*

b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk (continued)

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of the total trade receivable as at 31 December 2010 and 2009.

Liquidity risk

In the management of the liquidity risk, the Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and long term.

The Group is exposed to liquidity risk as at 31 December 2010 as the Group had net current liabilities of approximately HK$58,397,000 (2009: HK$2,438,000). The liquidity of the Group primarily depends on the future funding being available and the ability of the Group to meet its financial obligations as they fall due. Details are set out in note 2.

The following table details the Group's remaining contractual maturities 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 analysis for other non-derivative financial liabilities is prepared based on the scheduled 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 interest rate curve at the end of the reporting period.

As at 31 December 2010

	Effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flows	Carrying amount
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and other payables		32,663	–	–	–	32,663	32,663
Bank borrowings	4.84%	76,379	17,144	53,334	29,081	175,938	154,330
		109,042	17,144	53,334	29,081	208,601	186,993

7. FINANCIAL INSTRUMENTS *(continued)*

b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk (continued)

As at 31 December 2009

	Effective interest rate	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables		63,279	–	–	–	63,279	63,279
Bank borrowings	5.94%	9,362	11,206	44,902	55,915	121,385	97,362
		72,641	11,206	44,902	55,915	184,664	160,641

c) FAIR VALUE

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term maturities.

8. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performances focuses more specifically on the nature of industries.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Property leasing	Property leased in Harbin for rental income and resort operation in Nanzhang
Right to receive royalty fee	Royalty fee related to the royalty right leasing in Zhuhai
Trading of goods	Trading of goods in Harbin and Binzhou

The operation of property development was discontinued in the current year. The segment information reported on the next pages does not include any amounts for the discontinued operation, which are described in more detail in note 12.

8. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUES 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

	Property leasing HK$'000	**Right to receive royalty fee** HK$'000	**Trading of goods** HK$'000	**Total** HK$'000
Revenue	16,392	5,747	2,675	24,814
Segment profit (loss)	29,689	(311)	(1,070)	28,308
Unallocated corporate expenses				(14,965)
Unallocated other revenue				284
Gain on disposal of subsidiaries				5,643
Share of profits of a jointly controlled entity				843
Finance costs				(6,513)
Profit before tax from continuing operations				13,600

For the year ended 31 December 2009

	Property leasing HK$'000	Right to receive royalty fee HK$'000	Trading of goods HK$'000	Total HK$'000
Revenue	16,518	3,962	2,088	22,568
Segment profit (loss)	41,631	574	(871)	41,334
Unallocated corporate expenses				(35,815)
Unallocated other revenue				342
Finance costs				(4,801)
Profit before tax from continuing operations				1,060

8. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUES AND RESULTS *(continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, directors' emoluments, share of profits of a jointly controlled entity, gain on disposal of subsidiaries, impairment loss recognised in respect of other receivables, negative goodwill, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

SEGMENT ASSETS AND LIABILITIES

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

Segment assets	**2010 HK$'000**	2009 HK$'000
Property leasing	**369,151**	333,905
Right to receive royalty fee	**53,542**	50,767
Trading of goods	**7,419**	9,276
Total segment assets	**430,112**	393,948
Assets relating to property development (now discontinued)	**–**	1,586
Unallocated corporate assets	**113,848**	71,180
Consolidated assets	**543,960**	466,714

Segment liabilities	**2010 HK$'000**	2009 HK$'000
Property leasing	**13,592**	15,441
Right to receive royalty fee	**11,965**	11,937
Trading of goods	**268**	268
Total segment liabilities	**25,825**	27,646
Liabilities relating to property development (now discontinued)	**–**	28,549
Unallocated corporate liabilities	**220,805**	157,904
Consolidated liabilities	**246,630**	214,099

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

– all assets are allocated to reportable segment assets other than other receivables, interest in a jointly controlled entity, equipment of head office, pledged bank balances and bank balances and cash.

– all liabilities are allocated to reportable segment liabilities other than bank borrowings, tax liabilities, deferred tax liabilities and other payables.

8. SEGMENT INFORMATION *(continued)*

OTHER SEGMENT INFORMATION

For the year ended 31 December 2010

Continuing operations:

	Property leasing HK$'000	**Right to receive royalty fee** HK$'000	**Trading of goods** HK$'000	**Unallocated** HK$'000	**Total** HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets *(note)*	3,406	971	709	69,276	74,362
Depreciation of property, plant and equipment	219	72	292	1,810	2,393
Loss on disposal of property, plant and equipment	–	–	309	156	465
Amortisation of prepaid lease payments	79	–	129	–	208
Fair value changes on investment property	(18,233)	–	–	–	(18,233)
Amortisation of an intangible asset	–	3,258	–	–	3,258
Impairment loss recognised in respect of trade receivables	–	–	428	–	428

Note: Non-current assets excluded available-for-sale investments.

	Property leasing HK$'000	**Right to receive royalty fee** HK$'000	**Trading of goods** HK$'000	**Unallocated** HK$'000	**Total** HK$'000
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	268	12	3	1	284
Interest expenses	5,689	–	–	824	6,513
Income tax expenses	4,558	–	–	–	4,558

8. SEGMENT INFORMATION *(continued)*

OTHER SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2009

Continuing operations:

	Property leasing HK$'000	Right to receive royalty fee HK$'000	Trading of goods HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets *(note)*	5	50,516	245	1,020	51,786
Depreciation of property, plant and equipment	251	6	310	357	924
Loss on disposal of property, plant and equipment	–	–	1	–	1
Amortisation of prepaid lease payments	218	–	–	–	218
Fair value changes on investment property	(28,345)	–	–	–	(28,345)
Amortisation of an intangible asset	–	2,254	–	–	2,254

Note: Non-current assets excluded available-for-sale investments.

	Property leasing HK$'000	Right to receive royalty fee HK$'000	Trading of goods HK$'000	Unallocated HK$'000	Total HK$'000
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	257	3	1	79	340
Interest expenses	4,694	–	–	107	4,801
Income tax expenses	7,086	210	160	–	7,456

8. SEGMENT INFORMATION *(continued)*

GEOGRAPHICAL INFORMATION

The Group operates in two principal geographical areas – the PRC (excluding Hong Kong) and Hong Kong (country of domicile).

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

	Revenue from external customers		**Non-current assets** *(note)*	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**24,814**	22,568	**458,885**	387,602
Hong Kong	**–**	–	**33,398**	2,095
	24,814	22,568	**492,283**	389,697

Note: Non-current assets excluded those relating to the discontinued operation and available-for-sale investments.

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers of the corresponding years contributing over 10% of the turnover of the Group is as follows:

	2010	2009
	HK$'000	HK$'000
Customer A[1]	**16,392**	16,518
Customer B[2]	**5,747**	3,962

1 Revenue from property leasing

2 Revenue from right to receive royalty fee

9. REVENUE AND OTHER REVENUE

Revenue represents revenue arising on sales of finished goods, gross rental income from investment property and royalty income for the year. An analysis of the Group's revenue for the year is as follows:

	2010 HK$'000	2009 HK$'000
Continuing operations		
Revenue		
Gross rental income from investment property *(note)*	**16,392**	16,518
Royalty income	**5,747**	3,962
Trading of goods	**2,675**	2,088
	24,814	22,568

	2010 HK$'000	2009 HK$'000
Continuing operations		
Other revenue		
Interest income from banks	**284**	340
Write-back of other payables	**1,172**	–
Sundry income	**137**	74
	1,593	414

Note: The direct operating expenses of approximately HK$2,269,000 (2009: HK$2,464,000) was incurred from investment property that generated rental income during the year.

10. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Continuing operations		
Interest expenses on:		
– bank borrowings and other interest bearing borrowings wholly repayable within five years	**524**	–
– bank borrowings and other interest bearing borrowings wholly repayable over five years	**5,989**	4,694
– obligations under finance leases wholly repayable within five years	**–**	107
	6,513	4,801

11. INCOME TAX EXPENSES

	2010 HK$'000	2009 HK$'000
Continuing operations		
Current tax		
PRC Enterprise Income Tax		
– Current year	–	370
	–	370
Deferred tax		
– Current year *(note 31)*	4,558	7,086
	4,558	7,456

No provision for Hong Kong profits tax has been made for the year ended 31 December 2010 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the year (2009: Nil).

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

Under the Enterprise Income Tax ("EIT") Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$15,128,000 (2009: HK$8,368,000) as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

The tax charge for the years can be reconciled to the profit before tax per the consolidated income statement as follows:

	2010 HK$'000	2009 HK$'000
Profit before tax from continuing operations	13,600	1,060
Tax at the domestic income tax rate of 25% (2009: 25%)	3,400	265
Tax effect of share of profits of jointly controlled entity	(211)	–
Tax effect of expenses not deductible for tax purpose	3,619	6,657
Tax effect of income not taxable for tax purpose	(3,061)	(1,150)
Tax effect of unused tax losses not recognised	811	1,684
Tax charge for the year relating to continuing operations	4,558	7,456

11. INCOME TAX EXPENSES *(continued)*

The Group has tax losses arising in Hong Kong and the PRC of approximately HK$125,541,000 (2009: HK$125,541,000) and HK$3,831,000 (2009: HK$45,629,000) respectively. The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The tax losses arising in the PRC are available for offsetting against future five years taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profits streams.

12. DISCONTINUED OPERATION

On 12 August 2010, Dynamic Global Development Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement to dispose of Fairyoung (Shanghai) Properties Limited ("Fairyoung (Shanghai)"), which carried out all of the Group's property development operations (the "Disposal"), to an independent third party. Since Fairyoung (Shanghai) has been inactive since late 2008, it is unable to generate any revenue or income to the Group. The Directors consider that the Disposal represents a good opportunity for the Group to realise Fairyoung (Shanghai) and to strengthen the financial position of the Group.

The comparative profit (loss) and cash flows from discontinued operation have been re-presented to include the operation classified as discontinued in the current year.

The Disposal was completed on 30 September 2010.

12. DISCONTINUED OPERATION *(continued)*

The results of the property development operations for the period from 1 January 2010 to 30 September 2010, which have been included in the consolidated income statement, were as follows:

	Period ended 30 September 2010 HK$'000	Year ended 31 December 2009 HK$'000
Profit (loss) for the year from discontinued operation		
Other revenue	**–**	51
Expenses	**(942)**	(11,825)
Loss before tax	**(942)**	(11,774)
Attributable income tax expense	**–**	–
	(942)	(11,774)
Gain on the Disposal *(note 35(i))*	**44,889**	–
	44,889	–
Profit (loss) for the year from the discontinued operation	**43,947**	(11,774)
Profit (Loss) for the year from discontinued operation include the following:		
Staff cost:		
Other staff cost	**211**	1,034
Depreciation for property, plant and equipment	**21**	40
Loss on disposal of property, plant and equipment	**–**	1
Impairment loss recognised in respect of trade and other receivables	**–**	8,363

No tax charge or credit arose on gain on discontinuance of the operation.

	Period ended 30 September 2010 HK$'000	Year ended 31 December 2009 HK$'000
Cash flows from discontinued operation:		
Net cash flows from operating activities	**697**	(590)
Net cash inflows (outflows)	**697**	(590)

The carrying amounts of the assets and liabilities of Fairyoung (Shanghai) at the date of disposal are disclosed in note 35(i).

13. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

Profit (loss) for the year has been arrived at after charging:

	2010	2009
	HK$'000	HK$'000
Continuing operations		
Staff costs:		
Directors' emoluments *(note 14)*	**2,258**	4,934
Other staff cost	**2,538**	3,486
Retirement benefit scheme contributions (excluding directors)	**51**	67
Total staff costs	**4,847**	8,487
Amortisation of an intangible asset (included in cost of sales)	**3,258**	2,254
Amortisation of prepaid lease payments	**208**	218
Depreciation for property, plant and equipment	**2,393**	924
Total depreciation and amortisation	**5,859**	3,396
Auditors' remuneration	**600**	625
Minimum lease payments under operating lease charges	**876**	2,370
Loss on disposal of property, plant and equipment	**465**	1
Allowance for obsolete inventories	**253**	–
Cost of inventories recognised as an expense	**1,229**	1,312

14. DIRECTORS' EMOLUMENTS

The emolument paid or payable to each of the 7 (2009: 9) directors were as follows:

For the year ended 31 December 2010

	Fees HK$'000	Salaries and other benefits HK$'000	Contractual compensation for loss of office HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Zhang Guodong	–	803	–	–	803
Zhong Guoxing	–	650	–	–	650
	–	1,453	–	–	1,453
Non-executive director					
Liang Huixin	390	–	–	–	390
Independent non-executive directors					
Dong Ansheng	150	–	–	–	150
Wu Fengchun (resigned on 19 March 2010)	32	–	–	–	32
Hung Hing Man	150	–	–	–	150
Tam Hok Lam, Tommy (appointed on 11 June 2010)	83	–	–	–	83
	415	–	–	–	415
	805	1,453	–	–	2,258

14. DIRECTORS' EMOLUMENTS *(continued)*

For the year ended 31 December 2009

	Fees HK$'000	Salaries and other benefits HK$'000	Contractual compensation for loss of office HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Zhang Guodong (appointed on 1 March 2009)	–	542	–	–	542
Zhong Guoxing (appointed on 11 August 2009)	–	254	–	–	254
Chen Jung Hsin (ceased on 19 August 2009)	–	1,042	1,134	8	2,184
Li Wing Sum, Steven (retired on 30 June 2009)	–	534	840	6	1,380
	–	2,372	1,974	14	4,360
Non-executive director					
Liang Huixin (appointed on 11 August 2009)	152	–	–	–	152
Independent non-executive directors					
Dong Ansheng	152	–	–	–	152
Wu Fengchun (resigned on 19 March 2010)	152	–	–	–	152
Hung Hing Man (appointed on 23 September 2009)	41	–	–	–	41
Poon Chiu (resigned on 1 July 2009)	77	–	–	–	77
	422	–	–	–	422
	574	2,372	1,974	14	4,934

Note 1: All the fees, salaries and other benefits, contractual compensation for loss of office and retirement benefit scheme contributions were paid or payable by the Company.

Note 2: None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group during the two years ended 31 December 2010 and 2009 and no compensation for loss of office were paid for the year ended 31 December 2010.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2009: three) were directors of the Company whose emoluments included in the disclosure in note 14 above. The emoluments of the remaining two (2009: two) individuals are as follows:

	2010	2009
	HK$'000	HK$'000
Salaries, allowance and other benefits	**979**	1,275
Retirement benefit scheme contributions	**24**	22
	1,003	1,297

Their emoluments were within the following band:

	Number of individuals	
	2010	2009
Nil to HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group. No amount (2009: approximately HK$1,974,000) was paid to the Group's directors as compensation for loss of office during the year ended 31 December 2010.

16. DIVIDENDS

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

17. EARNINGS (LOSS) PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

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

	2010	2009
	HK$'000	HK$'000
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company	**54,269**	(18,357)

	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**3,933,329,504**	3,837,517,907

Diluted earnings (loss) per share and basic earnings (loss) per share for each of the year ended 31 December 2010 and 2009 were the same as there were no potential ordinary shares outstanding for both years.

17. EARNINGS (LOSS) PER SHARE *(continued)*

FROM CONTINUING OPERATIONS

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

	2010 **HK$'000**	2009 HK$'000
Earnings (loss) figures are calculated as follows:		
Profit (loss) for the year attributable to owners of the Company	**54,269**	(18,357)
Less:		
(Profit) loss for the year from discontinued operation	**(43,947)**	11,774
	10,322	(6,583)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

FROM DISCONTINUED OPERATIONS

Basic and diluted earnings per share for the discontinued operation is HK1.12 cents per share (2009: basic and diluted loss of HK0.31 cents per share) based on the profit for the year from the discontinued operation of approximately HK$43,947,000 (2009: loss for the year from the discontinued operation of approximately HK$11,774,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 January 2009	–	26,741	1,478	713	8,611	3,255	40,798
Additions	–	–	–	–	340	–	340
Disposals	–	–	–	–	(11)	–	(11)
At 31 December 2009 and 1 January 2010	–	26,741	1,478	713	8,940	3,255	41,127
Exchange adjustments	–	735	–	–	209	160	1,104
Additions	2,167	31,440	771	–	637	971	35,986
Derecognised on disposal of a subsidiary	–	(26,442)	–	–	(5,058)	(1,027)	(32,527)
Disposals	–	(258)	(1,478)	–	(1,380)	–	(3,116)
At 31 December 2010	2,167	32,216	771	713	3,348	3,359	42,574
DEPRECIATION AND IMPAIRMENT							
At 1 January 2009	–	25,876	1,478	713	6,673	1,350	36,090
Charge for the year	–	104	–	–	506	354	964
Elimination on disposals	–	–	–	–	(2)	–	(2)
At 31 December 2009 and 1 January 2010	–	25,980	1,478	713	7,177	1,704	37,052
Exchange adjustments	–	728	–	–	144	87	959
Charge for the year	48	1,390	103	–	352	521	2,414
Eliminated on disposal of a subsidiary	–	(26,442)	–	–	(5,058)	(829)	(32,329)
Elimination on disposal	–	(72)	(1,478)	–	(1,068)	–	(2,618)
At 31 December 2010	48	1,584	103	713	1,547	1,483	5,478
CARRYING VALUES							
At 31 December 2010	2,119	30,632	668	–	1,801	1,876	37,096
At 31 December 2009	–	761	–	–	1,763	1,551	4,075

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion
- Leasehold land — Over the lease terms
- Leasehold improvements — Over the lease terms
- Plant and machinery — 10-15 years
- Furniture and equipment — 5-15 years
- Motor vehicles — 4-10 years

Leasehold land and buildings with carrying amount of approximately HK$31,903,000 (2009: Nil) has been pledged to a bank to secure the Group's bank borrowings of approximately HK$60,444,000 (2009: Nil). Details are set out in note 32.

19. PREPAID LEASE PAYMENTS

	2010	2009
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current asset (included in other receivables)	**133**	218
Non-current asset	**4,572**	5,549
	4,705	5,767
The Group's prepaid lease payments comprise:		
Leasehold land in PRC		
Medium-term lease	**4,705**	5,767
	4,705	5,767

20. INVESTMENT PROPERTY

	2010 HK$'000	2009 HK$'000
FAIR VALUE		
As at 1 January	**331,066**	302,721
Additions	**3,376**	–
Exchange adjustments	**15,136**	–
Net increase in fair value recognised in profit or loss	**18,233**	28,345
At 31 December	**367,811**	331,066

The Group's investment property as at 31 December 2010 and 2009 was situated in the PRC and was held under medium-term lease.

The fair value of the Group's investment property as at 31 December 2010 and 2009 has been arrived at on the basis of a valuation carried out on that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, independent qualified professional valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the same locations and conditions.

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 property.

As at 31 December 2010 and 31 December 2009, the Group's investment property was pledged to secure the Group's bank borrowings of approximately HK$93,886,000 (2009: HK$97,362,000). Details are set out in note 32.

21. INTANGIBLE ASSET

	Right to receive royalty fee HK$'000
At 1 January 2009	–
Addition during the year *(note 33)*	50,459
Amortisation for the year	(2,254)
At 31 December 2009	48,205
Exchange adjustments	2,014
Amortisation for the year	(3,258)
At 31 December 2010	46,961

21. INTANGIBLE ASSET *(continued)*

The intangible asset of the Group as at 31 December 2010 represented the right to receive royalty fee acquired from Zhuhai City Guo Xiang Investment and Consultancy Limited, an independent third party of the Group, during the year ended 31 December 2009. The Group's right to receive royalty fee last for 16 years and expiring on 31 December 2024, at an annual royalty fee of RMB5,000,000 (approximately HK$5,669,000) to RMB7,800,000 (approximately HK$8,844,000), pursuant to a management agreement.

The consideration for the acquisition of right to receive royalty fee was satisfied by cash of HK$28,000,000 and 320,837,000 newly issued consideration shares of the Company of HK$0.07, being the closing share price of the Company at the completion date of the acquisition. The transaction was completed on 20 April 2009 and the fair value of the intangible asset as at the completion date was considered to be approximately HK$50,459,000. As at 31 December 2010 and 2009, part of the consideration of HK$10,000,000 (note 28) was not yet settled and included in trade and other payables.

The above intangible asset has definite useful lives and is amortised over 16 years using the straight-line method.

Details are set out in the announcements of the Company dated 11 December 2008 and 19 January 2009 respectively.

22. AVAILABLE-FOR-SALE INVESTMENTS

	2010 **HK$'000**	2009 HK$'000
Unlisted equity securities *(note(a))*	**34,500**	34,500
Less: Impairment loss	**(34,500)**	(34,500)
	–	–
Add: Transfer from interests in associates *(note(b))*	**–**	–
	–	–

22. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes:

(a) The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated overseas. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(b) During the year ended 31 December 2009, the Group recorded available-for-sale investments at nil carrying value, which transferred from the interests in associates. In prior years, the Group had a former director of the Company to represent the Group's interests in the associates. During the year ended 31 December 2009, the director has been removed by the board of the directors of the Company. Subsequently, the Group failed to appoint another new director to represent the Group in the associates and was not able to attend any board meetings of the associates. The directors considered the Group was not able to exercise significant influence on the operating and financing activities on the associates since then and the associates have been reclassified as available-for-sale investments since the removal of the ex-director. Accordingly, the Group's interests in associates held by the Group were accounted for as available-for-sale investments at carrying value, which were considered nil by the directors.

23. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2010 HK$'000	2009 HK$'000
Cost of unlisted investment	**35,000**	–
Share of post-acquisition profit	**843**	–
	35,843	–

(a) As at 31 December 2010, the Group had interest in the following jointly-controlled entity:

Name of company	Particulars of issued shares held	Place of incorporation/ registration	Principal place of operation	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Madex (Zhuhai) Limited ("Madex (Zhuhai)")	Ordinary share of US$1 each	British Virgin Island	PRC	49% *(note d)*	50%	49% *(note d)*	Property development and provision of management services

(b) On 2 July 2010, Madex Trading Limited ("Madex Trading"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Grand Ocean Investment Company Limited ("Grand Ocean") (formerly known as Worldpro International Investment Limited) ("Worldpro") for the establishment of Madex (Zhuhai).

23. INTEREST IN A JOINTLY CONTROLLED ENTITY *(continued)*

(c) Madex (Zhuhai) is held as to 49% and 51% by Madex Trading and Grand Ocean respectively, as such Madex (Zhuhai) has a paid-up capital of HK$35 million which was contributed solely by Madex Trading in cash. Grand Ocean contributes to Madex (Zhuhai) by procuring 珠海市保利三好有限公司 ("保利三好"), a non-wholly owned subsidiary of Grand Ocean, to enter into a management agreement with Madex (Zhuhai) as well as injection of management skill, marketing and selling strategy.

(d) A supplemental agreement was signed between Madex Trading and Grand Ocean that Grand Ocean can only start to have its 51%-sharing on the financial result and net financial position of Madex (Zhuhai) if a management agreement (the "Management Agreement") dated 2 July 2010 entered into between Madex (Zhuhai) and 保利三好 for provision of property management services to 保利三好 has been commenced. As the Management Agreement has not yet been commenced in 2010, 100% of the financial result and net assets of Madex Zhuhai has been shared by the Group for the year ended 31 December 2010.

(e) The summarised financial information of the Group's interest in the jointly-controlled entity which is accounted for using the equity method is set out below:

	2010 **HK$'000**	2009 HK$'000
Current assets	**8,009**	–
Non-current assets	**28,000**	–
Current liabilities	**(166)**	–
Net assets	**35,843**	–

Share of the jointly-controlled entity's results:

	2010 **HK$'000**	2009 HK$'000
Other income	**1,009**	–
Tax	**(166)**	–
Profit after tax	**843**	–

24. DEPOSITS PAID FOR ACQUISITION OF A PROPERTY

	2010 **HK$'000**	2009 HK$'000
Deposit paid for acquisition of a property	**–**	1,000

On 23 December 2009, the Group entered into a preliminary agreement for the acquisition of a property of approximately HK$31,756,800 in Hong Kong for the use as the Group's office premises. HK$1,000,000 had been paid as deposit. The transaction was completed on 26 February 2010.

25. INVENTORIES

	2010 HK$'000	2009 HK$'000
Properties held for sales	–	358
Finished goods	748	2,369
	748	2,727

The properties held for sales were situated in the PRC and held under medium-term leases.

26. TRADE AND OTHER RECEIVABLES

	2010 HK$'000	2009 HK$'000
Trade receivables	6,496	12,041
Less: allowance for doubtful debts	(428)	(7,541)
	6,068	4,500
Other receivables	8,747	591
Prepayment and deposits	4,168	1,297
	18,983	6,388

The credit period granted to the Group's trade receivables generally ranges from 30 to 120 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2010 HK$'000	2009 HK$'000
Within 3 months	1,463	1,406
4 to 6 months	1,463	2,192
Over 6 months	3,142	902
Total	6,068	4,500

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

26. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for doubtful debts of trade receivables:

	2010 **HK$'000**	2009 HK$'000
As at 1 January	**7,541**	278
Impairment loss recognised	**428**	7,572
Bad debts written off on trade receivables	**(7,541)**	(309)
As at 31 December	**428**	7,541

At the end of the reporting period, the Group's trade receivables were individually determined to be impaired. The individually impaired trade receivables of approximately HK$428,000 (2009: HK$7,541,000) are recognised based on the history of its client, such as financial difficulties or default payments and current market conditions. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts of other receivables:

	2010 **HK$'000**	2009 HK$'000
As at 1 January	**20,746**	–
Transfer from amount due from associates	**–**	3,254
Impairment loss recognised	**1,164**	17,492
Bad debts written off on other receivables	**(791)**	–
As at 31 December	**21,119**	20,746

At the end of the reporting period, the Group's other receivables were individually determined to be impaired. The individually impaired other receivables of approximately HK$21,119,000 (2009: HK$20,746,000) are recognised based on the history of its client, such as financial difficulties or default payments and current market conditions. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances.

Ageing analysis of trade receivables which are past due but not impaired:

	2010 **HK$'000**	2009 HK$'000
Neither past due nor impaired	**1,463**	1,406
Less than 3 months past due	**1,463**	2,192
Less than 6 months past due	**1,463**	–
Over 6 months past due	**1,679**	902
	6,068	4,500

26. TRADE AND OTHER RECEIVABLES *(continued)*

The average age of these receivables is 154 days (2009: 30 days).

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. The Group does not hold any collateral over theses balances.

27. PLEDGED BANK BALANCES AND BANK BALANCES AND CASH

	2010 **HK$'000**	2009 HK$'000
Pledged bank balances *(note (a))*	**3,479**	3,258
Bank balances and cash *(note (b))*	**28,467**	64,446
	31,946	67,704

Notes:

(a) The pledged bank balances of approximately HK$3,479,000 (2009: HK$3,258,000) were pledged to a bank to secure the bank borrowings as disclosed in note 32. The pledged bank balances carry fixed interest rate of 2.25% (2009: 2.25%) per annum. The pledged bank balances will be released upon the settlement of the relevant bank borrowings. As the pledged bank balances are expected to be released within one year, it was classified as current asset.

(b) At 31 December 2010, the balances that were placed with banks in the PRC amounted to approximately HK$11,508,000 (2009: HK52,209,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government. Bank balances carry interest at floating rates based on daily bank deposit rates for both years.

28. TRADE AND OTHER PAYABLES

	2010 **HK$'000**	2009 HK$'000
Trade payables	**–**	24,842
Other payables and accrued charges	**18,284**	24,243
Outstanding consideration for acquisition of an intangible asset through acquisition of a subsidiary *(note 21)*	**10,000**	10,000
Refundable deposits received	**4,379**	4,194
Rental received in advance	**6,292**	5,603
	38,955	68,882

28. TRADE AND OTHER PAYABLES *(continued)*

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

	2010 **HK$'000**	2009 HK$'000
Over 6 months but less than 1 year	**–**	–
Over 1 year but less than 2 years	**–**	–
Over 2 years	**–**	24,842
	–	24,842

The average credit period on purchases of goods is up to 90 days. As at 31 December 2010, there were no retention monies held by the Group for contract work (2009: approximately HK$24,842,000) included in trade payables.

29. BANK BORROWINGS

	2010 **HK$'000**	2009 HK$'000
The carrying amount of secured bank borrowings is repayable:		
Within one year	**21,756**	8,929
In more than one year but not more than two years	**12,180**	11,197
In more than two years but not more than five years	**43,634**	38,691
In more than five years	**27,607**	38,545
	105,177	97,362
Carrying amount of bank loans 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)	**49,153**	–
	154,330	97,362
Less: amount due within one year shown under current liabilities	**(70,909)**	(8,929)
	83,421	88,433

During the year ended 31 December 2010, the Group entered into loan agreements with a bank for loans facilities amounting to approximately HK$61,500,000 with variable interest rates of 1.5% to 2.25% per annum over Hong Kong Interbank Offered Rate.

During the year ended 31 December 2009, the Group entered into a loan agreement with a bank for loans facilities amounting to approximately HK$100,908,000 (equivalent to approximately RMB89,000,000) with interest rate of 5.94% per annum which was by reference to the benchmark 5-year bank loan interest rate quoted by the People's Bank of China. For the current year, interest rate of 6.4% was charged.

29. BANK BORROWINGS *(continued)*

Except for the secured bank loan of approximately HK$93,886,000 (2009: HK$97,362,000) which is denominated in RMB, all other borrowings are in HK$.

As at 31 December 2010, bank borrowings of approximately HK$154,330,000 (2009: HK$97,362,000) was guaranteed by a substantial shareholder of the Company, Mr. Liang Wenguan.

30. PROVISIONS

The movements of the provisions are as follows:

	Provision for compensations HK$'000
At 1 January 2009	1,783
Settlements made *(Note (a))*	(1,553)
At 31 December 2009 and 1 January 2010	230
Exchange adjustments	10
Derecognised on disposal of a subsidiary *(Note (b))*	(240)
At 31 December 2010	–

Fairyoung (Shanghai) entered into contracts ("Pre-sale Contracts") with buyers since 2003 for the pre-sale of its properties under development for sale (the "Properties"). According to the terms of the Pre-sale Contracts, if the Properties were not assigned to the buyers on or before 31 December 2004, the buyers were eligible for compensations at the rate of 0.02% per day on deposits paid as from 1 January 2005 until the properties are assigned to the buyers. The Properties were completed and assigned to buyers on 23 May 2007. More than 300 buyers took legal actions against Fairyoung (Shanghai) for compensations since 2005. Accordingly, provision for compensation was made.

(a) During the year ended 31 December 2009, approximately RMB1,370,000 (approximately HK$1,553,000) have been paid for the provision for compensations.

(b) Upon disposal of Fairyoung (Shanghai), the provisions have been fully derecognised during the year.

31. DEFERRED TAX LIABILITIES

	2010 HK$'000	2009 HK$'000
At 1 January	**46,409**	39,323
Charged to consolidated income statement *(note 11)*	**4,558**	7,086
Exchange adjustment	**2,168**	–
At 31 December	**53,135**	46,409

The deferred tax liabilities for the year ended 31 December 2010 arise from fair value changes on investment property of the Group.

32. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group or borrowings of the Group (see note 29):

	2010 HK$'000	2009 HK$'000
Leasehold land and buildings *(note 18)*	**31,903**	–
Investment property *(note 20)*	**367,811**	331,066
Bank balances *(note 27)*	**3,479**	3,258
	403,193	334,324

In addition, the Group has pledged its entire equity interest in its wholly-owned subsidiaries, New China IQ Limited, Dynamic Progress Development Limited and Harbin Dynamic Global Property Co., Ltd. ("Harbin Dynamic"), to secure banking facilities granted to the Group.

33. ACQUISITION OF AN INTANGIBLE ASSET THROUGH ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2009, the Group acquired the entire interest in Zhuhai City Xiang Quan Hotel from an independent third party which was mainly holding an intangible asset as set out in note 21 for a consideration of approximately HK$50,459,000, which was satisfied by cash of HK$28,000,000 and an aggregate of 320,837,000 new shares of the Company. The acquisition had been accounted for as an acquisition of intangible asset as the net asset included in the subsidiary was the intangible assets only. For details, please refer to the announcement of the Company dated 11 December 2008 and 19 January 2009 respectively. The effect of the acquisition is summarised as follows:

Asset acquired:

	HK$'000
Intangible asset	50,459
Total consideration satisfied by:	
Cash	28,000
Issue of new shares	22,459
	50,459

Analysis of net outflow of cash and cash equivalents arising in acquisition of assets through a subsidiary:

– Deposit paid during the year ended 31 December 2008	10,000
– Cash paid during the year ended 31 December 2009	8,000
– Outstanding consideration payable as at 31 December 2009 *(note 28)*	10,000
	28,000

34. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

ACQUISITION OF 30% ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY DURING THE YEAR ENDED 31 DECEMBER 2009

On 24 November 2008, Dynamic Progress Development Limited ("Dynamic Progress") entered into an agreement with Zhuhai Rongye Technology Development Limited, the non-controlling interest of a subsidiary, Harbin Dynamic, to acquire its 30% equity interest in Harbin Dynamic at a consideration of HK$51,000,000 (approximately RMB44,931,000). The acquisition was completed on 8 April 2009 and the consideration was fully settled by cash during the year ended 31 December 2009. After the completion of the acquisition, the Group's interest in Harbin Dynamic increased from 70% to 100%. The negative goodwill on acquisition of additional interest in a subsidiary of approximately HK$4,136,000 has been credited to the consolidated income statement.

35. DISPOSAL OF SUBSIDIARIES

(i) DISPOSAL OF 100% EQUITY INTEREST IN FAIRYOUNG (SHANGHAI) DURING THE YEAR ENDED 31 DECEMBER 2010

On 30 September 2010, the Group disposed of Fairyoung (Shanghai) which carried out all of its properties development operation to an independent third party. The consideration for the disposal is HK$1.

Consideration received

	HK$'000
Consideration received in cash and cash equivalents	–
Total consideration received	–

Analysis of asset and liabilities over which control was lost

	HK$'000
Current assets	
Inventories	374
Trade and other receivables	1,704
Bank balances and cash	800
Non-current asset	
Property, plant and equipment	198
Current liabilities	
Trade and other payables	(28,197)
Tax liabilities	(1,050)
Provisions	(240)
Net liabilities disposed	(26,411)

Gain on disposal of a subsidiary

	HK$'000
Consideration received and receivable	–
Net liabilities disposed of	26,411
Cumulative exchange differences in respect of the net liabilities of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	18,478
Gain on disposal	44,889

35. DISPOSAL OF SUBSIDIARIES *(continued)*

(i) DISPOSAL OF 100% EQUITY INTEREST IN FAIRYOUNG (SHANGHAI) DURING THE YEAR ENDED 31 DECEMBER 2010 *(continued)*

Net cash outflow on disposal of a subsidiary

	HK$'000
Consideration received in cash and cash equivalents	–
Less: bank balances and cash disposed of	(800)
	(800)

(ii) DISPOSAL OF 100% EQUITY INTEREST IN EASY CARRY TRADING LIMITED ("EASY CARRY"), PROFIT GUARD INTERNATIONAL LIMITED ("PROFIT GUARD") AND TURBO JET DEVELOPMENT LIMITED ("TURBO JET") DURING THE YEAR ENDED 31 DECEMBER 2010

On 24 November 2010, the Group disposed of Easy Carry, Profit Guard and Turbo Jet which in aggregate owned 100% equity interest in Nanzhang Shuijinghu Resort Hotel Company Limited (南漳水鏡湖度假村酒店有限責任公司) which carried resort operation in Nanzhang.

Consideration received

	HK$'000
Consideration received in cash and cash equivalents	3,500
Total consideration received	3,500

Analysis of asset and liabilities over which control was lost

	HK$'000
Current assets	
Trade receivables	1
Bank balances and cash	1
Non-current asset	
Prepaid lease payments	1,102
Current liabilities	
Trade and other payables	(50)
Net assets disposed	1,054

35. DISPOSAL OF SUBSIDIARIES *(continued)*

(ii) DISPOSAL OF 100% EQUITY INTEREST IN EASY CARRY TRADING LIMITED ("EASY CARRY"), PROFIT GUARD INTERNATIONAL LIMITED ("PROFIT GUARD") AND TURBO JET DEVELOPMENT LIMITED ("TURBO JET") DURING THE YEAR ENDED 31 DECEMBER 2010 *(continued)*

Gain on disposal of subsidiaries

	HK$'000
Consideration received and receivable	3,500
Net assets disposed of	(1,054)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	3,197
Gain on disposal	5,643

Net cash inflow on disposal of subsidiaries

	HK$'000
Consideration received in cash and cash equivalents	3,500
Less: bank balances and cash disposed of	(1)
	3,499

36. SHARE CAPITAL

	2010			2009		
	No. of share	Per Share HK$	Amount HK$'000	No. of share	Per Share HK$	Amount HK$'000
Authorised						
Ordinary shares of HK$0.05 each	60,000,000,000	0.05	3,000,000	60,000,000,000	0.05	3,000,000
Issued and fully paid						
At 1 January	3,933,329,504	0.05	196,667	3,612,492,504	0.05	180,625
Issue of new shares *(Note)*	–	–	–	320,837,000	0.05	16,042
At 31 December	3,933,329,504	0.05	196,667	3,933,329,504	0.05	196,667

Note:

On 20 April 2009, 320,837,000 new shares ("Consideration Shares") of the Company were issued at HK$0.07 each as part of the consideration of the acquisition of an intangible asset through acquisition of a subsidiary. The Consideration Shares were credited as fully paid upon completion of the acquisition.

The new share ranks pari passu in all respects with the existing shares.

37. RELATED PARTY TRANSACTIONS

a) During the years ended 31 December 2010 and 2009, the Group entered into following transactions with its related parties:

(i) During the year ended 31 December 2010, Mr. Liang Wenguan, controlling shareholder of the Company, provided a personal guarantee to the bank for the repayment of the bank loan of approximately HK$61,500,000 (2009: HK$100,908,000).

(ii) During the year ended 31 December 2010, Zhu Hai Port has provided a corporate guarantee to secure the recoverability of the amount of HK$35 million loaned to 保利三好 from Madex (Zhuhai).

b) Compensation of directors and key management personnel of the Group:

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

	2010 HK$'000	2009 HK$'000
Salaries and other short-term employee benefits	**3,237**	4,221
Retirement benefit scheme contributions	**24**	36
Compensation for loss of office	**–**	1,974
	3,261	6,231

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

38. MAJOR NON-CASH TRANSACTION

On 20 April 2009, the Company completed the acquisition of an intangible asset through acquisition of a subsidiary with consideration of HK$50,459,000, of which HK$10,000,000 was already paid during the year ended 31 December 2008 by cash and recorded as deposits as of 31 December 2008. During the year ended 31 December 2009, a cash of HK$8,000,000 was paid. In addition, the remaining balance was settled by issuing 320,837,000 new consideration shares of the Company of HK$0.07 each at the completion date. As at 31 December 2010, the remaining cash consideration of HK$10,000,000 was not yet settled.

39. COMMITMENTS

a) OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases its investment property and has the right to receive royalty fee under operating lease arrangements, with the leases negotiated for terms ranging from ten to sixteen years (2009: ten to sixteen years). The terms of the leases also require the tenants and operator to pay security deposits.

As at 31 December 2010 and 2009, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**25,303**	22,676
In the second to fifth year	**114,060**	105,740
Over five years	**118,971**	141,759
	258,334	270,175

The leases of investment property in 2010 and 2009 and the right to receive royalty fee in 2010 are expected to generate rental yields of approximately 4.83% to 12.6% on an ongoing basis. The investment property and the right to receive royalty fee have committed tenants and operator for the next seven years and fourteen years respectively.

The Group as lessee

At 31 December 2010 and 2009, the Group had total future minimum lease payments under the non-cancellable operating lease falling due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**95**	647
In the second to fifth year, inclusive	**–**	40
	95	687

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average of 2 years and rentals are fixed for average of 2 years.

39. COMMITMENTS *(continued)*

b) AT THE END OF THE REPORTING PERIOD, THE GROUP HAD THE FOLLOWING CAPITAL COMMITMENTS:

	2010 **HK$'000**	2009 HK$'000
Contracted for but not provided in the consolidated financial statements:		
– Office premise	**–**	30,757

40. RETIREMENT BENEFIT SCHEME

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

The employees of the Group's subsidiaries in the PRC are members of a state-sponsored retirement plan organised by the municipal government under the regulations of the PRC and these subsidiaries make mandatory contributions to the state-sponsored retirement plan to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiaries are based on a percentage of the eligible employees' salaries and are charged to the income statement as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan organised by the municipal government in the PRC.

The Group does not have any other pension schemes for its employees in respect of the subsidiaries outside Hong Kong and the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2010 in respect of the retirement of its employees.

The total cost charged to the consolidated income statement of approximately HK$51,000 (2009: HK$81,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

41. PRINCIPAL SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 31 December 2010 and 2009 are as follows:

Name	Place of incorporation/ registration and operations	Particular of issued and fully paid capital/ registered capital	Proportion ownership interest and voting power held by the Company indirectly 2010	2009	Principal activities
Dynamic Global Development Limited	Hong Kong	HK$4 (note(i))	**100%**	100%	Investment holding
Harbin Dynamic Global Property Co., Ltd	PRC	RMB65,000,000	**100%**	100%	Property leasing
珠海市百力行酒店管理有限公司	PRC	RMB1,000,000	**100%**	100%	Operating right leasing
Binzhou Huifeng Sanwei Co., Ltd	PRC	US$1,250,000	**51%**	51%	Trading of goods

Note:

i) The issued share capital of Dynamic Global Development Limited comprises two voting ordinary shares of HK$1 each and two non-voting deferred shares of HK$1 each.

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

None of the subsidiaries had issued any debt securities subsisting at the end of the year or any time during the year.

42. CONTINGENT LIABILITIES

During the year, the Group has received a legal letter from an independent third party in respect of dispute arising from a past exclusive distributorship agreement. Alleged losses of RMB12,000,000 were claimed to have been suffered by the independent third party. Based on the latest circumstances and legal advice obtained, the directors will prepare defence actions in relation to the claims.

The directors considered that the Group had a valid and strong ground for defence as the independent third party has no right to enter into any exclusive distributorship agreement. As a result, the possibility of the Group to lose the case is remote and the Group is not expected to suffer material financial losses arising from such litigation, if any. Accordingly, no provision for any claim amount and other costs were made as at 31 December 2009 and 2010 in the consolidated financial statements.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2010 HK$'000	2009 HK$'000
Non-current asset		
Interests in subsidiaries *(Note (a))*	**433,834**	384,671
Current assets		
Other receivables	**3,503**	472
Bank balances and cash	**19**	6,740
	3,522	7,212
Current liabilities		
Other payables	**3,182**	3,112
Amounts due to subsidiaries *(Note (b))*	**113,062**	142,738
Bank borrowings	**40,000**	–
	156,244	145,850
Net current liabilities	**(152,722)**	(138,638)
Total assets less current liabilities	**281,112**	246,033
Capital and reserves		
Share capital	**196,667**	196,667
Reserves *(Note (c))*	**84,445**	49,366
Total equity	**281,112**	246,033

Notes:

(a) INTERESTS IN SUBSIDIARIES

	The Company	
	2010 **HK$'000**	2009 HK$'000
Unlisted shares at cost	**633,132**	633,132
Amounts due from subsidiaries	**582,943**	531,980
	1,216,075	1,165,112
Less: Impairment losses	**(782,241)**	(780,441)
	433,834	384,671

Amounts due from subsidiaries are unsecured, interest-free and not repayable within one year.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes: (continued)

(b) AMOUNTS DUE TO SUBSIDIARIES

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

(c) RESERVES

	Share premium HK$'000	Contributed surplus reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2009	124,177	115,419	52	(102,365)	137,283
Shares issued pursuant to acquisition of an intangible asset through acquisition of a subsidiary	6,417	–	–	–	6,417
Total comprehensive expense for the year	–	–	–	(94,334)	(94,334)
At 31 December 2009 and 1 January 2010	130,594	115,419	52	(196,699)	49,366
Total comprehensive income for the year	–	–	–	35,079	35,079
At 31 December 2010	130,594	115,419	52	(161,620)	84,445

44. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2011, Quick Silver Global Enterprises Limited ("Quick Silver"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement (the "Acquisition Agreement"), with Mr. Liang Wenguan ("Mr Liang"), a controlling shareholder holding directly and indirectly in aggregate approximately 46.14% of the issued shares of the Company as at 11 March 2011 and Profit China Investments Development Limited ("Profit China"), a company beneficially wholly-owned by Mr. Liang. Pursuant to the Acquisition Agreement, Quick Silver conditionally agreed to acquire the entire equity interest in Glory Point Investments Limited ("Glory Point") and Da Hong Investments Limited ("Da Hong") and the entire amount of loan owing from any member(s) of Glory Point, Da Hong and their subsidiaries (the "Target Group") to Profit China as at the date of Acquisition Agreement at the consideration of approximately HK$1,213,551,000.

The principal assets of the Target Group are the properties situated in Chongqing, the PRC, comprising properties for commercial uses, management offices and car parks.

The consideration is to be satisfied by Quick Silver in the following manner:

(a) as to approximately HK$481,140,000 by way of issue of the consideration shares of the Company to Profit China upon the date of completion; and

(b) as to approximately HK$732,411,000 by way of full conversion of three convertible notes at the initial conversion price of HK$0.128 per conversion share with a total of approximately 5,721,961,000 conversion shares to be issued.

Details are set out in the announcement of the Company dated 11 March 2011.

FIVE YEAR FINANCIAL SUMMARY

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, are as set out below:

	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000
RESULTS					
Revenue	**24,814**	22,568	66,114	185,253	20,210
Profit/(loss) attributable to owners of the Company	**54,269**	(18,357)	(27,134)	54,387	(76,654)
ASSETS AND LIABILITIES					
Total assets	**543,960**	466,714	459,510	430,064	347,277
Total liabilities	**(246,630)**	(214,099)	(156,048)	(409,295)	(422,710)
Non-controlling interests	**(4,500)**	(5,578)	(60,527)	(56,011)	(21,650)
Equity attributable to owners of the Company	**292,830**	247,037	242,935	(35,242)	(97,083)

SCHEDULE OF INVESTMENT PROPERTY

Description	Use	Area	Percentage of attributable interest
North East Corner Central Avenue & Huapu Street Harbin, Helongjiang Province, The People's Republic of China	Commercial	Gross area – approximately 13,923 sq. metre	100