

T h e m e

Theme International Holdings Limited

(Incorporated in Bermuda with limited liability) (Stock code: 990)



2011
Annual Report

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Chairman's Statement

Affected by the global economic crisis, the retail market of Taiwan is still weak this year. The Group has taken a series of actions in promoting its sales. The revenue of the Group has increased by 5.4% this year and profit margin has been successfully maintained at 56.7%, almost the same as 2010. Although the loss of the Group has increased from HK\$47.6 million in 2010 to HK\$64.7 million in 2011, the increase is primarily resulted from the full year effect of the share-based compensation expenses of HK\$49.6 million (2010: HK\$34.8 million) in 2011. The share-based compensation expense is a non-cash item and it will not affect the profit and loss of the Group after the end of the vesting period of the share options granted in April 2010 and June 2010, which ends in April 2012 and June 2012 respectively.

The Group has established a joint venture company in 2011 with proposed principal business of design, assembling, processing and sales of premium wedge-shaped synthetic jade stone floor panels and related premium jade decoration products. The machineries are custom-made by and purchased from a manufacturer in Japan. Due to the 2011 Japan earthquake and various modifications of the specification of the machineries, the production plan has been postponed to the second half of 2012. The plant is now under construction and scheduled to be completed in July 2012. Once the machineries are imported from the Japan manufacturer, we will carry out test runs immediately. Assuming no further adjustments are required, the joint venture company will commence normal business operation in late 2012.

The Group will continue to strengthen the business of retailing of garments in Taiwan and accelerate the commencement of business operation of joint venture company. In addition to the premium synthetic jade stone floor panels business, the Group will continue to look for more business and investment opportunities to diversify the business of the Group and achieve substantial and sustainable financial growth for the Group and to maximize shareholder's value.

I would like to take this opportunity to express my deepest gratitude to all the shareholders, my fellow directors, management team and staff of the Group for their support and contributions to the Group throughout the year.

Wong Lik Ping

Chairman

Hong Kong, 20 March 2012



Management Discussion and Analysis



Business Review

The principal activity of the Group is retailing garments through the operation of retail outlets and department store counters in Taiwan.

Financial Review

Revenue, loss for the year and loss per share of the Group for the years ended 31 December 2011 and 2010 were summarized as follows:

	Revenue		Loss for the year		Loss per share	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011	2010
From operations	99,730	94,620	(64,681)	(47,582)	HK(1.77) cents	HK(1.31) cents

Management Discussion and Analysis

Affected by the global economic crisis, the retail market of Taiwan is still weak this year. The Group has taken a series of actions in promoting its sales. The revenue of the Group has increased by 5.4% this year and profit margin has been successfully maintained at 56.7%, almost the same as 2010. Although the loss of the Group has increased from HK\$47.6 million in 2010 to HK\$64.7 million in 2011, the increase is primarily resulted from the full year effect of the share-based compensation expenses of HK\$49.6 million (2010: HK\$34.8 million) in 2011. The share-based compensation expense is a non-cash item and it will not affect the profit and loss of the Group after the end of the vesting period of the share options granted in April 2010 and June 2010, which ends in April 2012 and June 2012 respectively.

The basic loss per share increased from HK1.31 cents for the year ended 31 December 2010 to HK1.77 cents for the year ended 31 December 2011.

Charges on Assets

As at 31 December 2011, none of the Group's assets was charged or subject to any encumbrance.

Contingent Liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

The Group's major monetary assets and liabilities are denominated in the functional currencies of the respective group entities, except for one other payable balance denominated in HK\$ of a group entity with New Taiwan Dollar ("TWD") as its functional currency. The equivalent amount of HK\$ of the other payable is HK\$16,441,000 (2010: HK\$17,113,000). Other than the other payable as stated above, the directors consider that the Group's exposure to foreign currency exchange risk is insignificant.

Liquidity and Financial Resources

As at 31 December 2011, the Group had no bank and other borrowings.

As at 31 December 2011, the current ratio was 1.8. Based on the current cash position and available banking facilities, the Group should have sufficient liquidity to meet its operational needs.

Establishment of Joint Venture Company

The Group has established a joint venture company in 2011 with proposed principal business of design, assembling, processing and sales of premium wedge-shaped synthetic jade stone floor panels and related premium jade decoration products. The plant is now under construction and scheduled to be completed in July 2012. During 2011, the joint venture company had not commenced its business operation.

Management Discussion and Analysis

Capital Expenditure

The total capital expenditure of the Group for 2011 was approximately HK\$23.8 million, of which HK\$3.8 million was for addition of furniture, fixtures and other equipment and HK\$20 million was loan to a jointly controlled entity as a shareholder's loan for setting up the synthetic jade stone floor panels business in the PRC.

As at 31 December 2011, the Group has no material capital expenditure commitments.

Human Resources

As at 31 December 2011, the Group had 13 employees in Hong Kong and 173 employees in Taiwan. Other than the competitive remuneration package offered to the employees, share options may also be granted to the selected employees based on the Group's performance. Details of the share options being granted and outstanding under the share option scheme are set out in the section "Share Option Scheme" on page 59 to 62.

Future Prospect

The Group will continue to strengthen the business of retailing of garments in Taiwan and accelerate the commencement of business operation of the joint venture company. In addition to the premium synthetic jade stone floor panels business, the Group will continue to look for more business and investment opportunities to diversify the business of the Group and achieve substantial and sustainable financial growth for the Group and to maximize shareholder's value.

By order of the Board of Directors

Wong Lik Ping

Chairman

Hong Kong, 20 March 2012

Directors' Report

The board of directors presents their annual report together with the audited financial statements for the year ended 31 December 2011.

Principal Activities

The Group's principal activity is retailing garments through the operation of retail outlets and department store counters in Taiwan. Particulars of the principal activities of the Company's subsidiaries during the year are set out in note 30 to the consolidated financial statements. An analysis of the Group's performance for the year by business segments is set out in note 9 to the consolidated financial statements.

Financial Results

The results of the Group for the year ended 31 December 2011 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 23 to 65.

Dividends

The board of directors does not recommend payment of a dividend for the year ended 31 December 2011.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

Reserves

As at 31 December 2011, in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), the Company did not have any reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended). Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Pre-emptive Rights

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

Directors' Report

Property, Plant and Equipment

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

Five Years Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 68. This summary does not form part of the audited financial statements.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Directors

The directors of the Company during the year and up to the date of this annual report were:

Executive Directors:

Mr. Wong Lik Ping

Mr. Cheung Wing Hong Shannon

Mr. Ma Chi Shing

Non-Executive Directors:

Mr. Qiao Weibing (resigned on 8 November 2011 and re-designated as Chief Investment Officer)

Mr. Huang Bin

Independent Non-Executive Directors:

Mr. Kee Wah Sze

Mr. Chan Pat Lam

Mr. To Yan Ming Edmond

Pursuant to bye-law 87 of the bye-laws of the Company, Mr. Wong Lik Ping, Mr. To Yan Ming Edmond and Mr. Kee Wah Sze will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Report

Independence Confirmation

The Company has received from each of independent non-executive directors an annual confirmation of independence pursuant to the Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

Directors' Emoluments

Particulars as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 12 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 14 to 15 of the annual report.

Directors' Service Contracts

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

Directors' Interests in Contracts

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

Share Option Scheme

Under the Share Option Scheme of the Company adopted on 29 December 2009 ("Share Option Scheme"), the Board of the Company may, at its discretion, grant options to eligible employees and directors of the Group to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

Details of the share option schemes of the Company are set out in note 26 to the consolidated financial statements.

During the year of 2011, no rights were granted to the directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

Directors' Report

Director's Rights to acquire Securities

Save as disclosed in the section headed "Share Option Scheme", at no time during the year was the Company or the Company's subsidiaries or holding company or a subsidiary of the Company's holding company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such rights.

Management Contracts

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

Directors' and Chief Executives' Long and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2011, the long positions and short positions of the directors, chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules and which have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, were as follows:

(i) Long and Short Positions in Shares of the Company

Name of director	Capacity	Number of ordinary shares held	Long (L) or Short (S) Position	Approximate percentage of the Company's issued share capital
Mr. Wong Lik Ping	Beneficial Owner	6,750,000	L	0.18%
	Interests of a controlled	2,269,112,096	L	62.07%
	corporation (Note)	2,269,112,096	S	62.07%

Note: 2,269,112,096 ordinary shares are held by Golden Bright Energy Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Wong Lik Ping. Mr. Wong Lik Ping is the sole director of Golden Bright Energy Limited.

Directors' Report

(ii) Options to subscribe for ordinary shares (HK\$0.0025 each) of the Company:

The directors have been granted unlisted options under the Company's share option scheme, details of which are set out in note 26 to the consolidated financial statements.

Save as disclosed above, as at 31 December 2011, the directors, chief executives of the Company nor their associates had or was deemed to have any long positions or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Substantial Shareholder

Save as disclosed in the section "Directors' and Chief Executives' Long and Short Positions in Shares, Underlying Shares and Debentures", as at 31 December 2011, the following persons had interests in the shares and underlying shares of the Company have been recorded in the register kept by the Company pursuant to Section 336 of SFO:

Long Positions in Shares of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Kingston Finance Limited	Person having a security interest in shares (<i>Note</i>)	2,269,112,096	62.07%
Best Forth Limited	Interest of a controlled corporation (<i>Note</i>)	2,269,112,096	62.07%
Ample Cheer Limited	Interest of a controlled corporation (<i>Note</i>)	2,269,112,096	62.07%
Chu Yuet Wah	Interest of a controlled corporation (<i>Note</i>)	2,269,112,896	62.07%

Note: The interest in the shares of the Company was held through Kingston Finance Limited, the entire issued share capital of which was owned by Ample Cheer Limited. The issued capital of Ample Cheer Limited was owned as to 80% by Best Forth Limited, an entity which was beneficially and wholly owned by Mrs. Chu Yuet Wah.

Directors' Report

Retirement Scheme

The Group provides the mandatory provident fund scheme for Hong Kong employees and retirement benefits schemes operated by the Taiwan government for Taiwan employees. Particulars of these retirement schemes are set out in note 28 to consolidated financial statements.

Major Customers and Suppliers

In the year under review, sales to the five largest customers accounted for less than 10% of the total Group's sales for the year. Purchases from the largest five suppliers accounted for 42% of the total Group's purchases for the year and purchases from the largest supplier amounted to 23%. None of the directors of the Company or any of their associates or any shareholder (which to the knowledge of the directors of the Company own more than 5% of the Company's share capital) had any interests in the Group's five largest suppliers.

Related Party Transactions

During the year, an aggregate amount of HK\$3.8 million has been charged by the Company to a related company, which the ultimate controlling shareholder is also the ultimate controlling shareholder of the company, in relation to sharing of certain administrative services expenses on a cost basis incurred on behalf of the related company. Such transactions were connected transactions exempt from all disclosure and independent shareholders approval requirements under the Listing Rules. The related party transactions entered into by the Group during the year ended 31 December 2011 are disclosed in note 29 to the consolidated financial statements.

Save as disclosed above, the Group has not entered into any other significant related party transactions during the year.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this annual report.

Corporate Governance

The Company has complied with all the code provisions and to certain extent of the recommended best practices set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules throughout the accounting year ended 31 December 2011. Details of the Company's corporate governance report are set out on pages 16 to 20.

Directors' Report

Annual General Meeting

It is proposed that the annual general meeting of the Company will be held on 9 May 2012. Notice of the annual general meeting will be published and dispatched to the shareholders together with this report.

Closure of Register of Member

The register of members of the Company will be closed from 7 May 2012 to 9 May 2012 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 4 May 2012.

Auditors

The consolidated financial statements for the year ended 31 December 2011 were audited by Deloitte Touche Tohmatsu.

A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Wong Lik Ping

Chairman

Hong Kong, 20 March 2012

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Wong Lik Ping, aged 51, was appointed as executive director of the Company in 2009. He is also the Chairman of the Company. Mr. Wong has extensive experience and investments in a wide range of businesses including education, online examination and mine industry in the PRC. Mr. Wong has over 19 years' experience in trading business and financial industry and has held directorship with various private companies. Mr. Wong is currently also vice-chairman of Shougang Fushan Resources Group Limited (Stock Code: 639), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Wong also holds directorships in the subsidiaries of the Group in Hong Kong and overseas.

Mr. Cheung Wing Hong Shannon, aged 39, has been appointed as executive director and chief executive officer of the Company in 2010. He has over 16 years' experience in corporate finance and banking. Before joining the Company, Mr. Cheung was the Managing Director, China, Global Banking, and Chief Representative Beijing of The Hongkong and Shanghai Banking Corporation Limited. Mr. Cheung holds a bachelor degree in business from University of Calgary and is also a CFA charter holder of the CFA Institute. Mr. Cheung is also (i) a member of the Chinese People's Political Consultative Conference Shanghai, Committee; (ii) a member of the All-China Youth Federation; (iii) the Standing Committee member of the Central State Owned Enterprise Youth Federation; and (iv) the vice-chairman of China Inner Mongolia Youth League.

Mr. Ma Chi Shing, aged 42, was appointed as executive director and chief financial officer of the Company in 2009 and currently as member of the nomination committee of the Company. He has worked as an audit partner in KPMG with over 18 years' experience in auditing, accounting and corporate finance. Mr. Ma obtained a Degree of Master of Business Administration offered by Manchester Business School, The University of Manchester, England. Mr. Ma is a fellow member of Hong Kong Institute of Certified Public Accountants (HKICPA) and The Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Accountants in England & Wales (ICAEW). Mr. Ma also holds directorships in the subsidiaries of the Group in Hong Kong and overseas.

Non-executive Director

Mr. Huang Bin, aged 51, has been appointed as executive director and chief investment officer of the Company in 2009 and was redesignated as non-executive director of the Company in 2010. He has almost 21 years experience in financial sector in the PRC. From 1995 to 2000, he served in Salomon Brothers' Beijing Office as vice president and director. From 2000 to 2004, he was managing partner and co-founder of Mandarin Venture Partners. He also served as chief representative of Beijing Office of Lehman Brothers and Beijing Office of Citibank. Mr. Huang holds a bachelor degree from Harvard University, with major in Economics.

Biographical Details of Directors and Senior Management

Independent Non-executive Directors

Mr. Kee Wah Sze, aged 64, was appointed as independent non-executive director of the Company with effect from in 2009 and currently as members of the audit committee, remuneration committee and nomination committee of the Company. He is a partner of Messrs. Michael Cheuk, Wong & Kee and is a practicing solicitor in Hong Kong for over 29 years specialized in both the commercial and conveyancing fields. He is a Notary Public of Hong Kong, a China Appointed Attesting Offices and holder of Master Degree in Chinese and Comparative Law of City University of Hong Kong and Master Degree in Law of the People's University of the PRC. He also currently serves as (i) an executive director of Goldbond Group Holdings Limited (Stock Code: 172), a company whose shares are listed on the Main Board of the Stock Exchange and (ii) an independent non-executive director and members of the audit committee, nomination committee and remuneration committee of Shougang Fushan Resources Group Limited (Stock Code: 639), a company whose shares are listed on the Main Board of the Stock Exchange.

Mr. Chan Pat Lam, aged 64, was appointed as independent non-executive director of the Company in 2009 and currently as members of the audit committee, remuneration committee and nomination committee of the Company. He has over 35 years' experience in the field of international banking industry in Hong Kong, Macau and California. Currently, he is the assistant to the managing director of a private company, which is engaged in acting as an international container shipping agency in the Western region of Pearl River Delta. He is also the business advisor of a commercial bank in Macau and a partner of another private company, which is engaged in trading and wholesaling of grocery items. He also currently serves as an independent non-executive director and members of the audit committee, nomination committee and remuneration committee of Shougang Fushan Resources Group Limited (Stock Code: 639), a company whose shares are listed on the Main Board of the Stock Exchange.

Mr. To Yan Ming, Edmond, aged 40, was appointed as independent non-executive director of the Company in 2009 and currently as Chairman of the audit committee, the remuneration committee and nomination committee of the Company. He holds a bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is a practicing accountant and presently the director of Edmond To CPA Limited and Zhonglei (HK) CPA Company Limited. He is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. He worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 11 years of experience in auditing, accounting, floatation and taxation matters. Mr. To was appointed as an independent non-executive director and chairmen of the audit committee and remuneration committee of China Vanguard Group Limited (Stock Code: 8156), which shares are listed on the GEM Board of the Stock Exchange. Mr. To is also an independent non-executive director, chairman of the audit committee and member of the remuneration committee of BEP International Holdings Limited (Stock Code: 2326) and an independent non-executive director, chairman of the audit committee and members of remuneration and nomination committee of Wai Chun Group Holdings Limited (Stock Code: 1013) (both companies listed on the Main Board of the Stock Exchange).

Senior Management

Mr. Tu Wen Chen, Arthur, aged 51, joined the Group in 2000, is the general manager of Taiwan Vision Company Limited. He has extensive experience in corporate management and business operation in Taiwan. Prior to joining the Group, he worked as manager of several multinational companies engaging in wholesale and retail businesses.

Corporate Governance Report

(a) Corporate Governance Practices

The Company is committed to maintain a high standard of corporate governance, holding the beliefs of transparency, independence, honesty and accountability, with a view to enhancing investors' confidence. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with all the code provisions and to certain extent of the recommended best practices set out in Appendix 14 Code on Corporate Governance Practices (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting year ended 31 December 2011.

(b) Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code during the year ended 31 December 2011.

(c) Board Composition and Board Practices

The composition of the board of directors of the Company (the "Board") is shown on page 8 of this report. As at 31 December 2011, the Board comprised of seven directors, including three executive directors, one non-executive director and three independent non-executive directors. One of the three independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise. The primary responsibilities of the Board are to establish long term strategies, administrate and oversee the operations and financial policies and supervising management of the Group. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. In addition, the Board has also delegated various responsibilities to the Audit Committee and the Remuneration Committee. The Company has received, from each of the independent non-executive directors, confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

All directors (including non-executive directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-Laws and the CG Code. In accordance with the Company's Bye-Laws, newly appointed director(s) is/are required to retire and can offer themselves for reelection at the first general meeting following their appointment.

Details of backgrounds and qualifications of the directors are set out in the section of "Biographical Details of Directors and Senior Management".

Corporate Governance Report

(c) Board Composition and Board Practices (continued)

In 2011, the Board held 4 meetings to discuss the Group's overall strategy, operation and financial performance. In any event, all directors were available for consultation by management from time to time during the year. The attendance of individual director to the Board meeting is set out below. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company provides at least 14 days' notices of every Board meeting to all directors to give them an opportunity to attend. Board papers are circulated not less than 3 days before the Board meetings to enable the directors to make informed decisions on matters to be raised at the Board meetings.

During the financial year, the Company Secretary attended the regular Board meetings to advise on corporate governance and statutory compliance when necessary. Directors had full access to information on the Group and were able to seek independent professional advice whenever deemed necessary by the directors. The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings. All directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

The Board, Audit Committee and Remuneration Committee had held 4, 2 and 1 meetings respectively in 2011.

The attendance at the Board and respective Board Committees Meetings held in 2011 are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee
<i>Executive Directors</i>			
Mr. Wong Lik Ping	2/4	N/A	N/A
Mr. Cheung Wing Hong Shannon	2/4	N/A	N/A
Mr. Ma Chi Shing	4/4	N/A	N/A
<i>Non-executive Directors</i>			
Mr. Qiao Weibing (resigned on 8 November 2011)	1/4	N/A	N/A
Mr. Huang Bin	1/4	N/A	N/A
<i>Independent Non-executive Directors</i>			
Mr. Kee Wah Sze	4/4	2/2	1/1
Mr. Chan Pat Lam	4/4	2/2	1/1
Mr. To Yan Ming Edmond	4/4	2/2	1/1

Corporate Governance Report

(d) Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are separate and are not performed by the same individual to reinforce their independence and accountability. During 2011, Mr. Wong Lik Ping served as the Chairman of the Company and Mr. Cheung Wing Hong Shannon served as the Chief Executive Officer of the Company. The Chairman provides leadership for the Board. The Chief Executive Officer has overall chief executive responsibility for the Group's business development and day-to-day management generally. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

(e) Non-executive Director

Under code provision A.4.1 of the CG Code, non-executive director should be appointed for a specific term, subject to re-election. On each of 1 January 2011 and 1 January 2012, the Company has entered into service contracts with non-executive director of the Company for a term of one year. Their directorships of which are all subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

(f) Remuneration Committee

The Company established a remuneration committee ("Remuneration Committee") in 2005 in accordance with the relevant requirements of the CG Code. The composition of the Remuneration Committee is shown on page 8 of this report. The Remuneration Committee comprises three independent non-executive directors, namely, Mr. To Yan Ming Edmond (Chairman of the Remuneration Committee), Mr. Kee Wah Sze and Mr. Chan Pat Lam. The members' attendance to the Remuneration Committee meeting is listed out on page 17. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive and non-executive directors, including benefits in kind, pension rights and compensation payments (such as compensation payable for loss or termination of their office or appointment), and to make recommendations to the board of the directors. The Remuneration Committee should consider factors such as the salaries index, time commitment and responsibilities of the directors.

Details of the directors' remuneration are set out in note 12 to the consolidated financial statements.

Corporate Governance Report

(g) Nomination of Directors

During the year, the Board adopted the role and function of a nomination committee. Where vacancies exist at the Board or additional directors are considered necessary by the Board, candidates are proposed and put forward to the Board for consideration. In considering the nomination of a new Director, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of directors, the Board follows the requirements set out in the Listing Rules.

The Company established a nomination committee ("Nomination Committee") on 20 March 2012. The Nomination Committee comprises of three independent non-executive directors and one executive director, namely Mr. To Yan Ming Edmond (Chairman of the Nomination Committee), Mr. Kee Wah Sze, Mr. Chan Pat Lam and Mr. Ma Chi Shing. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, and assess the independence of independent non-executive directors and make recommendations to the Board on the appointment of directors and succession planning for directors, in particular the chairman and the chief executives.

(h) Audit Committee

The Company has an Audit Committee which was established in accordance with the requirements of the Code of the Best Practice for the purposes of reviewing and supervising the Group's financial reporting process and internal controls. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The primary roles and functions of the Audit Committee are to review and supervise the financial reporting process and internal controls systems of the Group. The Audit Committee is also responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions would lead to any potential material adverse effect on the Company. The Audit Committee comprises three independent non-executive directors, namely Mr. To Yan Ming Edmond (Chairman of the Audit Committee), Mr. Kee Wah Sze and Mr. Chan Pat Lam. The members' attendance to the Audit Committee meeting is listed out on page 17. During the year ended 31 December 2011, the Audit Committee held two meetings to review the annual and interim results, to evaluate the Group's financial reporting process and to make recommendations to improve the Company's internal control system. Draft minutes were circulated to members of the Audit Committee within a reasonable time after each meeting. No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he ceases to be a partner of the auditing firm.

Corporate Governance Report

(i) Auditors' Remuneration

The Company's external auditor is Deloitte Touche Tohmatsu. For the year ended 31 December 2011, the auditors of the Company and subsidiaries received approximately HK\$890,000 for audit service and HK\$14,000 for non-audit services.

(j) Internal Control

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group to safeguard shareholders' investments and the Group's assets, as well as for reviewing the system of internal control of the Group. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

(k) Communication with Shareholders

At 2011 Annual General Meeting ("2011 AGM"), a separate resolution was proposed by the Chairman of that meeting in respect of each separate issue, including the re-election of directors. The Chairman of the Board, and Chairmen of the Audit and Remuneration Committees, or in absence of the chairman of such committees, any member from the respective committees, attended the 2011 AGM to address shareholders' queries. The Company establishes different communication channels with shareholders and investors: (i) shareholders can receive printed copies of corporate information, (ii) the general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) the Company's website offers communication channel between the Company and its shareholders and investors; and (iv) the Company's Sub-Registrar and Transfer Agent in Hong Kong serve the shareholders respecting all share registration matters.

(l) Directors' Responsibility for the Financial Statements

The directors of the Company acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The directors of the Company also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 21 to 22 of this annual report.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF THEME INTERNATIONAL HOLDINGS LIMITED

榮暉國際集團有限公司

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Theme International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 65, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	NOTES	2011 HK\$'000	2010 HK\$'000
Revenue	7	99,730	94,620
Cost of sales		(43,212)	(41,298)
Gross profit		56,518	53,322
Other income	8	150	556
Selling and distribution expenses		(51,341)	(47,971)
Administrative expenses		(69,142)	(53,405)
Share of loss of a jointly controlled entity	17	(787)	–
Loss before taxation		(64,602)	(47,498)
Income tax expense	10	(79)	(84)
Loss for the year attributable to owners of the Company	11	(64,681)	(47,582)
Other comprehensive (expense) income			
Exchange differences arising on translating foreign operations		(368)	1,192
Total comprehensive expense for the year attributable to owners of the Company		(65,049)	(46,390)
Loss per share	15		
Basic		HK(1.77) cents	HK(1.31) cents

Consolidated Statement of Financial Position

At 31 December 2011

	NOTES	2011 HK\$'000	2010 HK\$'000
Non-current assets			
Property, plant and equipment	16	6,091	5,310
Interest in a jointly controlled entity	17	–	–
Loan to a jointly controlled entity	17	19,213	–
		25,304	5,310
Current assets			
Inventories	18	13,445	15,791
Trade receivables	19	7,611	8,563
Deposits, prepayments and other receivables	20	5,095	12,386
Amount due from a related company	21	3,800	–
Bank balances and cash	22	38,436	63,203
		68,387	99,943
Current liabilities			
Trade payables	23	12,323	8,101
Other payables and accrued charges	24	25,641	25,975
Dividend payable		7	7
Tax payable		35	84
		38,006	34,167
Net current assets		30,381	65,776
Total assets less current liabilities		55,685	71,086
Capital and reserves			
Share capital	25	9,140	9,140
Reserves		46,545	61,946
Equity attributable to owners of the Company		55,685	71,086

The consolidated financial statements on pages 23 to 65 were approved and authorised for issue by the Board of Directors on 20 March 2012 and are signed on its behalf by:

WONG LIK PING
DIRECTOR

MA CHI SHING
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Retained earnings (accumulated losses) HK\$'000	
At 1 January 2010	8,965	–	–	(6,407)	10,154	12,712
Loss for the year	–	–	–	–	(47,582)	(47,582)
Exchange differences arising on translating foreign operations	–	–	–	1,192	–	1,192
Total comprehensive expense for the year	–	–	–	1,192	(47,582)	(46,390)
Share-based compensation	–	–	34,764	–	–	34,764
Placing of shares (note)	175	69,825	–	–	–	70,000
At 31 December 2010	9,140	69,825	34,764	(5,215)	(37,428)	71,086
Loss for the year	–	–	–	–	(64,681)	(64,681)
Exchange differences arising on translating foreign operations	–	–	–	(368)	–	(368)
Total comprehensive expense for the year	–	–	–	(368)	(64,681)	(65,049)
Share-based compensation	–	–	49,648	–	–	49,648
At 31 December 2011	9,140	69,825	84,412	(5,583)	(102,109)	55,685

Note: On 18 June 2010, the Company entered into a subscription agreement with Sonic Way Limited ("Sonic Way"), an independent third party, pursuant to which Sonic Way has agreed to subscribe and the Company has agreed to allot and issue 70,000,000 shares of HK\$0.0025 each in the share capital of the Company at the subscription price of HK\$1.00 each. On 25 June 2010, the Company issued and allotted 70,000,000 shares to Sonic Way under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 3 June 2010.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK\$'000	2010 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(64,602)	(47,498)
Adjustments for:		
Write back of allowance for obsolete inventories	(97)	(2,281)
Share-based payment expense	49,648	34,764
Interest income	(29)	(22)
Depreciation of property, plant and equipment	2,897	1,835
Share of loss of a jointly controlled entity	787	–
Loss on disposal of property, plant and equipment	–	1
Operating cash flows before movements in working capital	(11,396)	(13,201)
Decrease (increase) in inventories	2,443	(884)
Decrease (increase) in trade receivables	952	(1,024)
Decrease (increase) in deposits, prepayments and other receivables	7,291	(7,648)
Increase in trade payables	4,222	3,944
Decrease in other payables and accrued charges	(334)	(846)
Cash generated from (used in) operations	3,178	(19,659)
Interest received	29	22
Overseas income taxes paid	(128)	–
NET CASH FROM (USED IN) OPERATING ACTIVITIES	3,079	(19,637)
INVESTING ACTIVITIES		
Loan to a jointly controlled entity	(20,000)	–
Advance to a related company	(3,800)	–
Purchases of property, plant and equipment	(3,842)	(5,054)
Proceeds from disposal of property, plant and equipment	–	1
NET CASH USED IN INVESTING ACTIVITIES	(27,642)	(5,053)
FINANCING ACTIVITIES		
Dividend paid	–	(4)
Proceeds from issue of shares	–	70,000
NET CASH FROM FINANCING ACTIVITIES	–	69,996
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,563)	45,306
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	63,203	16,887
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(204)	1,010
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	38,436	63,203

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. General

The Company was incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Golden Bright Energy Limited, a company incorporated in the British Virgin Islands (the “BVI”) with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of the Company’s subsidiaries are retailing of garments. Details of the principal activities of the Company’s subsidiaries are set out in note 30. The Company and its subsidiaries are referred to as “the Group”.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of financial assets ¹
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
HKFRS 9	Financial instruments ³
HKFRS 10	Consolidated financial statements ²
HKFRS 11	Joint arrangements ²
HKFRS 12	Disclosure of interests in other entities ²
HKFRS 13	Fair value measurement ²
Amendments to HKAS 1	Presentation of items of other comprehensive income ⁵
Amendments to HKAS 12	Deferred tax – Recovery of underlying assets ⁴
HKAS 19 (as revised in 2011)	Employee benefits ²
HKAS 27 (as revised in 2011)	Separate financial statements ²
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ⁶
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine ²

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

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 January 2012.

⁵ Effective for annual periods beginning on or after 1 July 2012.

⁶ Effective for annual periods beginning on or after 1 January 2014.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements and HK (SIC) – INT 12 “Consolidation – Special purpose entities”. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 “Interests in joint ventures” and HK (SIC) – INT 13 “Jointly controlled entities – Non-monetary contributions by venturers”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013. Other than the application of the disclosure standard of HKFRS12, the application of the other four standards is not expected to have material impact on the amounts reported in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 “Financial instruments: Disclosures” will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 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 no material impact on the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on or after 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition 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 in line with those used by other members of the Group.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Joint ventures

Jointly controlled entities

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that 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 the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

Retirement benefit costs

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 arising on investments in subsidiaries and interest in joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Taxation (continued)

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.

Current and deferred tax is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

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, points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

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, receivables (including trade receivables, other receivables, loan to a jointly controlled entity, amount due from a related company and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 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 and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

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

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, other payables and dividend payable are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Impairment losses on tangible assets (continued)

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

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

Share-based payment transaction

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based compensation reserve.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Key Source of Estimation Uncertainty

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

Allowance for inventories

The management of the Group reviews an aging analysis at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are not expected to be sold in the foreseeable future. The management estimates the net realisable value for such stocks based primarily on the current market conditions. However, given the competitiveness of the market, these prices may subsequently be affected. As at 31 December 2011, the carrying amount of inventories is HK\$13,445,000 (2010: HK\$15,791,000). During the year ended 31 December 2011, written back of allowance for obsolete inventories of HK\$97,000 (2010: HK\$2,281,000) was recognised in profit or loss.

5. Capital Risk Management

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

The capital structure of the Group consists of debts and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. Financial Instruments

Categories of financial instruments

	2011 HK\$'000	2010 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	69,947	72,624
Financial liabilities		
Amortised cost	30,724	29,118

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, loan to a jointly controlled entity, amount due from a related company, bank balances, trade payables, other payables and dividend payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group's major monetary assets and liabilities are denominated in the functional currencies of the respective group entities, except for one other payable balance denominated in HK\$ of a group entity with New Taiwan Dollar ("TWD") as its functional currency. The equivalent amount of HK\$ of the other payable is HK\$16,441,000 (2010: HK\$17,113,000). Other than the other payable as stated above, the directors consider that the Group's exposure to foreign currency exchange risk is insignificant.

Sensitivity analysis

Sensitivity analysis is prepared to demonstrate the effect of foreign exchange differences by 5% change in exchange rate of TWD against HK\$ of the respective group entity, assuming all other variables were held constant. 5% is the sensitivity rate used which represents management's assessment of the reasonable possible change in foreign exchange rate. An increase in post-tax loss for the year of approximately HK\$822,000 (2010: HK\$856,000) will be resulted where TWD weakens 5% against HK\$. For a 5% strengthening of TWD, there would be an equal and opposite impact on the loss for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

As at 31 December 2011 and 2010, the Group is exposed to cash flow interest rate risk arising from variable interest bearing bank balances. The directors do not expect there will be a significant interest rate adjustment on bank deposits and in view of the short maturities of the bank deposits, no sensitivity analysis is prepared at the end of the reporting period.

As at 31 December 2011 and 2010, the Group did not have any interest bearing borrowings and therefore the Group is not exposed to the relevant cash flow interest rate risk.

Credit risk

As at 31 December 2011 and 2010, the Group's maximum exposure to credit risk which causes 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.

The Group has significant concentration of credit risk in respect of loan to a jointly controlled entity of HK\$19,213,000 (2010: nil) and amount due from a related company of HK\$3,800,000 (2010: nil).

As at 31 December 2011, the loan to a jointly controlled entity of HK\$19,213,000 serves as a shareholder's loan to the jointly controlled entity for financing its future business development. As one of the joint venturers, the Group closely controls and monitors the business development and financial strength of the jointly controlled entity in order to ascertain adequate repayment ability of the jointly controlled entity. In the opinion of the directors, the risk of non-recoverability of the amount due is minimal.

At 31 December 2011, the amount due from a related company amounted to HK\$3,800,000. The Group executes continuous monitoring procedures and ensures that follow-up actions are taken to ensure settlement of the amount due from a related company. In the opinion of the directors, the risk of non-recoverability of the amount due is minimal.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. Financial Instruments (continued)

Credit risk (continued)

In order to minimise the credit risk of trade receivables, 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 debt at the end of the 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.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows.

Liquidity tables

	Less than 3 months and total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2011 HK\$'000
2011		
Non-derivative financial liabilities		
Trade payables	12,323	12,323
Other payables and accrued charges	18,394	18,394
Dividend payable	7	7
	30,724	30,724
	Less than 3 months and total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2010 HK\$'000
2010		
Non-derivative financial liabilities		
Trade payables	8,101	8,101
Other payables and accrued charges	21,010	21,010
Dividend payable	7	7
	29,118	29,118

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. Financial Instruments (continued)

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

7. Revenue

Revenue represents the amounts received and receivable for goods sold by the Group to outsider customers, less discounts and sales related tax, for the year.

8. Other Income

	2011 HK\$'000	2010 HK\$'000
Interest income	29	22
Net foreign exchange gain	-	345
Others	121	189
	150	556

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

9. Segment Information

Information reported to the directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses. The Group currently has only one segment, i.e. retailing of garments.

The segment revenue of HK\$99,730,000 (2010: HK\$94,620,000) and segment loss of HK\$5,447,000 (2010: HK\$1,220,000) (excluding corporate administrative expenses incurred by the Company of HK\$58,368,000 (2010: HK\$46,278,000)) and share of loss of a jointly controlled entity of HK\$787,000 (2010: nil) are shown in the consolidated statement of comprehensive income on page 23.

The segment assets and liabilities of the retailing business are analysed as follows:

Reconciliation of segment assets

	2011 HK\$'000	2010 HK\$'000
Segment assets	44,830	46,314
Unallocated assets:		
Property, plant and equipment	964	1,154
Interest in a jointly controlled entity	–	–
Loan to a jointly controlled entity	19,213	–
Amount due from a related company	3,800	–
Deposit, prepayments and other receivables	617	590
Bank balances and cash	24,267	57,195
	93,691	105,253

Reconciliation of segment liabilities

	2011 HK\$'000	2010 HK\$'000
Segment liabilities	37,278	32,858
Unallocated liabilities:		
Accrued charges for corporate expenses	721	1,302
Dividend payables	7	7
	38,006	34,167

Revenue was derived from external customers of retailing business located in Taiwan for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

9. Segment Information (continued)

Other segment information

The following (income) expenses are included in the measure of segment profit or loss reviewed by the chief operating decision maker:

	2011 HK\$'000	2010 HK\$'000
Interest income	(29)	(22)
Depreciation of property, plant and equipment	2,897	1,835

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

	2011 HK\$'000	2010 HK\$'000
Interest in a jointly controlled entity	-	-
Loan to a jointly controlled entity	20,000	-
Share of loss of a jointly controlled entity	(787)	-

During the year ended 31 December 2011, additions of HK\$3,842,000 (2010: HK\$5,054,000) was made to the non-current assets.

As the Group is principally engaged in retailing business, there is no transaction with a single external customer amount to more than 10 per cent of the Group's revenue. As at 31 December 2011, non-current assets (excluding financial instruments) of HK\$5,127,000 (2010: HK\$4,156,000) and HK\$964,000 (2010: HK\$1,154,000) were located in Taiwan and Hong Kong, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

10. Income Tax Expense

	2011 HK\$'000	2010 HK\$'000
Tax charge comprises:		
Current tax charge	79	84

No provision for Hong Kong Profits Tax has been made for both years as the Company and its subsidiaries have no assessable profit arising in Hong Kong.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions. The profit tax rate prevailing in Taiwan is 17% for both years.

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

	2011 HK\$'000	2010 HK\$'000
Loss before taxation	64,602	47,498
Tax at the applicable tax rate of 17%	10,982	8,075
Tax effect of expenses not deductible for tax purpose	(8,441)	(5,910)
Tax effect of income not taxable for tax purpose	1	286
Tax effect of estimated tax losses not recognised	(2,428)	(2,497)
Tax effect of share of loss of a jointly controlled entity	(134)	–
Effect of different tax rates of the Company	(59)	(38)
Tax charge for the year	(79)	(84)

At the end of the reporting period, the Group has unused tax losses of HK\$346,657,000 (2010: HK\$332,375,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

11. Loss for the Year

	2011 HK\$'000	2010 HK\$'000
Loss for the year has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses (included written back of allowance for obsolete inventories (note a))	43,212	41,298
Depreciation of property, plant and equipment	2,897	1,835
Net foreign exchange loss (gain)	230	(345)
Auditor's remuneration	890	782
Operating lease rentals in respect of rented premises	9,979	7,555
Contingent rents (note b)	14,863	14,551
Loss on disposal of property, plant and equipment	-	1
Directors' remuneration (note 12)	13,896	10,953
Other staff costs		
Salaries and allowances	20,294	17,011
Retirement benefits scheme contributions	1,029	970
Share-based compensation expenses	7,229	5,038
	28,552	23,019

Notes:

- (a) Excess obsolete inventory provisions were written back when the relevant inventories were sold.
- (b) The contingent rents are determined based on a certain percentage of the gross sales of the relevant shops when the sales meet certain specified levels.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

12. Directors' Remuneration

The emoluments paid or payable to each of the 8 (2010: 8) directors were as follows:

For the year ended 31 December 2011

	Fees HK\$'000	Share- based compensation expenses HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
Wong Lik Ping	-	790	-	-	790
Cheung Wing Hon, Shannon	-	2,235	2,400	12	4,647
Ma Chi Shing	-	2,634	1,800	12	4,446
Huang Bin	-	790	-	-	790
Qiao Weibing (note)	-	673	-	-	673
Kee Wah Sze	60	790	-	-	850
Chan Pat Lam	60	790	-	-	850
To Yan Ming Edmond	60	790	-	-	850
Total emoluments	180	9,492	4,200	24	13,896

For the year ended 31 December 2010

	Fees HK\$'000	Share- based compensation expenses HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
Wong Lik Ping	-	560	-	-	560
Cheung Wing Hon, Shannon	-	1,178	1,551	7	2,736
Ma Chi Shing	-	1,865	1,950	12	3,827
Huang Bin	-	560	850	-	1,410
Qiao Weibing	-	560	-	-	560
Kee Wah Sze	60	560	-	-	620
Chan Pat Lam	60	560	-	-	620
To Yan Ming Edmond	60	560	-	-	620
Total emoluments	180	6,403	4,351	19	10,953

Note: Qiao Weibing resigned as non-executive director of the Company on 8 November 2011.

During both years ended 31 December 2011 and 2010, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

13. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, three (2010: three) were directors of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining two individuals for the years ended 31 December 2011 and 2010 were as follows:

	2011 HK\$'000	2010 HK\$'000
Salaries and allowances	1,245	1,205
Retirement benefits scheme contributions	24	24
Share-based compensation expenses	6,585	4,665
	7,854	5,894

Their emoluments were within the following bands:

	2011 No. of employees	2010 No. of employees
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$3,500,001 to HK\$4,000,000	2	–

During both years, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. Dividends

No dividend was proposed during the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period (2010: nil).

15. Loss per Share

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

	2011 HK\$'000	2010 HK\$'000
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	(64,681)	(47,582)
	2011 '000	2010 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	3,655,820	3,622,258

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

15. Loss per Share (continued)

No diluted loss per share is presented as the exercise of the Company's share options would result in a decrease in loss per share.

16. Property, Plant and Equipment

	Plant and equipment HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST				
At 1 January 2010	55	18,807	272	19,134
Additions	–	5,054	–	5,054
Disposals	(11)	(2,764)	(94)	(2,869)
Exchange realignment	4	1,817	16	1,837
At 31 December 2010	48	22,914	194	23,156
Additions	–	3,842	–	3,842
Disposals	–	(3,561)	–	(3,561)
Exchange realignment	(2)	(852)	(8)	(862)
At 31 December 2011	46	22,343	186	22,575
DEPRECIATION				
At 1 January 2010	43	16,986	194	17,223
Provided for the year	12	1,789	34	1,835
Eliminated on disposals	(11)	(2,762)	(94)	(2,867)
Exchange realignment	4	1,643	8	1,655
At 31 December 2011	48	17,656	142	17,846
Provided for the year	–	2,879	18	2,897
Eliminated on disposals	–	(3,561)	–	(3,561)
Exchange realignment	(2)	(691)	(5)	(698)
At 31 December 2011	46	16,283	155	16,484
CARRYING VALUES				
At 31 December 2011	–	6,060	31	6,091
At 31 December 2010	–	5,258	52	5,310

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum, after taking into account of their estimated residual value:

Plant and equipment	15%
Furniture and fixtures at:	
Shops	Over the lease terms
Sales counters and offices	20%
Office equipment	20%
Motor vehicles	20%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

17. Interest in a Jointly Controlled Entity and Loan to a Jointly Controlled Entity

As at 31 December 2011, the Group had interest in the following jointly controlled entity:

Name of entity	Form of entity	Place/ Country of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued ordinary shares held by the Group	Proportion of voting power held	Principal activity
Crown Age Investments Limited ("Crown Age") (note)	Incorporated	Hong Kong	Hong Kong	Ordinary share	50%	50%	Investment holding

Note: Crown Age was newly incorporated during the year ended 31 December 2011.

	2011 HK\$'000
Cost of investment in a jointly controlled entity – unlisted	–
Share of post-acquisition losses	–
	–
Loan to a jointly controlled entity	20,000
Less: Share of post-acquisition losses that are in excess of the cost of the investment	(787)
	19,213

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

	2011 HK\$'000
Current assets	11,158
Non-current assets	1,194
Current liabilities	(139)
Non-current liabilities	(13,000)
Group's share of net liabilities of a jointly controlled entity	(787)
Income recognised in profit or loss	–
Expenses recognised in profit or loss	(787)
Group's share of loss of a jointly controlled entity	(787)

Notes to the Consolidated Financial Statements

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17. Interest in a Jointly Controlled Entity and Loan to Jointly Controlled Entity (continued)

Loan to a jointly controlled entity is unsecured, interest-free and with no fixed repayment terms. In substance, the loan is considered as part of the net investment in the jointly controlled entity by the Group.

As at 31 December 2011, Crown Age had interest in the following wholly owned subsidiary:

Name of entity	Form of entity	Place/ Country of establishment	Principal place of operation	Class of capital held	Issued and fully paid registered capital 2011	Proportion of nominal value of registered capital held by Crown Age 2011	Proportion of voting power held 2011	Principal activity
北京珠峰天宮玉石 科技發展有限公司 ("北京珠峰")(note a)	Foreign Enterprises (Taiwan, Hong Kong and Macau)	People's Republic of China (the "PRC")	PRC	Registered capital	RMB12,000,000 (note b)	100%	100%	Production and sales of premium synthetic jade stone products

Notes:

(a) 北京珠峰 was newly established during the year ended 31 December 2011.

(b) Total registered capital of 北京珠峰 is HK\$40,000,000 of which HK\$12,000,000 has been injected by Crown Age as at 31 December 2011.

18. Inventories

	2011 HK\$'000	2010 HK\$'000
Finished goods	13,445	15,791

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For the year ended 31 December 2011

19. Trade Receivables

	2011 HK\$'000	2010 HK\$'000
Trade receivables	7,611	8,563
Less: Allowance for bad and doubtful debts	–	–
	7,611	8,563

The Group allows credit periods of 90 days to most of its trade customers.

The aging analysis of trade receivables, net of allowance for bad and doubtful debts, presented based on the invoice date at the end of the reporting period is stated as follows:

	2011 HK\$'000	2010 HK\$'000
Within 90 days	7,611	8,563

The Group has policy of providing allowance for bad and doubtful debts which is based on the evaluation of collectability and age of accounts and on management's judgement including credit worthiness and past collection history of each client.

Movement in the allowance for bad and doubtful debts

	2011 HK\$'000	2010 HK\$'000
1 January	–	361
Amounts written off during the year	–	(361)
31 December	–	–

In determining the recoverability of the trade receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the large and independent/unrelated customer base. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts. The allowance for bad and doubtful debts are provided for trade receivables which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

As at 31 December 2011 and 2010, included in the Group's trade receivables are debtors, no balances are past due at the end of reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

20. Deposits, Prepayments and other Receivables

	2011 HK\$'000	2010 HK\$'000
Deposits and prepayments	4,208	11,528
Other receivables	887	858
Total deposits, prepayments and other receivables	5,095	12,386

Other receivables are unsecured, interest-free and repayable on demand.

21. Amount due from a Related Company

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

22. Bank Balances and Cash

Bank balances and cash comprise cash and short-term bank deposits held by the Group which carried effective interest at 0.19% (2010: 0.19%) per annum and have an original maturity of three months or less.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

23. Trade Payables

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

	2011 HK\$'000	2010 HK\$'000
Within 90 days	8,129	8,101
91 to 180 days	4,194	–
	12,323	8,101

24. Other Payables and Accrued Charges

	2011 HK\$'000	2010 HK\$'000
Deposits receipts from customers and wholesalers	849	939
Other payables	18,394	21,010
Accrued charges	6,398	4,026
	25,641	25,975

25. Share Capital

	Number of shares '000	Amount HK\$'000
Ordinary shares, with par value of HK\$0.0025 per share		
Authorised:		
At 1 January 2010, 31 December 2010 and 2011	200,000,000	500,000
Issued and fully paid:		
At 1 January 2010	3,585,820	8,965
Placing of shares (note)	70,000	175
At 31 December 2010 and 2011	3,655,820	9,140

Note: On 18 June 2010, the Company entered into a subscription agreement with Sonic Way Limited ("Sonic Way"), an independent third party, pursuant to which Sonic Way has agreed to subscribe and the Company has agreed to allot and issue 70,000,000 shares of HK\$0.0025 each in the share capital of the Company at the subscription price of HK\$1.00 each. On 25 June 2010, the Company issued and allotted 70,000,000 shares to Sonic Way under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 3 June 2010.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

26. Share Option Scheme

The 2009 Share Option Scheme (the “2009 Scheme”)

The 2009 Scheme was adopted by the Company on 29 December 2009.

The purpose of the 2009 Scheme is to encourage the eligible participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees. A stronger business relationship will accordingly be established by the Group with the participants. Eligible participants of the 2009 Scheme include any employee, business associate and trustee.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2009 Scheme shall not exceed 10% of the total number of shares in issue at anytime. The maximum number of shares issuable under share options to each eligible participant in the 2009 Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 21 days from the date of the offer with no consideration being payable by the grantee. The share option may be exercised at any time during the option period, which is determinable by the Company's board of directors and will not exceed 10 years from the date of grant of the options.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

26. Share Option Scheme (continued)

The 2009 Share Option Scheme (the “2009 Scheme”) (continued)

On 15 April 2010, the Company granted 180,000,000 share options to certain of its directors, employees and other eligible participants at the exercise price of HK\$1.70 per share with 2 years vesting period. The closing share price at date of grant on 15 April 2010 was HK\$1.63.

On 21 June 2010, the Company granted 20,000,000 share options to a director at the exercise price of HK\$1.70 per share with 2 years vesting period. The closing share price at date of grant on 21 June 2010 was HK\$1.17.

The fair values of the share options granted in 2010 were determined using the Black-Scholes Option Pricing Model. Significant inputs into the calculation included expected volatilities ranging from 38.74% to 49.43%, estimated weighted average expected life of 3 years, risk-free interest rates ranging from 0.95% to 2.02% and dividend yield of 0%.

The fair values of the share options granted in 2010, measured at the date of grant, were approximately HK\$99,297,300. As the options vest after two years from the dates of grant, the amounts are recognised as share-based compensation in profit or loss over 2 years from the date of grant. An amount of HK\$49,648,000 has been charged as share-based compensation expense to profit or loss during the year (2010: HK\$34,764,000). The corresponding amount has been credited in the share-based compensation reserve.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

26. Share Option Scheme (continued)

The 2009 Share Option Scheme (the “2009 Scheme”) (continued)

The following tables disclose movements in the Company’s share options during the year 2011 and 2010:

Year 2010	Outstanding at 1 January 2010	Granted during the year 2010	Exercised during the year 2010	Outstanding at 31 December 2010	Grant date	Exercisable period	Exercise price
Directors							
Mr. Wong Lik Ping	-	3,000,000	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Cheung Wing Hong, Shannon	-	20,000,000	-	20,000,000	21 June 2010	21 June 2012–20 June 2020	HK\$1.7
Mr. Ma Chi Shing	-	13,000,000 (Note 1)	-	13,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Huang Bin	-	3,000,000	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Qiao Weibing	-	3,000,000	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Kee Wah Sze	-	3,000,000	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Chan Pat Lam	-	3,000,000	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. To Yan Ming, Edmond	-	3,000,000	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Sub-total	-	51,000,000	-	51,000,000			
Other Employees	-	27,000,000	-	27,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Others	-	122,000,000	-	122,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Total	-	200,000,000	-	200,000,000			

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

26. Share Option Scheme (continued)

The 2009 Share Option Scheme (the “2009 Scheme”) (continued)

Year 2011 Directors	Outstanding at 1 January 2011	Granted/ (Exercised) during the year 2011	Reclassification during the year 2011	Outstanding at 31 December 2011	Grant date	Exercisable period	Exercise price
Mr. Wong Lik Ping	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Mr. Cheung Wing Hong, Shannon	20,000,000	-	-	20,000,000	21 June 2010	21 June 2012– 20 June 2020	HK\$1.7
Mr. Ma Chi Shing	13,000,000 (Note 1)	-	-	13,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Mr. Huang Bin	3,000,000-	-	-	3,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Mr. Qiao Weibing	3,000,000	-	(3,000,000) (Note 2)	-	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Mr. Kee Wah Sze	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Mr. Chan Pat Lam	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Mr. To Yan Ming, Edmond	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Sub-total	51,000,000	-	(3,000,000)	48,000,000			
Other Employees	27,000,000	-	3,000,000	30,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Others	122,000,000	-	-	122,000,000	15 April 2010	15 April 2012– 14 April 2020	HK\$1.7
Total	200,000,000	-	-	200,000,000			

Note 1: 10,000,000 share options were granted to Mr. Ma Chi Shing and 3,000,000 share options were granted to his spouse.

Note 2: Mr. Qiao Weibing has resigned as a non-executive director on 8 November 2011 and re-designated as chief investment officer on 8 November 2011.

Apart from the Share Option Scheme, during the years ended 31 December 2011 and 2010, no rights were granted to the directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

27. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of rented premises which fall due as follows:

	2011 HK\$'000	2010 HK\$'000
Within one year	8,005	9,144
In the second to fifth year inclusive	11,632	8,001
	19,637	17,145

Leases are negotiated for terms ranging from one to five years and rentals are fixed over the lease terms. In addition to the fixed rentals which are disclosed above, pursuant to the terms of certain rental agreements, the Group has to pay a rental based on certain percentage of the gross sales of the relevant shops.

28. Retirement Benefits Schemes

The Group operates a mandatory provident fund scheme (the "MPF Scheme") and a defined contribution plan under the ROC Labour Pension Act (the "New System") for all qualifying employees of the Group in Hong Kong and Taiwan, respectively. The assets of the MPF Scheme and the defined contribution plan under the New System are held separately from those of the Group, in funds under the control of the trustees.

The Group has defined benefit plans for certain Taiwan employees. Under the defined benefit retirement plans, the calculation of the retirement benefits to the employees is based on years of services and average monthly salary at the time of retirement. The Group's contributions to the defined benefit retirement plans are calculated as certain percentages of salaries paid to employees and charged to profit or loss as incurred. The assets of the plans are held separately from those of the Group in a central fund administered by the relevant government body in Taiwan.

During the year ended 31 December 2011, the total retirement benefit scheme contribution of HK\$1,053,000 (2010: HK\$989,000) was charged to profit or loss as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

29. Related Party Transactions

Details of the Group's amount due from a related company arisen from reimbursement of administrative expenses of HK\$3,800,000 (2010: nil), of which the Company's ultimate controlling shareholder is also the ultimate controlling shareholder of this related company, are set out in note 21.

Details of the remuneration of key management personnel are disclosed in notes 12 and 13.

30. Particulars of Subsidiaries of the Company

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Class of shares held	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
				2011 %	2010 %	
Access Sino Limited	BVI	US\$1	Ordinary share	100	100	Investment holding
Da Hau Li Company Limited	Taiwan	NTD500,000	Ordinary share	100	100	Retailing of garments
Taiwan Vision Company Limited	Taiwan	NTD80,000,000	Ordinary share	100	100	Retailing of garments
Top Board International Limited	BVI	US\$100	Ordinary share	100	100	Investment holding
Allied Power Development Limited	BVI	US\$100	Ordinary share	100	100	Investment holding
Theme Technology Investment Limited (formerly known as Union Genesis Holdings Limited)	Hong Kong	HK\$100	Ordinary share	100	100	Dormant
Harvest Wealthy International Limited	Hong Kong	HK\$100	Ordinary share	100	100	Dormant
Billion Team Investments Limited	BVI	US\$100	Ordinary share	100	–	Investment holding
China Sciences New Energy Investment Limited	Hong Kong	HK\$10,000	Ordinary share	100	–	Dormant
China Sciences Medical Technology Investment Limited	Hong Kong	HK\$10,000	Ordinary share	100	–	Dormant

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

30. Particulars of Subsidiaries of the Company (continued)

As at 31 December 2011 and 2010, except for Billion Team Investments Limited, Access Sino Limited, Allied Power Development Limited and Top Board International Limited which were directly held by the Company, all other subsidiaries listed above were indirectly held by the Company.

None of the subsidiaries had issued any debt securities during the years or at the end of the reporting periods.

Corporate Information

Directors

Executive Directors

Mr. Wong Lik Ping (*Chairman*)
Mr. Cheung Wing Hong Shannon
Mr. Ma Chi Shing

Non-Executive Director

Mr. Huang Bin
Mr. Qiao Weibing (Resigned on 8 November 2011)

Independent Non-Executive Directors

Mr. Kee Wah Sze
Mr. Chan Pat Lam
Mr. To Yan Ming Edmond

Audit Committee

Mr. To Yan Ming Edmond (*Chairman*)
Mr. Kee Wah Sze
Mr. Chan Pat Lam

Remuneration Committee

Mr. To Yan Ming Edmond (*Chairman*)
Mr. Kee Wah Sze
Mr. Chan Pat Lam

Nomination Committee

Mr. To Yan Ming Edmond (*Chairman*)
Mr. Kee Wah Sze
Mr. Chan Pat Lam
Mr. Ma Chi Shing

Company Secretary

Ms. Ho Pui San Jenny

Corporate Information

Auditors

Deloitte Touche Tohmatsu

Legal Advisers

Tsun & Partners

Legal Advisers on Bermuda Law

Conyers Dill & Pearman

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office & Principal Place of Business

12th Floor, Kwan Chart Tower
6 Tonnochy Road
Wanchai
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking
Corporation Limited

Principal Share Registrar & Transfer Office

HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM11
Bermuda

Sub-Registrar & Transfer Agent in Hong Kong

Computershare Hong Kong Investor Services Limited
Rooms 1712-6, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Stock Code

990

Website

www.990.com.hk

Five Years Financial Summary

RESULTS

	For the year ended 31 December				
	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000 (Note)	2007 HK\$'000 (Note)
Revenue	99,730	94,620	89,593	95,110	103,308
Loss before taxation	(64,602)	(47,498)	(2,409)	(4,147)	(12,116)
Tax (charge) credit	(79)	(84)	(1,795)	(67)	1,210
Loss for the year from continuing operations	(64,681)	(47,582)	(4,204)	(4,214)	(10,906)
Loss for the year from discontinued operations	-	-	(18,006)	(28,462)	(14,897)
	(64,681)	(47,582)	(22,210)	(32,676)	(25,803)
Attributable to: Owners of the Company	(64,681)	(47,582)	(22,210)	(32,676)	(25,803)

ASSETS AND LIABILITIES

	As at 31 December				
	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000
Total assets	93,691	105,253	43,701	260,202	305,906
Total liabilities	(38,006)	(34,167)	(30,989)	(82,755)	(101,898)
	55,685	71,086	12,712	177,447	204,008

Note: Financial information for the two years ended 31 December 2008 and 2007 has been adjusted to reflect the financial results of the continuing operations.