SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00487

FORGING SYNERGY

Annual Report 2011

Contents

Our Vision

The Group aims to become a leading player in the gaming, entertainment and tourist-related industries and contribute to the sustainable development of these sectors. We endeavour to create long-term value for all of our stakeholders, while adhering to a high standard of corporate governance.

FORGING SYNERGY

Corporate Information

DIRECTORS

Executive Directors
Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*

Non-executive Director
Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes

FINANCIAL CONTROLLER

Mr. Wong Chi Keung, Alvin

AUTHORISED REPRESENTATIVES

Dr. Ma Ho Man, Hoffman
Ms. Chiu Nam Ying, Agnes

AUDIT COMMITTEE

Mr. Chin Wing Lok, Ambrose *(Chairman)*
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann

REMUNERATION COMMITTEE

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

EXECUTIVE COMMITTEE

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

LEGAL ADVISERS ON HONG KONG LAWS

Iu, Lai & Li

LEGAL ADVISERS ON BERMUDA LAWS

Conyers Dill & Pearman

PRINCIPAL BANKERS

Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited
Royal Bank of Canada
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1601-2 & 8-10, 16/F.
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00487

WEBSITE

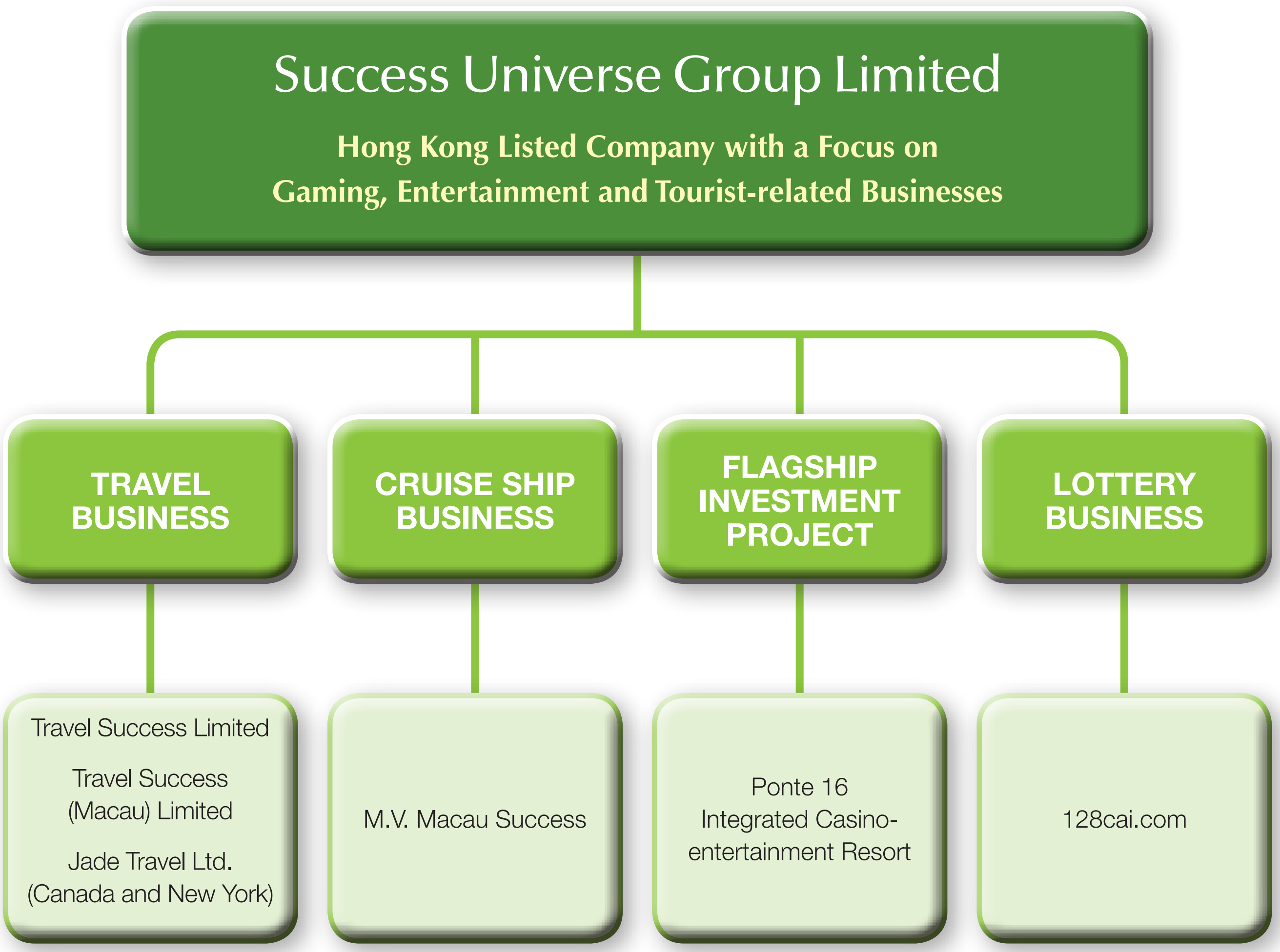
www.successug.com

Financial Highlights

	Year ended 31 December 2011 HK$'000	Year ended 31 December 2010 HK$'000	Year ended 31 December 2009 HK$'000
Results			
Turnover			
Cruise ship leasing and management	**69,600**	69,600	72,600
Travel	**1,398,844**	1,375,302	1,129,639
	1,468,444	1,444,902	1,202,239
Loss from operations	**(72,253)**	(14,536)	(47,935)
Loss attributable to owners of the Company	**(77,666)**	(80,782)	(173,797)

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Consolidated statement of financial position			
Total assets	**1,407,971**	1,475,374	1,345,509
Total liabilities	**905,915**	881,823	671,636
Net assets	**502,056**	593,551	673,873

Group Structure



Chairman's Statement

In 2011, the Group made progress in two key business plans, including the participation in China's lottery market and preparation for the commencement of Ponte 16's Phase 3 Project, which we believe will deliver enormous growth for us further down the road.

Dear Valued Shareholders,

On behalf of the board of directors of Success Universe Group Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

The Group witnessed a year of both challenges and opportunities in 2011, as uncertainties in economic recovery in the United States of America and Europe dampened consumer sentiments, affecting the growth of our travel business in North America, while the strong Chinese economy continued to fuel substantial growth in tourism and gaming industries in Macau, benefiting our flagship investment project, Ponte 16. During the year, the Group achieved an improved performance. We have not only strengthened our business platforms by maximising the synergies across our core businesses and Ponte 16, but also broadened our avenue for growth by participating in the fast-growing mobile sports lottery market in Mainland China. In addition, the Company has completed its successful rights issue in January 2012, providing further financial resources for the business operation of the Group. With all these initiatives, we have laid a solid foundation for our business growth going forward.

UNIQUE POSITIONING

During the year, Ponte 16 further strengthened its unique positioning in Macau's gaming and tourism scenes and elevated its global profile. In terms of financial performance, gross gaming revenue of Ponte 16 once again outperformed the Macau gaming market. The surge in gross gaming revenue has not only translated into another record EBITDA* for Ponte 16, but also the first net profit for the resort since its commencement of operation.

Such positive performance was the result of Ponte 16's continuous efforts in enriching its cultural and entertainment offerings for visitors worldwide. In 2011, Ponte 16 significantly enhanced its brand awareness in the China market by introducing a prestigious international exhibition tour - the "Super Stars' Memorable Collections Exhibition". In collaboration with New World Department Store China Limited, the exhibition toured major cities across China, offered the Mainland audiences a one-of-a-kind opportunity to view over 100 iconic collections from some of the world's most popular super stars. The exhibition proved to be an enormous success with overwhelming responses received throughout the tour. As an extension of the tour, Ponte 16 partnered again with Julien's Auctions to stage the "Legends" Auction in Macau in 2011, adding colour to the legendary Inner Harbour.

With its unbeatable world-class services and facilities, Sofitel Macau At Ponte 16 achieved another successful year in 2011, with a continuous high occupancy rate and a series of awards and accolades recognising its dedication to providing an unrivalled accommodation experience to guests from around the world.

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

UNPARALLELED SYNERGIES

Despite the challenging global business environment, we continued to strengthen our business platforms by exploring opportunities in market segments where we can best leverage our strengths.

We continued to enhance synergies between our core businesses and key investment project by stepping up cross-selling efforts. Our travel business continued to expand its presence in China by targeting the high-margin market segments such as MICE (Meeting, Incentive, Convention and Exhibition) and corporate ticketing, and seized further cross-selling opportunities with Ponte 16 and the Group's cruise ship business through cooperation with tour operators in China.

EXPANDED PLATFORMS

The focus of our business strategy has always been on the future. During the year, we made important progress in two key business development plans that we believe will deliver enormous growth for us further down the road.

In the second half of 2011, the Group made a move to participate in China's mobile sports lottery market, in view of the tremendous growth potential in the fast-growing sector. Through the subsidiaries of a joint venture company, the Group is now authorised to offer sports lottery sales agency services via mobile in the Jiangxi and Qinghai provinces in China by providing a technology service platform and related technical support. We look forward to opportunities to further expand the business to other provinces in order to capture the flourishing potential presented by the dynamic China lottery market.

In Macau, we are preparing for the commencement of the Phase 3 development project of Ponte 16, which will implement an extension of the world-class casino and introduce premier facilities to further enrich the dining and entertainment offerings of the resort. With strong growth prospects for the Chinese economy, we are confident that the new phase of Ponte 16 will not only bring unique and exciting experiences to our guests, but also deliver substantial value for the Group.

Riding on our expanded business platforms and forward-looking vision of the Group, I am confident that we are in the best position to seize the ample opportunities ahead and deliver long-term value to our shareholders. We shall continue to work towards our goal of becoming one of the key players in the gaming, entertainment and tourist-related industries in Asia.

APPRECIATION

I would like to take this opportunity to extend my heartfelt gratitude to our shareholders for their continued support, my fellow directors for their guidance, our customers and business partners for their trust and our staff for their dedication and hard work. The support from our people at all levels is invaluable in our shared quest to create enduring value for the benefit of all.

Yeung Hoi Sing, Sonny
Chairman

Hong Kong
29 March 2012

Business Highlights

- Total turnover rose approximately 2% from approximately HK$1,444.9 million to approximately HK$1,468.4 million
- Gross profit reached approximately HK$71.5 million
- Turnover in travel business amounted to approximately HK$1,398.8 million
- The Group's flagship investment project, Ponte 16, recorded its first net profit, with the EBITDA* increased by approximately 53.4% to approximately HK$316.8 million
- Ponte 16 staged the first "Super Stars' Memorable Collections Exhibition" in 2011, which toured five cities across China
- The Group continued to develop the mobile sports lottery business in 2011 in order to grasp the rapidly growing opportunities in China's flourishing lottery industry

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Management Discussion and Analysis

During the year, the Group delivered improved performance, attributable to the effective execution of its synergetic three-pronged business strategy.

Success Universe Group Limited (the "Company") and its subsidiaries (collectively the "Group") attained an improved performance for the year ended 31 December 2011, attributable to effective execution of its synergetic three-pronged business strategy.

As the economic climate of the United States of America (the "USA") and Europe remained sluggish throughout the year, the Group continued to step up its efforts in focusing on business opportunities in the fast-growing China market. During the year, the Group continued to develop a new business to provide a technology service platform and technical support as well as sports lottery sales agency services to China's burgeoning mobile sports lottery market (the "Lottery Business"). On the other hand, the Group's flagship investment project, Ponte 16, benefited from the continued growth of Macau's gaming industry and started contributing net profit to Ponte 16.

With continuous commitment to building a sustainable and diversified platform of gaming, entertainment and tourist-related businesses, the Group is well-placed to seize opportunities and achieve further results improvement when the global market recovers.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes included in this annual report.

RESULTS

The Group attained an improved performance in 2011 and posted a turnover of approximately HK$1,468.4 million for the year ended 31 December 2011, representing an increase of approximately 2% from approximately HK$1,444.9 million in 2010. Gross profit reached approximately HK$71.5 million (2010: approximately HK$92.1 million). Loss attributable to owners of the Company narrowed to approximately HK$77.7 million, compared to approximately HK$80.8 million in 2010. Loss per share also reduced from 3.31 HK cents in 2010 to 3.18 HK cents in 2011.

Turnover from the Group's travel business increased from approximately HK$1,375.3 million in 2010 to approximately HK$1,398.8 million in 2011, with its growth being affected by the continuing economic turmoil in its core market of North America. Ticketing revenue rose to approximately HK$1,315.8 million, compared to approximately HK$1,281.5 million in the last corresponding year. The travel business posted a segment loss of approximately HK$11.2 million, compared with a segment profit of approximately HK$8.2 million in 2010.

Possessing a unique combination of cultural and entertainment elements for visitors worldwide, Ponte 16 achieved continuous operating improvement in 2011 and recorded a net profit for the first time since the commencement of its operation. During the year under review, Ponte 16 continued to attain growth in gross gaming revenue which outpaced Macau's overall industry growth, and its EBITDA* increased by approximately 53.4% to approximately HK$316.8 million (2010: approximately HK$206.6 million). The Group's shared profit of the associates relating to Ponte 16 for the year ended 31 December 2011 amounted to approximately HK$3.3 million, while it posted a shared loss of approximately HK$44.4 million in 2010.

RIGHTS ISSUE

With reference to the announcement dated 25 October 2011 issued by the Company, the Company proposed to raise approximately HK$308.9 million, before expenses, by issuing 1,625,976,154 rights shares to the qualifying shareholders by way of the rights issue at the subscription price of HK$0.19 per rights share on the basis of two rights shares for every three shares held on the record date ("Rights Issue").

The circular of the Company dated 22 November 2011 in relation to, among other things, the Rights Issue and the whitewash waiver was despatched to the Company's shareholders on the same date. The Rights Issue and the whitewash waiver were approved by the independent shareholders at the special general meeting of the Company held on 9 December 2011 and the prospectus of the Company dated 21 December 2011 containing the details of the Rights Issue (the "Prospectus") together with the provisional allotment letter for the rights shares and the application form for excess rights shares were despatched to the qualifying shareholders on 21 December 2011.

The Rights Issue was conditional upon the obligation of Silver Rich Macau Development Limited ("Silver Rich", a controlling shareholder of the Company and wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being a director and a controlling shareholder of the Company)) under the underwriting agreement entered into between the Company and Silver Rich, as underwriter regarding the underwriting and certain other arrangements in respect of the Rights Issue (the "Underwriting Agreement") becoming unconditional. As all the conditions set out in the Underwriting Agreement have been fulfilled, the Rights Issue has become unconditional on 12 January 2012. 1,625,976,154 shares have been allotted and issued by the Company under the Rights Issue on 18 January 2012 and the Rights Issue has been completed on the same date.

The net cash proceeds of the Rights Issue, after the setting off by the Assigned Loans (as defined hereinafter) from Silver Rich, is approximately HK$173.2 million, which will be applied as follows: (i) up to HK$100.0 million for settlement of part of the third party interest-bearing loans when they fall due on 22 October 2012; (ii) approximately HK$29.0 million for fulfillment of the Group's commitment to provide financial assistance to the joint venture company in relation to the Lottery Business; and (iii) the remaining balance of approximately HK$44.2 million for general working capital of the Group.

Based on the reduced interest-bearing borrowings as a result of the said setting off, repayment of certain interest-bearing loans and the enlarged total equity attributable to owners of the Company, the Group's gearing ratio would be reduced accordingly.

DIVIDENDS

No interim dividend was paid in 2011 (2010: Nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Travel Business

The Group continued to focus on the high-end market segment and further developed its MICE business, aiming to expand its presence in the China market.

REVIEW OF OPERATIONS

Travel Business

Continued to focus on the high-margin market segment

The travel industry faced a considerable challenge in the context of gloomy global economic prospects during the year, and the sluggish economy in the USA has affected the growth of the Group's travel business units in Hong Kong, Macau and its travel agency companies located in Canada and the USA (the "Jade Travel Group") which operate their core business in North America. Turnover in this segment increased by approximately 2% to approximately HK$1,398.8 million, compared to approximately HK$1,375.3 million in 2010. Loss in this segment amounted to approximately HK$11.2 million, compared with a profit of approximately HK$8.2 million in 2010, and an impairment loss on certain assets of approximately HK$4.6 million was recognised during the year.

During the year, the Group continued to focus on the high-end market segment and further developed its MICE (Meeting, Incentive, Convention and Exhibition) business, tapping into the high growth potential of the market. The granting of "Approved Destination Status" to Canada by China's authorities has further opened up opportunities for inbound tours. As part of its three-pronged business strategy, the Group has also expanded its presence in the China market and seized further cross-selling opportunities with Ponte 16 and the Group's cruise ship business through cooperation with travel operators in Mainland China.

Cruise Ship Business

The cruise ship business continued to provide stable revenue for the Group.

Management Discussion and Analysis (continued)

Cruise Ship Business

Steady revenue contributor for the Group

The cruise ship business continued to provide stable revenue for the Group during the year. Turnover from the cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) was approximately HK$69.6 million (2010: approximately HK$69.6 million). The cruise ship business posted a segment loss of approximately HK$7.8 million, as compared to a segment loss of approximately HK$1.9 million in 2010, mainly due to surging fuel costs.

Investment Project – Ponte 16

Leveraging the strong growth momentum of the Macau gaming industry and the resort's strong international brand positioning, Ponte 16 continued to outperform the overall Macau gaming industry and achieved its first net profit in 2011.

Investment Project – Ponte 16

Substantial improvement driven by strong momentum of the Macau gaming market

Capitalising on the strong growth momentum of the Macau gaming industry and the strengthened unique brand positioning, Ponte 16 continued to outperform the overall Macau gaming industry during 2011, with gross gaming revenue achieving a growth of approximately 54%.

As of 31 December 2011, the casino of Ponte 16 has a total of 109 gaming tables, 82 of which are mass gaming tables, nine are high-limit tables and 18 are VIP tables.

To further elevate its global image and raise its brand awareness worldwide, Ponte 16 joined hands with New World Department Store China Limited to bring to China the first-ever “Super Stars’ Memorable Collections Exhibition” in September and October 2011. The exhibition toured five cities across China, including Beijing, Shanghai, Tianjin, Shenyang and Harbin, at which over 100 rare collections from the world’s most famed super stars were showcased. A highlight of the exhibits was the white rhinestone glove of Michael Jackson (“MJ”) – an iconic piece from the MJ Gallery at Ponte 16 (the “Gallery”), the first and only MJ gallery in Asia. Following the series of highly successful exhibitions, Ponte 16 proudly staged the grand finale of the China tour in Macau.

In addition, Ponte 16 sponsored the venue for the “Legends” Auction held by renowned auction house, Julien’s Auctions, in October 2011. As one of the most “star-studded” international auctions in Asia, it attracted numerous enthusiastic buyers and collectors from around the world.

A total of 517 stage costumes and celebrity collectables were sold during the 11-hour auction. The items included personal belongings of Bruce Lee, Elvis Presley, Madonna, Marilyn Monroe, MJ and The Beatles, as well as an assortment of artifacts from Hollywood movies. Among them, the dress worn by Marilyn Monroe in “River of No Return” was sold for US$504,000 including buyer’s premium, while Madonna’s “Who’s That Girl” tour bustier received overwhelming responses from international bidders and sold at a record price of US$72,000 including buyer’s premium.

In November 2011, Ponte 16 opened a luxury MJ-themed VIP mansion – the MJ Mansion – in order to replicate the remarkable success of the Gallery by injecting additional MJ elements into the highly-regarded hotel resort. This initiative further enhanced Ponte 16's unique positioning and enriched its appeal to potential visitors from near and far.

The award-winning Sofitel Macau At Ponte 16 continued to be one of the preferred accommodation choices for visitors from Mainland China and overseas. Throughout the year under review, the five-star hotel attained not only a high occupancy rate, but also a more diverse customer mix.

With its splendid world-class services and facilities, Sofitel Macau At Ponte 16 received various industry awards in 2011. The magnificent resort hotel was named "China's Best Hotel Manager" by LifeStyle Magazine in its "2010 China's Best Hotels Awards", "Customer Satisfaction Award (Macau)" by Rakuten Travel, "The Best Theme Hotel in Chinese Hospitality Award" by "The 3rd China Hotel Gold Champion Award", "China's Top 10 Most Popular Resort Hotels of 2011" by "The 8th Golden-Pillow Award of China Hotels", "2011 Best Business Hotel" by National Geographic Traveler (China edition) in its "Gold List Award of China Tourism", "Best Leisure Hotel" by Travel & Leisure website, "China's 100 Best Hotel in 2011" by China Travel + Leisure Magazine and "Best Club Floor" by China Voyage Magazine in its "2011 Hotel & Resorts Best Value Awards". All these accolades have demonstrated Ponte 16's commitment to achieving and exceeding customers' expectations.

Steady progress has been made during the year on the expansion plan of Ponte 16, which aims to further enrich the gaming and entertainment offerings of the resort.

The plan of phase 3 of the Ponte 16 development project (the “Phase 3 Project”) is expected to proceed in 2012. The Phase 3 Project will feature an entertainment and recreation complex housing a wide variety of retail shops and entertainment facilities with a provision for expansion of the casino. The Phase 3 Project is targeted to be completed by 2014. In addition, a group of banks led by Industrial and Commercial Bank of China (Macau) Limited has begun a syndication of 5-year loan facilities for Ponte 16 in the amounts of HK$1,900 million and RMB400 million. The funds will be used mainly to refinance existing syndicated loan facilities, to repay shareholders’ loans and to fund the construction of the Phase 3 Project. The new syndicated loan facilities is to be secured, amongst others, a several guarantee to be provided by the Company. The financing is expected to be completed by the first half of 2012.

Lottery Business

China's burgeoning lottery industry offers generous prospects for the Group which possesses a sound business strategy. The Group is confident that the mobile sports lottery business will become a significant growth driver in the long-run.

Lottery Business

Strategically planned to harness the growth potential of China's lottery industry

With reference to the announcement dated 25 August 2011 issued by the Company, the Group continued to develop the Lottery Business in 2011 in order to grasp the rapidly growing opportunities in China's flourishing lottery industry. The Group provides a technology service platform and technical support as well as sports lottery sales agency services to China's mobile sports lottery market through the subsidiaries of a joint venture company (the "JV Company"). The Group has been authorised to provide sports lottery sales agency services via mobile in the Jiangxi and Qinghai provinces in Mainland China. A dedicated website for the Lottery Business, 128cai.com (www.128cai.com), has also been launched to offer information and hot tips on the lottery market as well as round-the-clock online customer services.

China's burgeoning lottery industry has an enormous growth potential, with a CAGR# of lottery sales revenue of approximately 23% in the last ten years and year-on-year growth of approximately 33% in 2011 to approximately RMB221.6 billion. This will offer generous prospects for players, including the Group, who possess well-connected networks and a sound business strategy. The Group is confident that the Lottery Business in China will contribute a significant proportion of revenue for the Group in the long-run.

CAGR: Compound Annual Growth Rate

The Group will continue to strengthen its business platforms. Over the long-term, the Group is well positioned to further enrich its extensive business portfolio in the travel and entertainment sectors.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 31 December 2011, the Group had net current liabilities of approximately HK$288.0 million (31 December 2010: net current assets of approximately HK$117.9 million) and net assets of approximately HK$502.1 million (31 December 2010: approximately HK$593.6 million). Various loans and payables which will become mature within the coming 12 months were reclassified as current liabilities.

On 1 December 2008, Mr. Yeung provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 30 October 2012 to 31 October 2013 by a letter agreement dated 15 March 2012 ("Yeung Loan Facility"). Reference was made to the Prospectus, a portion of the loan under the Yeung Loan Facility in the amount of approximately HK$104.7 million was assigned to Silver Rich ("Assigned Yeung Loan"). As at 31 December 2011, the Company had owed to Mr. Yeung in the amount of approximately HK$30.3 million (31 December 2010: HK$105.0 million).

On 22 October 2009, the Company as borrower and New Shepherd Assets Limited ("New Shepherd"), a wholly-owned subsidiary of the Company, as security provider entered into an agreement in relation to a HK$250 million revolving credit facility (the "Revolving Credit Facility") with a financial institution (the "Lender") as lender, which is a third party independent of the Company. The Revolving Credit Facility carries a floating interest rate and the loan under such facility shall be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development Limited ("Pier 16 – Property Development") in connection with the cash flow requirements of Pier 16 – Property Development and its subsidiaries. As at 31 December 2011, the Company had utilised the Revolving Credit Facility in the amount of HK$246.0 million (31 December 2010: HK$246.0 million) and the said amount was reclassified as current liabilities in 2011.

Jade Travel Ltd. ("Jade Travel, Canada", an 80% indirectly owned subsidiary of the Company which was incorporated in Canada) was granted secured bank loans which carry a fixed interest rate and the loans shall be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 31 December 2011, the outstanding loans were equivalent to approximately HK$13.6 million (31 December 2010: equivalent to approximately HK$14.5 million).

Reference was made to the Prospectus, the loan from a related company to a subsidiary of the Company in the amount of approximately HK$23.4 million was assigned to Silver Rich while the said subsidiary has novated and the Company has assumed the related liabilities ("Assigned SS Loan"). As at 31 December 2011, the Group had owed a non-interest bearing loan to that related company of approximately HK$0.1 million (31 December 2010: interest-bearing loan equivalent to approximately HK$23.2 million). The loan is unsecured and charged with interest at the rate of 4% per annum in 2010 and has no fixed terms of repayment.

As at 31 December 2011, the outstanding loan from Silver Rich was approximately HK$128.3 million (31 December 2010: Nil), being the aggregate amount of the Assigned Yeung Loan and Assigned SS Loan in the amount of approximately HK$128.1 million ("Assigned Loans") and subsequent interest accrued thereon. The Assigned Yeung Loan is charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited and the Assigned SS Loan is charged with interest at the rate of 4% per annum. Subsequent to the year-end date, on 12 January 2012, the Assigned Loans had been used to set off against the aggregate subscription price of the 673,968,954 rights shares provisionally allotted to Silver Rich pursuant to the Rights Issue.

Apart from the aforesaid loans, as at 31 December 2011, there were loans from shareholders of non-controlling interests of approximately HK$17.7 million (31 December 2010: approximately HK$16.4 million) and other loans payable of approximately HK$192.2 million (31 December 2010: approximately HK$192.2 million). The loans are interest-free and unsecured. These included approximately HK$152.7 million which was reclassified as current liabilities in 2011, and the remaining amount of approximately HK$39.5 million which will not be repaid within the next 12 months.

Taking into account the loan facility and financial undertaking by Mr. Yeung and an additional funding generated from the Rights Issue, the Group will have sufficient working capital for its current requirements. Accordingly, the Directors consider that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Total equity attributable to owners of the Company as at 31 December 2011 was approximately HK$470.2 million (31 December 2010: approximately HK$547.9 million). Accordingly, the gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 89% as at 31 December 2011 (31 December 2010: approximately 71%).

Provision of Further Financial Assistance to Pier 16 – Property Development

With reference to the announcement dated 25 June 2010 issued by the Company, there was no further additional shareholders' loans provided to Pier 16 – Property Development during the year (31 December 2010: approximately HK$134.9 million, which were mainly to finance the construction cost and the repayment of indebtedness by Pier 16 – Property Development).

Pledge of Assets

As at 31 December 2011, the Group had secured the following assets:

(a) the Group pledged the time deposits of approximately HK$7.9 million (31 December 2010: approximately HK$8.1 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK$9.9 million (31 December 2010: approximately HK$10.2 million) for the operations of the Group;

(b) World Fortune Limited, an indirect subsidiary of the Company, pledged all (31 December 2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of syndicated loan facilities granted to Pier 16 – Property Development;

(c) New Shepherd pledged 51% (31 December 2010: 51%) of the entire issued share capital from time to time of Favor Jumbo Limited, an indirect wholly-owned subsidiary of the Company, to the Lender in respect of the Revolving Credit Facility granted to the Company; and

(d) the Group's self-occupied properties with carrying amount of equivalent to approximately HK$20.6 million (31 December 2010: equivalent to approximately HK$21.6 million) were pledged to a bank to secure bank loans to Jade Travel, Canada.

Contingent Liabilities

As at 31 December 2011, the Company gave a corporate guarantee for the syndicated loan facilities of HK$1,600 million granted to an associate of the Group (31 December 2010: HK$1,600 million). The maximum guarantee amount borne by the Company was HK$860 million (31 December 2010: HK$860 million). The total loan outstanding and bank guarantee facility from the syndicated loan facilities for the associate as at 31 December 2011 were HK$560 million and HK$240 million respectively (31 December 2010: HK$800 million and HK$240 million respectively).

HUMAN RESOURCES

As at 31 December 2011, the Group had a total of 470 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long-term incentive.

PROSPECTS

Looking ahead, despite the volatile worldwide economy, robust economic fundamentals of China are still the strong growth drivers for the Group's businesses.

For the Group's travel business, its operation in North America may continue to encounter challenges given the uncertain economic prospects for the USA and the prolonged Eurozone crisis. However, outbound tours from the region are expected to see an improved performance owing to the gradual recovery of the business environment in the USA, while the sustained growth of the Chinese affluent class will continue to lead to opportunities in inbound tours from China. To channel businesses to the Jade Travel Group, the Group is actively continuing to solicit business partners with sound credibility in China and identify opportunities to expand its corporate and group tour businesses.

The growth momentum in China is expected to continue as the driving force for both visitation and spending in the Macau gaming industry, from which Ponte 16 stands to benefit. In addition, the opening of new resorts has enriched the entertainment scene of Macau as a whole and boosted overall tourist arrivals for the entire market. Leveraging on the growing momentum of Macau's gaming industry, the Group believes the combination of Ponte 16's unique positioning and superior services will sustain its leading role in the market.

Building on its rising international reputation, Ponte 16 will join hands again with Julien's Auctions to stage an MJ-themed exhibition tour in Greater China in 2012. This will bring Ponte 16 under the spotlight of the world once again and further broaden its customer base.

To bring new entertainment offerings to Macau, Ponte 16 is in the process of rolling out the Phase 3 Project. This new phase is set to further diversify the shopping, dining and entertainment experiences, and expand the scale of the world-class casino in Ponte 16. The Phase 3 Project, upon its completion, is poised to bring another stable stream of revenue for the Group.

The Ministry of Finance, Ministry of Civil Affairs and General Administration of Sport of China jointly announced the Implementation Details of the Regulations on the Administration of Lottery (the "Implementation Details") in January 2012, with approval from the State Council. The Implementation Details, effective from 1 March 2012, will strengthen the monitoring and management of China's lottery industry. The measures are expected to create a healthy market environment to support the long-term growth of the industry. With a well-established technology service platform and network, the Group will actively seek out opportunities to expand the business to other provinces in Mainland China via the subsidiaries of the JV Company.

The Group remains optimistic on the outlook for Macau and China. To take advantage of the ample growth opportunities in China, the Group will continue to strengthen its business platforms by implementing its three-pronged strategy. Over the long-term, the Group is well-positioned to further enrich its extensive portfolio of assets for maximising value for its shareholders, partners and customers.

Corporate Governance Report

Success Universe Group Limited (the "Company") is committed to maintain high corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company ("Director(s)"), the Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry of all Directors who held office during the year ended 31 December 2011, each of whom has confirmed his/her compliance with the required standard set out in the Code of Conduct and the Model Code throughout the year under review.

BOARD OF DIRECTORS

The board of Directors (the "Board"), led by its chairman (the "Chairman"), Mr. Yeung Hoi Sing, Sonny, is responsible for overseeing the management of the business and affairs, considering and approving strategic plans and major corporate matters, as well as reviewing operational and financial performance. The Board is committed to make decisions in the best interests of both the Company and its shareholders.

The Board currently consists of six members, including two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Dr. Ma Ho Man, Hoffman (Deputy Chairman); a non-executive Director, namely Mr. Choi Kin Pui, Russelle (the "NED"); and three independent non-executive Directors, namely Mr. Luk Ka Yee, Patrick, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose (collectively "INEDs"). Mr. Chin Wing Lok, Ambrose was appointed as an independent non-executive Director in replacement of Mr. Yim Kai Pung with effect from 1 March 2012. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 43 and 44.

The roles of the Chairman and the Deputy Chairman of the Board (the "Deputy Chairman") who performs the function of chief executive officer are segregated and assumed by separate individuals to strike a balance of power and authority so that power and job responsibilities are not concentrated in any one individual of the Board. The Chairman, Mr. Yeung Hoi Sing, Sonny, is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company, while the Deputy Chairman, Dr. Ma Ho Man, Hoffman, is responsible for implementing the Company's strategies regarding the business development of the Company and its subsidiaries (collectively the "Group") as well as managing the Group's business and operations. The functions and responsibilities between the Chairman and the Deputy Chairman are clearly segregated.

Except that Dr. Ma Ho Man, Hoffman is the nephew of Mr. Yeung Hoi Sing, Sonny, to the best knowledge of the Directors, there is no financial, business, family and/or other material/relevant relationship among members of the Board and between the Chairman and the Deputy Chairman who performs the function of chief executive officer.

The Board includes three INEDs and one of them, Mr. Chin Wing Lok, Ambrose, is a certified public accountant (practising) and a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants as well as a certified tax adviser and a fellow member of The Taxation Institute of Hong Kong. He has over 25 years of experience in auditing, accounting and taxation.

The NED and all INEDs entered into service contracts with the Company for a term of one year, save that the term of appointment of Mr. Chin Wing Lok, Ambrose under his service contract is for the period from 1 March 2012 to 31 December 2012. Pursuant to the bye-laws of the Company, all Directors appointed by the Board shall hold office until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the number of Directors) after their appointment and the retiring Director shall be eligible for re-election. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation such that all Directors should be subject to retirement by rotation at least once every three years.

The Board meets regularly throughout the year as and when required. Notices of at least 14 days are given to all Directors for all regular Board meetings. The company secretary of the Company assists the Chairman in preparing the agendas for the meetings and all Directors are consulted to include any matters in the agendas. Agenda and accompanying board papers are given to all Directors in a timely manner and at least 3 days before the appointed date of each meeting.

During the year under review, four regular Board meetings and two non-regular Board meetings were held. Details of the Directors' attendance at the said Board meetings are set out below:

Directors	**Number of Board meetings attended/held**
Executive Directors	
Mr. Yeung Hoi Sing, Sonny *(Chairman)*	5/6
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*	5/6
Non-executive Director	
Mr. Choi Kin Pui, Russelle	6/6
Independent non-executive Directors	
Mr. Luk Ka Yee, Patrick	6/6
Mr. Yim Kai Pung *(resigned with effect from 1 March 2012)*	6/6
Ms. Yeung Mo Sheung, Ann	6/6

The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them to discharge their duties. Adequate, complete and reliable information is provided to the Directors in a timely manner to keep them abreast of the Group's latest developments and any major changes to the relevant rules and regulations and thus can assist them in discharging their duties.

DELEGATION BY THE BOARD

The Board has established three Board committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the executive committee (the "Executive Committee") to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. The Board has reserved for its decision or consideration on matters covering corporate strategy, annual and interim results, changes of members of the Board and its committees, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. All the Board committees have clear written terms of reference and have to report to the Board regularly on their decisions and recommendations. The day-to-day running of the Group, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to management with divisional heads responsible for different aspects of the business/ affairs.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules, full text of which is available on the Company's website. The Audit Committee currently consists of the NED and all INEDs and is chaired by Mr. Chin Wing Lok, Ambrose, who was appointed as the chairman and a member of the Audit Committee in replacement of Mr. Yim Kai Pung with effect from 1 March 2012. Mr. Chin possesses appropriate professional accounting qualification as required under the Listing Rules.

The primary duties of the Audit Committee include, inter alia, monitoring integrity of the financial statements of the Company and ensuring objectivity and credibility of financial reporting, reviewing effectiveness of the internal control system of the Group as well as overseeing the relationship with the external auditors of the Company.

During the year under review, three Audit Committee meetings were held and several resolutions in writing were passed by all members of the Audit Committee. Details of attendance of the Audit Committee members at the said Audit Committee meetings are set out below:

Audit Committee members	**Number of Audit Committee meetings attended/held**
Mr. Yim Kai Pung *(Chairman of the Audit Committee)* *(resigned with effect from 1 March 2012)*	3/3
Mr. Choi Kin Pui, Russelle	3/3
Mr. Luk Ka Yee, Patrick	3/3
Ms. Yeung Mo Sheung, Ann	3/3

During the year under review, the Audit Committee had considered, reviewed and/or discussed (i) the auditing and financial reporting matters; (ii) the appointment of external auditors including the terms of engagement; (iii) the annual and interim results; and (iv) the effectiveness of the internal control system of the Group. Each member of the Audit Committee has unrestricted access to the external auditors and all senior staff of the Group.

REMUNERATION COMMITTEE

The Company formulated written terms of reference for the Remuneration Committee in accordance with the requirements of the Listing Rules, full text of which is available on the Company's website. The Remuneration Committee currently consists of the Chairman of the Board, the NED and all INEDs (including Mr. Chin Wing Lok, Ambrose, who was appointed as a member of the Remuneration Committee in replacement of Mr. Yim Kai Pung with effect from 1 March 2012) with Mr. Yeung Hoi Sing, Sonny acts as the chairman of the Remuneration Committee.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company ("Senior Management") and on the establishment of a formal and transparent procedure for developing remuneration policy, to determine specific remuneration packages of all executive Directors and the Senior Management and also to make recommendations to the Board of the remuneration of the NED and all INEDs. The Remuneration Committee takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the Senior Management.

During the year under review, one Remuneration Committee meeting was held and several resolutions in writing were passed by all members of the Remuneration Committee for, inter alia, reviewing the remuneration policy and structure for as well as the remuneration packages of all Directors and the Senior Management, and considering the changes of the remuneration package of one of the Senior Management. Details of attendance of the Remuneration Committee members at the said Remuneration Committee meeting are set out below:

Remuneration Committee members	**Number of Remuneration Committee meeting attended/held**
Mr. Yeung Hoi Sing, Sonny *(Chairman of the Remuneration Committee)*	1/1
Mr. Choi Kin Pui, Russelle	1/1
Mr. Luk Ka Yee, Patrick	1/1
Mr. Yim Kai Pung *(resigned with effect from 1 March 2012)*	1/1
Ms. Yeung Mo Sheung, Ann	1/1

In order to comply with the new rules (the "New Rules") and the new code provisions of the Corporate Governance Code (the "New Code") in the Listing Rules which will take effect on 1 April 2012, at the Board meeting held on 29 March 2012 (the "Board Meeting Held on 29 March 2012"), the Board has resolved to (i) appoint Mr. Luk Ka Yee, Patrick as the chairman of the Remuneration Committee in place of Mr. Yeung Hoi Sing, Sonny with effect from 30 March 2012; (ii) amend the terms of reference for the Remuneration Committee in line with the New Rules and the New Code on 30 March 2012; and (iii) to remain the delegation of the responsibility to the Remuneration Committee on determination of the remuneration packages of individual executive Directors and Senior Management.

EXECUTIVE COMMITTEE

The Executive Committee was established by the Board with specific written terms of reference. It currently consists of all executive Directors, namely Mr. Yeung Hoi Sing, Sonny and Dr. Ma Ho Man, Hoffman with Mr. Yeung Hoi Sing, Sonny acts as the chairman of the Executive Committee. The Executive Committee is responsible for reviewing and approving, inter alia, any matters concerning the day-to-day management, business and operations affairs of the Company, and any matters to be delegated to it by the Board from time to time.

NOMINATION OF DIRECTORS

The Company did not establish a nomination committee during the year under review and the Board is responsible for reviewing its size, structure and composition (including the skills, knowledge and experience of its members) from time to time as appropriate to ensure that the Board has a balance of skills and experience appropriate for the business of the Company. Besides, the Board is responsible for assessing the independence of INEDs and considering any appointment of its own members as well as making recommendations to the shareholders of the Company (the "Shareholders") on Directors standing for re-election at the general meeting following their appointments and retirement by rotation.

During the year ended 31 December 2011, no new member was appointed to the Board. The Board has (i) recommended the re-appointment of the Directors standing for re-election at the annual general meeting of the Company held on 3 June 2011 (the "2011 Annual General Meeting"); (ii) reviewed its own size, structure as well as composition; and (iii) assessed the independence of INEDs. Besides, on 29 February 2012, the Board has passed a written resolution to appoint Mr. Chin Wing Lok, Ambrose as an independent non-executive Director after taking into consideration of his qualification and experience.

At the Board Meeting Held on 29 March 2012, the Board has resolved to establish a nomination committee (the "Nomination Committee") on 30 March 2012 with written terms of reference as required under the New Code. The Nomination Committee will consist of the Chairman of the Board, the NED and all INEDs, and Mr. Yeung Hoi Sing, Sonny will act as the chairman of this committee.

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective internal control system so as to safeguard the investment of the Shareholders and the assets of the Group. The Company has annually engaged an independent professional firm (the "Independent Professional Firm") to review the internal control system of the Group which covers financial, operational and compliance controls as well as risk management functions. During the year, the Independent Professional Firm has conducted a review of the internal control system of the Group and the relevant review report has been considered by the Audit Committee for assessing the effectiveness of the said internal control system. The Board, through the reviews made by the Independent Professional Firm and the Audit Committee, concluded that the Group's internal control system was effective.

The Audit Committee has also reviewed the adequacy of resources, qualifications and experience of staff (the "Accounting Staff") of the Company's accounting and financial reporting function (the "Accounting Function"), and their training programmes and budget during the year. The Board, through the review made by the Audit Committee, considered that the resources of the Accounting Function as well as the qualifications and experience of the Accounting Staff are adequate and the training programmes and budget for the Accounting Staff are sufficient.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external auditors of the Company, HLB Hodgson Impey Cheng, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 45 and 46.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 31 December 2011, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are as follows:

	31 December 2011
	HK$'000
Audit services	1,658
Other advisory services	581
	2,239

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to provide clear and full information on the Group to the Shareholders through the publication of notices, announcements, circulars and financial reports of the Company. Additional information, such as press releases and other business information are also available on the Company's website at www.successug.com, being updated in a timely manner.

The annual general meeting provides a useful forum for the Shareholders to exchange views with the Board. The Chairman, also being the chairman of the Remuneration Committee, as well as a member of the Audit Committee were present at the 2011 Annual General Meeting to answer the Shareholders' questions.

Separate resolutions are proposed at general meetings on each substantially separate issues, including the election of individual Directors. Notices of at least 20 clear business days and 10 clear business days are given to the Shareholders for all annual general meetings and special general meetings of the Company respectively. Detailed procedures for conducting a poll are clearly explained at the commencement of the general meetings.

Report of Directors

The directors ("Director(s)") of Success Universe Group Limited (the "Company") present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the leasing and management of the 55% owned cruise ship and travel-related businesses.

Particulars of the Company's subsidiaries as at 31 December 2011 are set out in note 19 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement on page 47.

No interim dividend was paid during the year (2010: Nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 December 2011 by business and geographical segments is set out in note 6 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 128.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 52 of this annual report and other details of the reserves of the Group are set out in note 39 to the consolidated financial statements.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable and other donations totalling approximately HK$5,000 (2010: approximately HK$10,000).

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.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year. Details of the share capital of the Company are set out in note 37 to the consolidated financial statements.

LOANS AND BORROWINGS

Details of the loans and borrowings of the Group as at 31 December 2011 are set out in notes 29, 31, 34, 35 and 36 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*

Non-executive Director ("NED"):

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors ("INED(s)"):

Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose *(appointed with effect from 1 March 2012)*
Mr. Yim Kai Pung *(resigned with effect from 1 March 2012)*

Mr. Chin Wing Lok, Ambrose, being a Director appointed by the board of Directors (the "Board") with effect from 1 March 2012, shall retire from office in accordance with bye-law 86(2) of the bye-laws of the Company (the "Bye-laws") and, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting").

In accordance with bye-law 87 of the Bye-laws, Mr. Choi Kin Pui, Russelle and Mr. Luk Ka Yee, Patrick shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

The Company has received from each of the INEDs who held office during the year ended 31 December 2011 an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers all of the relevant INEDs to be independent. Mr. Chin Wing Lok, Ambrose, who was appointed as an INED with effect from 1 March 2012, has met all the independence guidelines as set out in Rule 3.13 of the Listing Rules and has submitted to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a written confirmation of his independence pursuant to the said Rule 3.13 after his appointment.

CHANGES OF DIRECTORS' INFORMATION

On 29 December 2011, the NED and all the then INEDs, namely Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, entered into new service contracts with the Company for a term of one year commencing from 1 January 2012, and each of the NED and the said INEDs is entitled to a director's fee of HK$120,000 per annum for the year of appointment under his/her service contract, while each of them was entitled to a director's fee of HK$105,000 per annum for the year of appointment in 2011.

Save as disclosed above, there was no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Interim Report 2011 of the Company and up to the date of this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

(A) On 1 December 2008, the Company as borrower and Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), an executive Director and a controlling shareholder of the Company, as lender entered into a letter agreement regarding an unsecured term loan facility of up to HK$200 million ("Loan Facility"). The rate of interest on the entire principal amount drawn and outstanding under the Loan Facility was the prime rate for Hong Kong dollars loans quoted by The Hongkong and Shanghai Banking Corporation Limited. On 14 April 2009, the Company and Mr. Yeung also entered into a letter agreement to increase the principal amount of the Loan Facility up to HK$290 million. In addition, Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to him under the revised Loan Facility before 30 June 2010 (the "Final Repayment Date"). The Final Repayment Date was extended to 30 June 2011 by a letter agreement dated 25 June 2009 and was further extended to 30 October 2012 by another letter agreement dated 23 June 2010.

(B) On 19 October 2011, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Silver Rich Macau Development Limited ("Silver Rich", being a controlling shareholder of the Company and wholly-owned by a discretionary trust (the beneficiaries of which were the family members of Mr. Yeung)) as underwriter, regarding the underwriting and certain other arrangements in respect of the issue by way of rights of new ordinary shares of HK$0.01 each in the share capital of the Company ("Rights Share(s)") in the proportion of two Rights Shares for every three shares of the Company held on the Record Date (as defined hereinafter), being 1,625,976,154 new shares of the Company, at the subscription price of HK$0.19 per Rights Share (the "Rights Issue"). Details of the Underwriting Agreement were set out in the announcement dated 25 October 2011, the circular dated 22 November 2011 and the prospectus dated 21 December 2011 issued by the Company.

Pursuant to the Underwriting Agreement, an underwriting commission of 2.5% of the aggregate subscription price in respect of the 952,007,200 Rights Shares underwritten by Silver Rich ("Underwritten Shares") of approximately HK$4.5 million would be paid by the Company to Silver Rich (the "Underwriting Commission"), except under the circumstance that the Underwriting Agreement was terminated in accordance with the terms thereof.

(C) On 15 December 2011, pursuant to the terms of the Underwriting Agreement,

a) Mr. Yeung as assignor, Silver Rich as assignee and the Company entered into a deed of assignment, whereby Mr. Yeung has assigned and transferred, and Silver Rich has accepted the assignment and transfer of, HK$104,667,902.02 (the "Assigned Yeung Loan", being a portion of the principal amount of HK$135 million having been drawn down and indebted by the Company to Mr. Yeung under the letter agreement dated 1 December 2008 for the Loan Facility as amended by the letter agreements dated 14 April 2009, 25 June 2009 and 23 June 2010 as mentioned in the above paragraph A of this section);

b) Smart Class Enterprises Limited ("Smart Class"), a wholly-owned subsidiary of the Company, Star Spangle Corporation ("Star Spangle"), a company beneficially wholly-owned by Mr. Yeung, Silver Rich and the Company entered into a deed of novation and assignment (the "SS Loan Assignment"), in relation to the novation and assignment of HK$23,386,199.24 (comprising the principal amount of HK$20,719,906.39 and portion of the accrued interest in the sum of HK$2,666,292.85) owing by Smart Class to Star Spangle under the unsecured loan (such loan was charged with interest at the rate of 4% per annum and the principal amount and all interest accrued thereon should be repaid by Smart Class to Star Spangle upon Star Spangle serving not less than fourteen days' prior written notice on Smart Class) (the "Assigned SS Loan"). Pursuant to the SS Loan Assignment, (i) Smart Class has novated, and the Company has assumed, all and any obligations, duties and liabilities of Smart Class in all respects as borrower of the Assigned SS Loan; and (ii) Star Spangle has assigned and transferred, and Silver Rich has accepted the assignment and transfer of, the Assigned SS Loan.

Pursuant to the terms of the Underwriting Agreement, Silver Rich and the Company have agreed that the entire amount of the Assigned Yeung Loan and the Assigned SS Loan should be used to set off against the aggregate subscription price of the 673,968,954 Rights Shares provisionally allotted to Silver Rich pursuant to the Rights Issue ("SR Shares") which amounted to a total of HK$128,054,101.26.

Save as disclosed above, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which any of the Directors or controlling shareholders or its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2011, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules:

Interest in the shares of the Company ("Share(s)")

Name of Director	Long position/ Short position	Nature of interest	Number of Shares interested or deemed to be interested	Approximate percentage of shareholding %
Mr. Yeung *(Note 1)*	Long position	Corporate interest	2,636,929,586 *(Note 1)*	64.87 *(Note 2)*
	Short position	Corporate interest	26,452,296 *(Note 3)*	0.65 *(Note 4)*

Notes:

1. Mr. Yeung, an executive Director and the Chairman of the Company, was deemed to have corporate interest in 2,636,929,586 Shares as at 31 December 2011 comprising: (i) 1,010,953,432 Shares held by Silver Rich; (ii) 673,968,954 SR Shares to be accepted by Silver Rich in respect of its entitlement to the Rights Shares as a qualifying shareholder under the Rights Issue; and (iii) 952,007,200 excess Rights Shares which might be allotted to Silver Rich pursuant to the irrevocable undertaking given by Silver Rich in the Underwriting Agreement (the "Irrevocable Undertaking") or 952,007,200 Underwritten Shares which might be taken up by Silver Rich pursuant to the underwriting obligation under the Underwriting Agreement. Mr. Yeung was deemed to be interested in these Shares by virtue of his family members being the eligible beneficiaries of the discretionary trust holding Silver Rich.

2. The approximate percentage of shareholding was calculated based on 2,636,929,586 Shares interested or deemed to be interested by Mr. Yeung as at 31 December 2011 in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

3. Mr. Yeung was deemed to have a short position in these Shares as at 31 December 2011 by virtue of his family members being the eligible beneficiaries of the discretionary trust holding Silver Rich and pursuant to the placing agreement dated 18 November 2011 entered into between Silver Rich and an independent placing agent in relation to the placing by the placing agent, on a fully underwritten basis, of such number of Shares to be confirmed by Silver Rich (which should not exceed a maximum of 26,452,296 Shares) for the purpose of maintaining sufficient public float requirement of the Company under the Listing Rules (the "Placing Agreement").

4. The approximate percentage of shareholding was calculated based on Mr. Yeung's short position in 26,452,296 Shares as at 31 December 2011 in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

Save as disclosed above, as at 31 December 2011, none of the Directors or chief executive of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme are set out in note 38(b) to the consolidated financial statements.

Except for the Underwriting Commission as mentioned in paragraph (B) under the section headed "Directors' and controlling shareholders' interests in contracts of significance" in this report, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2011, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in the Shares

Name of substantial shareholder	Long position/ Short position	Capacity	Number of Shares /underlying Shares interested or deemed to be interested	Approximate percentage of shareholding %
Silver Rich	Long position	Beneficial owner	2,636,929,586	64.87 *(Note 6)*
	Short position	Beneficial owner	26,452,296	0.65 *(Note 7)*
Fiducia Suisse SA *(Note 1)*	Long position	Trustee	2,636,929,586	64.87 *(Note 6)*
	Short position	Trustee	26,452,296	0.65 *(Note 7)*
Mr. David Henry Christopher Hill *(Note 1)*	Long position	Interest of controlled corporation	2,636,929,586	64.87 *(Note 6)*
	Short position	Interest of controlled corporation	26,452,296	0.65 *(Note 7)*
Mrs. Rebecca Ann Hill *(Note 2)*	Long position	Interest of spouse	2,636,929,586	64.87 *(Note 6)*
	Short position	Interest of spouse	26,452,296	0.65 *(Note 7)*

Name of substantial shareholder	Long position/ Short position	Capacity	Number of Shares /underlying Shares interested or deemed to be interested	Approximate percentage of shareholding %
Ms. Liu Siu Lam, Marian *(Note 3)*	Long position	Interest of spouse	2,636,929,586	64.87 *(Note 6)*
	Short position	Interest of spouse	26,452,296	0.65 *(Note 7)*
Maruhan Corporation	Long position	Beneficial owner	406,087,500	9.99 *(Note 8)*
Pacific Alliance Asia Opportunity Fund L.P.	Long position	Beneficial owner	324,292,500 *(Note 4)*	7.98 *(Note 9)*
Pacific Alliance Group Asset Management Limited *(Note 5)*	Long position	Interest of controlled corporation	324,292,500	7.98 *(Note 9)*
Pacific Alliance Investment Management Limited *(Note 5)*	Long position	Interest of controlled corporation	324,292,500	7.98 *(Note 9)*
Pacific Alliance Group Limited *(Note 5)*	Long position	Interest of controlled corporation	324,292,500	7.98 *(Note 9)*
PAG Holdings Limited *(Note 5)*	Long position	Interest of controlled corporation	324,292,500	7.98 *(Note 9)*

Notes:

1. The entire issued share capital of Silver Rich is held by Fiducia Suisse SA (formerly known as KF Suisse SA), which is a trustee of a discretionary trust, the beneficiaries of which are family members of Mr. Yeung. Fiducia Suisse SA is wholly-owned by Mr. David Henry Christopher Hill. Accordingly, each of Fiducia Suisse SA and Mr. David Henry Christopher Hill was deemed to be interested in 2,636,929,586 Shares as at 31 December 2011, which comprised: (i) 1,010,953,432 Shares held by Silver Rich; (ii) 673,968,954 SR Shares to be accepted by Silver Rich in respect of its entitlement to the Rights Shares as a qualifying shareholder under the Rights Issue; and (iii) 952,007,200 excess Rights Shares which might be allotted to Silver Rich pursuant to the Irrevocable Undertaking or 952,007,200 Underwritten Shares which might be taken up by Silver Rich pursuant to the underwriting obligation under the Underwriting Agreement.

2. Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 2,636,929,586 Shares as at 31 December 2011 in which Mr. David Henry Christopher Hill had a deemed interest.

3. Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung, was deemed to be interested in 2,636,929,586 Shares as at 31 December 2011 in which Mr. Yeung had a deemed interest.

4. These include (i) an interest in 32,140,500 Shares; and (ii) an interest in physically settled derivatives, giving rise to an interest in 292,152,000 underlying Shares.

5. As at 31 December 2011, PAG Holdings Limited ("PAGHL") held 99.17% interest in Pacific Alliance Group Limited ("PAGL"), which in turn held 90% interest in Pacific Alliance Investment Management Limited ("PAIML"). PAIML held 100% interest in Pacific Alliance Group Asset Management Limited ("PAGAML") which was the General Partner of Pacific Alliance Asia Opportunity Fund L.P. ("PAAOF") and PAAOF was a corporation controlled by PAGAML by virtue of Part XV of the SFO. Therefore, each of PAGHL, PAGL, PAIML and PAGAML was deemed to be interested in 32,140,500 Shares and 292,152,000 underlying Shares held by PAAOF.

Notes: (continued)

6. The approximate percentage of shareholding was calculated based on 2,636,929,586 Shares interested or deemed to be interested by the relevant person as at 31 December 2011 in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

7. The short position in Shares was arised pursuant to the Placing Agreement and the approximate percentage of shareholding was calculated based on the short position in 26,452,296 Shares held by the relevant person as at 31 December 2011 in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

8. The approximate percentage of shareholding was calculated based on 406,087,500 Shares held by Maruhan Corporation as at 31 December 2011 in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

9. The approximate percentage of shareholding was calculated based on 32,140,500 Shares and 292,150,000 underlying Shares interested or deemed to be interested by the relevant person as at 31 December 2011 in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

Save as disclosed above, as at 31 December 2011, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Based on the disclosure obligations under Rules 13.20 and 13.22 of the Listing Rules, the financial assistance, which was made by the Group by way of the shareholder's loan provided by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company, and a corporate guarantee given by the Company in respect of the payment obligation of Pier 16 – Property Development Limited ("Pier 16 – Property Development", a 49% owned associate of World Fortune) under syndicated loan facilities granted to Pier 16 – Property Development (the "Financial Assistance"), continued to exist as at 31 December 2011. Pier 16 – Property Development is principally engaged in the property holding and, through its subsidiaries, operating Ponte 16, being a world-class integrated casino-entertainment resort located in Macau. The Financial Assistance is mainly used for the development and operations of Ponte 16.

The amounts of the Financial Assistance as at 31 December 2011 were set out below:

Name of associate	**Shareholder's loan** HK$'million	**Corporate guarantee** HK$'million	**Aggregate Financial Assistance** HK$'million
Pier 16 – Property Development	1,224	860	2,084

The shareholder's loans provided by World Fortune is unsecured, interest-free and has no fixed terms of repayment.

Further details are set out in notes 20 and 41 to the consolidated financial statements.

Set out below is a combined balance sheet of Pier 16 – Property Development and the Group's attributable interests in this associate according to its audited consolidated financial statements for the year ended 31 December 2011:

	Combined balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	2,130,982	1,044,181
Current assets	391,367	191,770
Current liabilities	666,709	326,687
Non-current liabilities	2,512,686	1,231,216

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2011.

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

During the year ended 31 December 2011, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the continuing operations of the Group accounted for approximately 14.4% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 4.7% and the five largest suppliers of the continuing operations of the Group accounted for approximately 82.3% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 75.4%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the above five largest customers or five largest suppliers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained a sufficient public float as prescribed under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

EMOLUMENT POLICY

The remuneration committee (the "Remuneration Committee") of the Board is responsible for determining specific remuneration packages of all executive Directors and senior management of the Company ("Senior Management"). Besides, the Remuneration Committee makes recommendation to the Board for its determination on the remuneration of the NED and all INEDs. Factors such as salaries paid by comparable companies, qualifications, experience, time commitment and responsibilities of the Directors and the Senior Management as well as prevailing market condition are considered by the Remuneration Committee for determining/making proposals on remuneration of the relevant Directors and Senior Management.

The remuneration packages of employees of the Group (other than the executive Directors and the Senior Management) are determined and reviewed periodically on the basis of their respective qualifications, experience, responsibilities and performance as well as prevailing market condition. In addition to salaries, the Company offers staff benefits which include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. The Group also operates a share option scheme pursuant to which share options might be granted as a long-term incentive to its directors and employees.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in note 38(a) to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on pages 26 to 31 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

(A) Reference was made to the announcement dated 25 October 2011 issued by the Company, the Company proposed to raise approximately HK$308.9 million, before expenses, by issuing 1,625,976,154 Rights Shares to the qualifying shareholders by way of the Rights Issue at the subscription price of HK$0.19 per Rights Share on the basis of two Rights Shares for every three Shares held on the record date (the "Record Date", being a date agreed between Silver Rich as underwriter and the Company for determining the entitlements of the shareholders of the Company ("Shareholder(s)"), i.e. 20 December 2011).

The circular of the Company dated 22 November 2011 in relation to, among other things, the Rights Issue and the whitewash waiver has been despatched to the Shareholders on the same date. The Rights Issue and the whitewash waiver have been approved by the independent shareholders at the special general meeting of the Company held on 9 December 2011 and the prospectus of the Company dated 21 December 2011 containing the details of the Rights Issue together with the provisional allotment letter for the Rights Shares and the application form for excess Rights Shares have been despatched to the qualifying shareholders on 21 December 2011.

The Rights Issue was conditional upon the obligation of Silver Rich under the Underwriting Agreement becoming unconditional. As all the conditions set out in the Underwriting Agreement have been fulfilled, the Rights Issue has become unconditional on 12 January 2012. 1,625,976,154 Shares have been allotted and issued by the Company under the Rights Issue on 18 January 2012 and the Rights Issue has been completed on the same date.

Besides, pursuant to the Underwriting Agreement, Silver Rich has accepted and taken up all the SR Shares, being 673,968,954 Rights Shares provisionally allotted by the Company at a total subscription price of HK$128,054,101.26 (the "Subscription Monies"), and the Assigned Yeung Loan and the Assigned SS Loan (collectively the "Assigned Loans") should be used to set off against the Subscription Monies.

On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK$128,054,101.26.

(B) With regard to the unsecured term loan facility of up to HK$290 million granted by Mr. Yeung to the Company ("Revised Facility", details of which were mentioned in paragraph (A) under the section headed "Directors' and controlling shareholders' interests in contracts of significance" in this report), a letter agreement was entered into between the Company and Mr. Yeung on 15 March 2012 to further extend the Final Repayment Date to 31 October 2013 and to confirm that any amount repaid under the Revised Facility should be available to further advances within the availability period of the Revised Facility (i.e. the Company was permitted to draw the Revised Facility until the earlier of (i) 30 September 2013, being one month before the Final Repayment Date; and (ii) the date on which the amount of available Revised Facility is reduced to zero).

AUDITORS

HLB Hodgson Impey Cheng were appointed as auditors of the Company on 21 July 2010 to fill the casual vacancy created by the resignation of CCIF CPA Limited on the same date.

The consolidated financial statements of the Group for the year ended 31 December 2011 have been audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming Annual General Meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 29 March 2012

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yeung Hoi Sing, Sonny, aged 57, joined the Group in 2003. He is an executive director and the Chairman of the Company as well as a director of the subsidiaries of the Company. He is also the chairman of the remuneration committee (the "Remuneration Committee") and the executive committee (the "Executive Committee") of the Company. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He has been a member of the National Committee of the Chinese People's Political Consultative Conference, the People's Republic of China (the "PRC") since 1993 and has over 28 years of experience in finance industry in Hong Kong. Prior to joining the Group, Mr. Yeung held managerial roles in several financial service sectors such as leveraged foreign exchange trading, and securities and futures brokerage. He is presently the sole beneficial owner of Success Securities Limited ("Success Securities"), which is a licensed corporation under the Securities and Futures Ordinance as well as a participant of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), principally engaged in the provision of securities brokerage services. Mr. Yeung has certain private investments in property development businesses in Hong Kong, Macau and Canada. He is also a director of Silver Rich Macau Development Limited, being a substantial shareholder of the Company. Mr. Yeung is the uncle of Dr. Ma Ho Man, Hoffman, an executive director and the Deputy Chairman of the Company.

Dr. Ma Ho Man, Hoffman, aged 38, joined the Group in 2005. He is an executive director and the Deputy Chairman of the Company as well as a director of the subsidiaries of the Company. Dr. Ma is also a member of the Executive Committee. He is responsible for implementing the Company's strategies regarding the business development of the Group as well as managing the Group's business and operations. Dr. Ma joined Success Securities, which is beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), being an executive director and the Chairman of the Company, in 2000. He has been a director of Success Securities since November 2008 and is responsible for overseeing its marketing affairs. Dr. Ma is currently an executive director and the chairman of See Corporation Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange. He has over 15 years of experience in the financial industry and years of managerial experience. He was awarded Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctorate of Management by Lincoln University in 2009 and 2010 respectively. Dr. Ma is the nephew of Mr. Yeung.

NON-EXECUTIVE DIRECTOR

Mr. Choi Kin Pui, Russelle, aged 57, joined the Group in 2003. He is a non-executive director of the Company as well as a member of the audit committee of the Company (the "Audit Committee") and the Remuneration Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 18 years of management experience in the telecommunication industry in Hong Kong and the United States of America (the "US"). Mr. Choi established Elephant Talk Limited in 1994, a wholly-owned subsidiary of an American corporation, Elephant Talk Communications Inc. ("ETCI"), whose securities are quoted on the Over-The-Counter Bulletin Board in the US and engages in the provision of telecommunications services in Hong Kong and the US. Mr. Choi was a director of ETCI from 2002 to 2008 as well as the president and the chief executive officer of ETCI from 2002 to 2006 and was responsible for the planning of the overall strategy of ETCI. He also served as the chairman of ET Network Services Limited, a Hong Kong company engaged in the provision of internet access and outsourcing services in the PRC and Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luk Ka Yee, Patrick, aged 50, joined the Group in 2003. He is an independent non-executive director of the Company as well as a member of the Audit Committee and the Remuneration Committee. Mr. Luk obtained a Law Degree in England in 1986. Throughout his tenure of career, Mr. Luk has been appointed to serve in various senior management positions which involved corporate/legal and property development as well as property management aspects. He is presently the consultant to Pacific Rich Management & Consultants Limited, a company providing property and facilities management in Hong Kong.

Ms. Yeung Mo Sheung, Ann, aged 47, joined the Group in 2004. She is an independent non-executive director of the Company as well as a member of the Audit Committee and the Remuneration Committee. Ms. Yeung holds a Bachelor degree of Retail Marketing with honours in the United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice in the United Kingdom in 1998 and is presently a partner of Messrs. Fung & Fung, Solicitors, a legal firm in Hong Kong. Ms. Yeung is currently an independent non-executive director of Hao Wen Holdings Limited, a company whose issued shares are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Chin Wing Lok, Ambrose, aged 47, joined the Group in 2012. He is an independent non-executive director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Chin is a certified public accountant (practising) and a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators as well as a certified tax adviser and a fellow member of The Taxation Institute of Hong Kong. He has over 25 years of experience in auditing, accounting and taxation. Mr. Chin is presently the sole practitioner of CNT & Co., Certified Public Accountants.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes, aged 38, joined the Group in 2003. She is the company secretary of the Company and is responsible for overseeing all legal matters of the Group. Ms. Chiu is a qualified solicitor and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master degree of Laws from The University of Sheffield, United Kingdom. Before joining the Group, Ms. Chiu was a practicing solicitor in a local law firm and possessed experience in banking and finance as well as property related matters.

FINANCIAL CONTROLLER

Mr. Wong Chi Keung, Alvin, aged 49, joined the Group in 2008. He is the financial controller of the Group as well as the qualified accountant of the Company, and is responsible for financial and accounting matters of the Group. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and an associate member of The Chartered Institute of Management Accountants. He is currently an independent non-executive director as well as the chairman of both the audit committee and the remuneration committee of ITC Properties Group Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange. He has over 24 years of experience in accounting and corporate finance gained in property development, construction and manufacturing companies.

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SUCCESS UNIVERSE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Success Universe Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 127, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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.

AUDITORS' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2(b)(i) in the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$91,489,000 for the year ended 31 December 2011 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$288,039,000. These conditions, along with other matters as set forth in note 2(b)(i), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 29 March 2012

Consolidated Income Statement

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	6, 7	**1,468,444**	1,444,902
Cost of sales		**(1,396,960)**	(1,352,774)
Gross profit		**71,484**	92,128
Other revenue and gains	8	**37,255**	44,521
Administrative expenses		**(163,794)**	(138,585)
Other operating expenses	9(c)	**(17,198)**	(12,600)
Loss from operations		**(72,253)**	(14,536)
Finance costs	9(a)	**(23,742)**	(20,854)
Share of results of jointly controlled entities		**100**	331
Share of results of associates		**3,337**	(44,435)
Loss before taxation	9	**(92,558)**	(79,494)
Income tax	10(a)	**1,069**	(2,170)
Loss for the year		**(91,489)**	(81,664)
Attributable to:			
Owners of the Company		**(77,666)**	(80,782)
Non-controlling interests		**(13,823)**	(882)
Loss for the year		**(91,489)**	(81,664)
Loss per share	15		
– Basic		**(3.18) HK cents**	(3.31) HK cents
– Diluted		**(3.18) HK cents**	(3.31) HK cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Loss for the year	**(91,489)**	(81,664)
Other comprehensive (loss)/income		
Exchange differences on translation of financial statements of overseas subsidiaries	**(6)**	1,342
Total other comprehensive (loss)/income for the year, net of tax	**(6)**	1,342
Total comprehensive loss for the year	**(91,495)**	(80,322)
Attributable to:		
Owners of the Company	**(77,733)**	(79,769)
Non-controlling interests	**(13,762)**	(553)
Total comprehensive loss for the year	**(91,495)**	(80,322)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2011

	Note	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**89,040**	91,923
Goodwill	17	**3,862**	6,828
Intangible assets	18	**35,839**	38,823
Interest in associates	20	**819,115**	1,171,087
Interest in jointly controlled entities	21	**1,793**	1,693
		949,649	1,310,354
CURRENT ASSETS			
Inventories	22	**1,303**	983
Trade and other receivables	23	**31,968**	47,707
Amount due from an associate	20(c)	**343,000**	–
Tax recoverable	32(a)	**1,743**	184
Pledged bank deposits	24	**7,898**	8,104
Cash and cash equivalents	25	**72,410**	108,042
		458,322	165,020
CURRENT LIABILITIES			
Trade and other payables	26	**30,015**	22,536
Deferred income	27	**924**	948
Profit guarantee liabilities	28	**9,100**	9,100
Loans payables – current portion	29	**398,738**	–
Long-term payables – current portion	30	**142,035**	–
Financial guarantee contract	33	**6,300**	12,600
Bank loans – due within one year	34	**581**	556
Loan from a director and controlling shareholder	35	**30,332**	–
Loan from a controlling shareholder	36	**128,336**	–
Tax payable	32(a)	**–**	1,347
		746,361	47,087
NET CURRENT (LIABILITIES)/ASSETS		**(288,039)**	117,933
TOTAL ASSETS LESS CURRENT LIABILITIES		**661,610**	1,428,287

Consolidated Statement of Financial Position (continued)

As at 31 December 2011

	Note	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
NON-CURRENT LIABILITIES			
Deferred income	27	**2,002**	3,002
Profit guarantee liabilities	28	**14,408**	23,508
Loans payables	29	**57,187**	454,640
Long-term payables	30	**72,551**	205,126
Amount due to a related company	31	**129**	23,191
Deferred tax liabilities	32(b)	**270**	29
Financial guarantee contract	33	**–**	6,300
Bank loans – due after one year	34	**13,007**	13,940
Loan from a director and controlling shareholder	35	**–**	105,000
		159,554	834,736
NET ASSETS		**502,056**	593,551
CAPITAL AND RESERVES			
Share capital	37	**24,390**	24,390
Reserves	39	**445,767**	523,500
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**470,157**	547,890
NON-CONTROLLING INTERESTS	39	**31,899**	45,661
TOTAL EQUITY		**502,056**	593,551

Approved and authorised for issue by the board of directors on 29 March 2012.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	**1,379,953**	1,284,829
CURRENT ASSETS			
Prepayments and deposits	23	**3,116**	295
Pledged bank deposits	24	**7,148**	7,335
Cash and cash equivalents	25	**4,197**	67,334
		14,461	74,964
CURRENT LIABILITIES			
Other payables and accruals	26	**44,453**	52,487
Loans payable – current portion	29	**246,000**	–
Financial guarantee contract	33	**6,300**	12,600
Loan from a director and controlling shareholder	35	**30,332**	–
Loan from a controlling shareholder	36	**128,336**	–
		455,421	65,087
NET CURRENT (LIABILITIES)/ASSETS		**(440,960)**	9,877
TOTAL ASSETS LESS CURRENT LIABILITIES		**938,993**	1,294,706
NON-CURRENT LIABILITIES			
Loans payable	29	**–**	246,000
Financial guarantee contract	33	**–**	6,300
Loan from a director and controlling shareholder	35	**–**	105,000
		–	357,300
NET ASSETS		**938,993**	937,406
CAPITAL AND RESERVES			
Share capital	37	**24,390**	24,390
Reserves	39	**914,603**	913,016
TOTAL EQUITY		**983,993**	937,406

Approved and authorised for issue by the board of directors on 29 March 2012.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2010	24,390	908,785	52,333	976	(1,369)	(357,456)	627,659	46,214	673,873
Loss for the year	–	–	–	–	–	(80,782)	(80,782)	(882)	(81,664)
Other comprehensive income for the year	–	–	–	–	1,013	–	1,013	329	1,342
Total comprehensive income/(loss) for the year	–	–	–	–	1,013	(80,782)	(79,769)	(553)	(80,322)
At 31 December 2010	24,390	908,785	52,333	976	(356)	(438,238)	547,890	45,661	593,551
At 1 January 2011	24,390	908,785	52,333	976	(356)	(438,238)	547,890	45,661	593,551
Loss for the year	–	–	–	–	–	(77,666)	(77,666)	(13,823)	(91,489)
Other comprehensive (loss)/income for the year	–	–	–	–	(67)	–	(67)	61	(6)
Total comprehensive loss for the year	–	–	–	–	(67)	(77,666)	(77,733)	(13,762)	(91,495)
At 31 December 2011	**24,390**	**908,785**	**52,333**	**976**	**(423)**	**(515,904)**	**470,157**	**31,899**	**502,056**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(92,558)**	(79,494)
Adjustment for:			
Interest income		**(237)**	(49)
Finance costs		**23,742**	20,854
Depreciation		**9,326**	10,313
Amortisation on intangible assets		**405**	339
Amortisation on financial guarantee contract		**(12,600)**	(12,600)
Share of results of jointly controlled entities		**(100)**	(331)
Share of results of associates		**(3,337)**	44,435
Reversal of impairment loss recognised on intangible assets		**(43)**	(4,542)
Reversal of impairment loss recognised on other receivable		**(6,159)**	(4,943)
Impairment loss recognised on			
– goodwill		**2,966**	–
– intangible assets		**1,632**	–
– interest in associates		**12,600**	12,600
Compensation for termination of contract		**–**	(7,026)
Write back of long-outstanding trade payables		**(272)**	(346)
Exchange alignment		**1,333**	1,697
Loss on disposal of property, plant and equipment		**6**	2
Operating loss before changes in working capital		**(63,296)**	(19,091)
(Increase)/decrease in inventories		**(320)**	146
Decrease/(increase) in trade and other receivables		**21,227**	(20,072)
Increase in trade and other payables		**8,536**	15
(Decrease)/increase in deferred income		**(1,000)**	3,780
Cash used in operations		**(34,853)**	(35,222)
Income tax refunded/(paid)			
– Hong Kong profits tax refunded/(paid)		**184**	(228)
– Overseas tax paid		**(1,789)**	–
NET CASH USED IN OPERATING ACTIVITIES		**(36,458)**	(35,450)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		**(7,148)**	(20,970)
Proceeds from disposal of property, plant and equipment		**75**	–
Refund of deposit for acquisition of a company		**–**	67,026
Increase in amounts due from associates		**–**	(134,897)
Decrease in pledged bank deposits		**19**	169
Interest income received		**237**	49
NET CASH USED IN INVESTING ACTIVITIES		**(6,817)**	(88,623)
FINANCING ACTIVITIES			
Proceed from loans payables		**1,557**	135,931
Proceed from bank loans		**–**	14,496
Repayment of bank loans		**(538)**	–
Payment for profit guarantee liabilities		**(9,100)**	(9,100)
Loan from a director and controlling shareholder		**30,000**	57,500
Finance costs		**(12,425)**	(7,964)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**9,494**	190,863
Net (decrease)/increase in cash and cash equivalents		**(33,781)**	66,790
Cash and cash equivalents at the beginning of the year		**108,042**	42,308
Effect of foreign exchange rate changes		**(1,851)**	(1,056)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**72,410**	108,042
Analysis of balances of cash and cash equivalents			
Cash and bank balance	25	**72,410**	108,042

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act 1981 of Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS(s)"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group (as defined hereinafter) is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised HKFRSs, which are first effective or available for early adoption for the current accounting period of the Group and of the Company. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together the "Group") and the Group's interests in associates and jointly controlled entities made up to 31 December each year.

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

(i) Going Concern

The Group incurred a loss attributable to owners of the Company of approximately HK$77,666,000 (2010: approximately HK$80,782,000), operating net cash outflow of approximately HK$36,458,000 (2010: approximately HK$35,450,000) and net decrease in cash and cash equivalents of approximately HK$33,781,000 (2010: net increase of approximately HK$66,790,000) for the year ended 31 December 2011. As at 31 December 2011, the Group's current liabilities exceed its current assets by approximately HK$288,039,000 (2010: net current asset of approximately HK$117,933,000).

In preparing these consolidated financial statements, the directors of the Company ("Directors") have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain profitable and positive cash flow operations in the immediate and longer term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the consolidated financial statements (continued)

(i) Going Concern (continued)

In order to strengthen the capital base of the Group and to improve the Group's liquidity and cash flows in the near foreseeable future, and to sustain the Group as a going concern, the Company has entered into a term loan facility agreement of up to HK$200 million with Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), a director and the controlling shareholder of the Company. The loan is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 30 October 2012 to 31 October 2013 by a letter agreement dated 15 March 2012. Up to the date of approval of these consolidated financial statements, the Company had owed to Mr. Yeung in the amount of approximately HK$30.3 million (31 December 2010: HK$105.0 million).

The Company has proposed to raise approximately HK$308.9 million, before expenses, by issuing 1,625,976,154 rights shares to the qualifying shareholders by way of the rights issue at the subscription price of HK$0.19 per rights share on the basis of two rights shares for every three shares held on record date ("Rights Issue").

The circular of the Company dated 22 November 2011 in relation to, among other things, the Rights Issue and the whitewash waiver was dispatched to the Company's shareholders on the same date. The Rights Issue and the whitewash waiver were approved by the independent shareholders at the special general meeting of the Company held on 9 December 2011 and the prospectus of the Company dated 21 December 2011 containing the details of the Rights Issue (the "Prospectus") together with provisional allotment letter for the rights shares and the application form for excess rights share were dispatched to the qualifying shareholders on the same date.

On 19 October 2011, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Silver Rich Macau Development Limited ("Silver Rich", being a controlling shareholder of the Company and wholly-owned by a discretionary trust (the beneficiaries of which were the family members of Mr. Yeung)), as underwriter, pursuant to the terms of the Underwriting Agreement, (i) Sliver Rich has accepted and taken up 673,968,954 rights shares provisionally allotted by the Company at a total subscription price of HK$128,054,101.26 (the "Subscription Monies") and a maximum of 952,007,200 underwritten shares (the "Underwritten Shares") were underwritten by Silver Rich; (ii) a commission of 2.5% of the aggregate subscription price in respect of the Underwritten Shares, which amount to approximately HK$4.5 million would be paid by the Company to Silver Rich; and (iii) the Subscription Monies should be set off by the Assigned Loans (as defined hereinafter).

On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK$128,054,101.26 and the Rights Issue has been completed on 18 January 2012.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the consolidated financial statements (continued)

(i) Going Concern (continued)

The net cash proceeds of the Rights Issue, after the set off by the aggregate of the Assigned Yeung Loan (as defined hereinafter in note 35) and Assigned SS Loan (as defined hereinafter in note 31) (collectively the "Assigned Loans") from Silver Rich, is approximately HK$173.2 million, which will be applied as follows: (i) up to HK$100.0 million for settlement of part of the third party interest-bearing loans when they fall due on 22 October 2012; (ii) approximately HK$29.0 million for fulfillment of the Group's commitment to provide financial assistance to the joint venture company in relation to the lottery business; and (iii) the remaining balance of approximately HK$44.2 million for general working capital of the Group. Further details refer to the announcement of the Company dated 25 October 2011.

In the opinion of the Directors, after taking into account of the loan facility and financial undertaking from Mr. Yeung and an additional funding generated from the Rights Issue, the Group will have sufficient working capital for its current requirements. Accordingly, the Directors consider that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

(ii) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests

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

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

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

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statements of financial position and changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between the holders of non-controlling interests and the owners of the Company.

Where losses applicable to the non-controlling interests holders exceed its' interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests holders, are charged against the Group's interest except to the extent that the non-controlling interests holders has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the non-controlling interests holders' share of losses previously absorbed by the Group has been recovered.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(l).

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates and jointly controlled entities

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or the Company and other parties, where the contractual arrangement established that the Group or the Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates for the year (see notes 2(e) and (i)). The Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entity are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's statement of financial position, investments in associates and jointly controlled entity are stated at cost less impairment loss (see note 2(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating units ("CGU(s)") or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(i)). In respect of associate or jointly controlled entity, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(i)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or jointly controlled entity is recognised immediately in profit or loss.

On disposal of a CGU of an associate or a jointly controlled entity, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gain or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful life at the following rates per annum:

Building	2.5%
Cruise ship	5%
Leasehold improvements	Over lease terms
Plant and machinery	20%
Furniture, fittings and office equipment	18% – $33^1/_3$%
Motor vehicles	30% – $33^1/_3$%
Motor yacht	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. There is no depreciation imposed on the freehold land.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (other than goodwill)

Intangible assets, other than goodwill, identified on business combinations are capitalised on their fair values. They represent mainly trademark and relationship with customers. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is charged to profit or loss on a straight-line basis from the date of acquisition over their estimated useful lives as follows:

Client list	15 years

The asset's useful lives and their amortisation method are reviewed annually.

Intangible assets with indefinite useful lives are not amortised. The intangible asset and its status are reviewed annually to determine whether events and circumstances continue to support indefinite useful life. Should the useful life of an intangible asset change from indefinite to finite, the change would be accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(h) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

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

Impairment losses recognised in profit or loss in respect of other receivables are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

Impairment losses in respect of other receivables are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

(ii) Impairment of other assets

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

- property, plant and equipment;
- intangible assets;
- investments in subsidiaries, associates and jointly controlled entities; and
- goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out formula and comprises all costs of purchase in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value on the trade date and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment losses for bad and doubtful debts (see note 2(i)).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

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

(n) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

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

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial report purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in period into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences related to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reserve in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) *Other provisions and contingent liabilities*

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

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

(q) Revenue recognition

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

(i) *Cruise ship leasing and management fee income*

– Cruise ship leasing income is recognised on an accrual basis in accordance with the terms of the leasing agreement.

– Cruise ship management fee income is recognised when the management services is rendered.

(ii) *Travel-related agency service fee income*

– Revenue from the sale of air tickets is recognised when the tickets are issued.

– Revenue from the sale of tour packages is recognised when travel arrangements have been booked and confirmed with customers. Deposits from customers are reported as liabilities.

– Revenue from the sale of group tours is recognised at the point of group departure. Deposits from customers are reported as liabilities until the tour departs.

– Other income consists of revenue earned based on volume sales through various on-line ticket processing systems. Other income is recognised when it is measurable and all contractual obligations have been fulfilled.

(iii) Management fee income is recognised when the amounts are measurable and the ultimate collections are reasonably assumed.

(iv) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (continued)

(v) Interest income is recognised on a time-apportioned basis using the effective interest method.

(vi) Service income is recognised when services are provided.

(vii) Deferred income comprises of a sign-up bonus for an on-line ticket processing system and is recognised as revenue in accordance with the terms of the agreement.

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The items showed in the consolidated statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(s) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM') for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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

The accounting policies adopted in the consolidated financial statements for the year ended 31 December 2011 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2010 except as described below.

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (the "New HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 January 2011.

The New HKFRSs adopted by the Group in the consolidated financial statements are set out as follows:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosure for First-time Adopters
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirements
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above New HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

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

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	Government Loans[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 *Effective for annual periods beginning on or after 1 July 2011*
2 *Effective for annual periods beginning on or after 1 January 2012*
3 *Effective for annual periods beginning on or after 1 July 2012*
4 *Effective for annual periods beginning on or after 1 January 2013*
5 *Effective for annual periods beginning on or after 1 January 2014*
6 *Effective for annual periods beginning on or after 1 January 2015*

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The revised disclosure requirements contained in the amendments to HKFRS 7 are intended to help investors and other financial statements users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The amendments also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. Companies and other entities are required to apply the amendments for annual periods beginning on or after 1 January 2013, and also interim periods within those annual periods. The required disclosures should be provided retrospectively.

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

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

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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.

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

HKFRS 12 is a standard for disclosure 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 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.

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 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 annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012.

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

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

The amendments to HKAS 32 address inconsistencies in current practice when applying the offsetting criteria and clarify:

- the meaning of 'currently has a legally enforceable right of set-off'; and
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.

The Group is in the process of assessing the potential impact of the above New HKFRSs upon initial application but is not yet in a position to state whether the above New HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		The Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000
Financial assets				
Loans and receivables (including cash and bank balances)	**95,942**	134,265	**11,345**	74,669
Financial liabilities				
Amortised costs	**896,419**	857,597	**449,121**	403,487

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values

The Group has exposure to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) from its use of financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the Group's credit risk is primarily attributable to the trade and other receivables and cash and cash equivalents. Management has a credit policy in a place and the exposures to these credit risks are monitored on an ongoing basis.

The management has established a credit policy under which credit evaluations are performed on all customers requiring credit. Trade receivables are due within 3 months from the date of billing. Trade debtors with balances that are more than 3 months are requested to settle all outstanding balance before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has a certain concentration of credit risk as 1.25% and 2.1% (2010: Nil and 0.32%) of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position after deducting any impairment allowance. Except for a financial guarantee given by the Company as set out in note 33, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the Company's statement of financial position is disclosed in note 33.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 23.

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its current and expected liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

The Group

	At 31 December 2011					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	30,015	–	–	–	30,015	30,015
Profit guarantee liabilities	9,100	9,100	5,308	–	23,508	23,508
Loans payables	404,556	57,187	–	–	461,743	455,925
Long-term payables	86,066	45,257	–	–	131,323	214,586
Amount due to a related company	–	129	–	–	129	129
Bank loans	1,338	1,338	4,014	15,028	21,718	13,588
Loan from a controlling shareholder	128,054	282	–	–	128,336	128,336
Loan from a director and controlling shareholder	31,599	–	–	–	31,599	30,332
	690,728	113,293	9,322	15,028	828,371	896,419

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values (continued)

(ii) Liquidity risk (continued)

The Group (continued)

	At 31 December 2010					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	22,536	–	–	–	22,536	22,536
Profit guarantee liabilities	9,100	9,100	14,408	–	32,608	32,608
Loans payables	–	461,823	–	–	461,823	454,640
Long-term payables	–	86,066	45,257	–	131,323	205,126
Amount due to a related company	–	24,036	–	–	24,036	23,191
Bank loans	1,373	1,373	4,119	16,795	23,660	14,496
Loan from a director and controlling shareholder	–	110,250	–	–	110,250	105,000
	33,009	692,648	63,784	16,795	806,236	857,597

The Company

	At 31 December 2011				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payables and accruals	44,453	–	–	44,453	44,453
Loan from a director and controlling shareholder	31,849	–	–	31,849	30,332
Loan from a controlling shareholder	128,054	282	–	128,336	128,336
Loans payable	253,036	–	–	253,036	246,000
	457,392	282	–	457,674	449,121

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values (continued)

(ii) Liquidity risk (continued)

The Company (continued)

	At 31 December 2010				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payables and accruals	52,487	–	–	52,487	52,487
Loan from a director and controlling shareholder	–	110,250	–	110,250	105,000
Loans payable	–	253,183	–	253,183	246,000
	52,487	363,433	–	415,920	403,487

As at 31 December 2011, it was not probable that the counter parties to the financial guarantee will claim under the contracts. Consequently, the carrying amount of the financial guarantee contract of HK$6.3 million (2010: HK$18.9 million) has not been presented above.

	At 31 December 2011		At 31 December 2010	
	HK$'000	**Expiry period**	HK$'000	Expiry period
Guarantee given to bank in respect of banking facilities granted to an associate	**860,000**	**2012**	860,000	2012

(iii) Currency risk

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency are Hong Kong dollars, Canadian dollars and United States dollars as substantially all the turnover are in Hong Kong dollars, Canadian dollars and United States dollars. The Group's and the Company's transactional foreign exchange exposure was insignificant.

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and fair values (continued)

(iv) Interest rate risk

The market risk exposure of the Group is the changes in interest rates. Interest rate risk arises primarily from the amount due to a controlling shareholder, amount due to a related company and loans payables carry a floating interest rates. The Group's cash flow exposure is to the cash flow interest rate risk and fair value interest rate risk as the borrowings issued at variable rates and fixed rates, respectively. The Group does not use financial derivatives to hedge against the interest rate risk. Other than bank loans, the Company has no significant exposure to interest rate risk.

At 31 December 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax by approximately HK$3,810,000 (2010: approximately HK$3,510,000).The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the financial liabilities in existence at that date. The 100 basis points increase or decrease represents management's assessment of reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed, on the same basis for 2010.

(v) Fair value

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions. The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values as at 31 December 2011 and 2010.

The Group does not have any financial instrument that is measured subsequent to initial recognition at fair value.

(vi) Other price risk

The Group is exposed to other price risk mainly through the cost of fuel oil. The Group manages this exposure by entering into an agreement with the lessee of the cruise ship for reimbursement of the fluctuation of price of fuel oil while its price is over a certain amount.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below:

(i) Impairment of property, plant and equipment and freehold land and buildings

The recoverable amount of an asset is the greater of its net selling price 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, which requires significant judgement relating to the level of revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade receivables and other receivables, where applicable, at the end of each reporting period. The estimates are based on the aging of the trade receivables and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(iii) Impairment of goodwill

The Group performs annual test on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 2(i). The recoverable amounts of CGUs are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations.

(iv) Impairment of intangible assets

The Group performs annual test on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 2(i). The recoverable amounts of CGUs are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations.

(v) Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group reassesses the useful life of the intangible assets and if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

(i) Impairment test for interest in associates

The Group completed its annual impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 31 December 2011. The Group has engaged Roma Appraisals Limited ("Roma"), an independent professional valuer, who has among their staff, fellow members of the Hong Kong Institute of Surveyor, to carry out a valuation of the interest in associate as at 31 December 2011 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a discount rate of 15.80% (2010: 14.97%). The cash flows beyond the five-year period are extrapolated using a steady 4.79% (2010: 4.66%) growth rate for the casino and hotel industries in which are operated by associates.

Management has considered the above assumptions and valuation and also taken into account the business plan going forward. The valuation depends upon an estimate of future cash flows from the interest in associates and other key assumptions, which are based on the Directors' best estimates. The valuation is sensitive to these parameters. Changes in these parameters could lead to a material revision of the valuation which may have effects on the net assets and results of the Group.

The carrying amount of the interest in associates is written down by approximately HK$56.7 million (2010: approximately HK$44.1 million) which was due to decrease in the carrying amount of the deemed capital contribution to the associate.

(ii) Going concern

As mentioned in note 2(b)(i) to the consolidated financial statements, the Directors are satisfied that the Group will be able to meet its financial obligations in full as and when they fall due in the foreseeable future. As the Directors are confident that the Group will be able to continue in operational existence in the foreseeable future, the consolidated financial statements have been prepared on a going concern basis.

If the going concern basis is not appropriate, adjustment would have to be made to provide for any further liabilities which might arise. Such adjustments may have a significant consequential effect on the loss for the year and net assets of the Group.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

(iii) Maruhan Put Option

On 1 October 2007, Golden Sun Profits Limited ("Golden Sun"), an indirect subsidiary of the Company, as vendor and the Company as Golden Sun's guarantor entered into a sale and purchase agreement with Maruhan Corporation ("Maruhan"), a then independent third party, as purchaser regarding (i) the disposal of 10.2% interest of the entire issued share capital (the "World Fortune Sale Shares") of World Fortune Limited ("World Fortune"), a subsidiary of Golden Sun; and (ii) the assignment of all rights, title, interests and benefits of and in the shareholder's loan of approximately HK$66,468,000 due by World Fortune to Golden Sun for a total consideration of approximately HK$208,501,000 (the "World Fortune Disposal"). The World Fortune Disposal was completed on 29 October 2007.

On the date of completion of the World Fortune Disposal, Golden Sun, the Company, Maruhan and World Fortune entered into a shareholders' agreement (the "World Fortune Shareholders' Agreement"). Pursuant to the terms of the World Fortune Shareholders' Agreement, (i) Golden Sun, in consideration of HK$1 paid by Maruhan, granted to Maruhan the right to require Golden Sun to purchase or procure the purchase of Maruhan's entire equity interest in World Fortune and the entire amount of shareholder's loan provided by Maruhan to World Fortune (the "Maruhan Put Option"); and (ii) Maruhan shall advance to World Fortune a further sum of approximately HK$116,369,000 by way of shareholder's loan to World Fortune which would on-lend the same to Pier 16 – Property Development Limited ("Pier 16 – Property Development") for the purpose of financing and completing the development of Ponte 16, the integrated casino-entertainment resort.

The Maruhan Put Option shall be exercised at any time on any business day during the period commencing from the fifth anniversary of 29 October 2007, the date of entering into the World Fortune Shareholders' Agreement, and ending on the day falling six months thereafter. The Maruhan Put Option purchase price shall be determined based on Maruhan's effective interest of 4.998% in the properties held by Pier 16 – Property Development (the "Property") and with reference to a 30% discount to the then prevailing market value of the Property to be determined by an independent professional valuer to be agreed by the shareholders of World Fortune. If the value of the Property as determined by the said valuer after taking into account a 30% discount exceeds HK$6,500 million or is below HK$3,900 million, the Maruhan Put Option purchase price shall be calculated with reference to HK$6,500 million or HK$3,900 million (as the case may be) and to be settled as to 50% by cash and 50% by allotment and issue of new shares by the Company.

The Directors considered that after the completion of the World Fortune Disposal, the Group still retains substantially all the risks and rewards of ownership of the World Fortune Sale Shares. Therefore, the Group continues to account for World Fortune as a wholly-owned subsidiary of the Company. The consideration of approximately HK$208,501,000 received has been recognised as liabilities and classified under loans payables (note 29) and long-term payables (note 30) in the consolidated statement of financial position. As the Group does not have the unconditional rights to avoid settlement under the Maruhan Put Option, the Group has to recognise the relevant financial liabilities at the amount of the present value of the estimated future cash outflows when it is required to acquire the World Fortune Sale Shares.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

(iv) SBI Macau Put Option

On 7 July 2008, Favor Jumbo Limited ("Favor Jumbo"), an indirect wholly-owned subsidiary of the Company, as vendor and the Company as Favor Jumbo's guarantor entered into a sale and purchase agreement with SBI Macau Holdings Limited ("SBI Macau"), an independent third party, as purchaser regarding (i) the disposal of 910 shares (the "Golden Sun Sale Shares") of Golden Sun, being 4.55% of the entire issued share capital of Golden Sun, a subsidiary of Favor Jumbo; and (ii) the assignment of all rights, title, interests and benefits of and in 4.55% of the entire amount of the interest-free shareholder's loan due by Golden Sun to Favor Jumbo at face value which amounting to approximately HK$39,486,000 (collectively the "Golden Sun Disposal"). The total consideration for the Golden Sun Disposal was HK$130.0 million. In addition, Favor Jumbo guaranteed that SBI Macau shall be entitled to a return of not less than HK$9.1 million for each full fiscal year for a period of sixty successive months immediately after the date of completion of the Golden Sun Disposal. The details of the profit guarantee liabilities have been set out in note 28 to the consolidated financial statements.

The Golden Sun Disposal was completed on 8 August 2008. On the date of completion of the Golden Sun Disposal, Favor Jumbo, the Company, SBI Macau, SBI Holdings, Inc. (SBI Macau's holding company) and Golden Sun entered into a shareholders' agreement (the "Golden Sun Shareholders' Agreement"). Pursuant to the terms of the Golden Sun Shareholders' Agreement, Favor Jumbo, in consideration of HK$1 paid by SBI Macau, granted to SBI Macau the right to require Favor Jumbo to purchase or procure the purchase of the entire equity interest in Golden Sun and the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau (the "SBI Macau Put Option").

The SBI Macau Put Option purchase price shall be HK$99,465.77 per ordinary share in the share capital of Golden Sun held by SBI Macau as at completion of the SBI Macau Put Option plus the face value of the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau as at completion of the SBI Macau Put Option, and the reserve as calculated in accordance with the terms of the Golden Sun Shareholders' Agreement.

The SBI Macau Put Option can be exercised at any time on any business day during the period commencing from the fifth anniversary of 8 August 2008, the date of entering into the Golden Sun Shareholders' Agreement, and ending on the day falling two months thereafter.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

(iv) SBI Macau Put Option (continued)

The Group may need to settle a sum being HK$130.0 million plus reserves as calculated in accordance with the terms of the Golden Sun Shareholders' Agreement, of which 50% will be settled by cash and the balance by allotment and issue of new shares, provided that the Company would be able to comply with minimum public float requirements under the Listing Rules after the issuance of the new shares, the number of shares to be issued would be reduced and the outstanding balance would be settled in cash accordingly, if the SBI Macau Put Option is exercised.

The Directors considered that after the completion of the Golden Sun Disposal, the Group still retains substantially all the risks and rewards of ownership of the Golden Sun Sale Shares. Therefore, the Group accounts for Golden Sun as a wholly-owned subsidiary of the Company. The consideration of HK$130.0 million received has been recognised as liabilities and classified under profit guarantee liabilities (note 28), the loans payables (note 29) and long-term payables (note 30) in the consolidated statement of financial position. As the Group does not have the unconditional rights to avoid settlement under the SBI Macau Put Option, the Group has to recognise the relevant financial liabilities at the amount of the present value of the estimate future cash outflow when it is required to acquire the Golden Sun Sale Shares.

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the CODM for the purposes of resource allocation and performance assessment.

The CODM consider the business from both geographic and service perspective. Geographically, management considers the performance of the travel business in North America and Hong Kong separately.

The Group has presented the following two reportable segments. These segments are managed separately. The travel segment and the cruise ship leasing and management segment provide different services and require different information technology systems and marketing strategies.

The cruise ship leasing and management reportable segment provides cruise ship management services and the leasing of cruise ship.

The travel reportable operating segment derives their revenue primarily from sales of air tickets and provision of travel-related services.

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' salaries, share of results of associates and jointly controlled entities, investment income and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge/(credit) is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

All assets are allocated to reportable segments other than current and deferred tax assets, tax recoverable, interests in associates and jointly controlled entities. Unallocated corporate assets mainly include part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

All liabilities are allocated to reportable segments other than current, deferred tax liabilities and corporate liabilities. Unallocated corporate liabilities mainly include profit guarantee liabilities, loans payables, long-term payables, financial guarantee contracts, loan from a director and controlling shareholder, loan from a controlling shareholder, and part of other payables borne by the central administration companies.

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	Cruise ship leasing and management		Travel		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Revenue from external customers	**69,600**	69,600	**1,398,844**	1,375,302	**1,468,444**	1,444,902
Inter-company revenue	**–**	–	**1,066**	946	**1,066**	946
Reportable segment revenue	**69,600**	69,600	**1,399,910**	1,376,248	**1,469,510**	1,445,848
Reportable segment (loss)/profit	**(7,761)**	(1,938)	**(11,238)**	8,175	**(18,999)**	6,237
Interest income	**42**	14	**12**	10	**54**	24
Amortisation on intangible assets	**–**	–	**(405)**	(339)	**(405)**	(339)
Depreciation	**(6,057)**	(7,052)	**(1,364)**	(1,391)	**(7,421)**	(8,443)
Reversal of impairment loss recognised on other receivable	**6,159**	4,943	**–**	–	**6,159**	4,943
Reversal of impairment loss recognised on intangible assets	**–**	–	**43**	4,542	**43**	4,542
Impairment loss recognised on						
– intangible assets	**–**	–	**(1,632)**	–	**(1,632)**	–
– goodwill	**–**	–	**(2,966)**	–	**(2,966)**	–
Finance costs	**–**	–	**(1,617)**	(921)	**(1,617)**	(921)
Reportable segment assets	**93,604**	96,183	**87,101**	102,192	**180,705**	198,375
Additions to non-current segment assets	**35**	2,339	**373**	21,135	**408**	23,474
Reportable segment liabilities	**8,259**	3,235	**42,839**	68,729	**51,098**	71,964

6. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of reportable segment revenue, profit/(loss), assets, liabilities and other items

	2011 HK$'000	2010 HK$'000
Revenue		
Reportable segment revenue	**1,469,510**	1,445,848
Elimination of inter-company revenue	**(1,066)**	(946)
Consolidated turnover	**1,468,444**	1,444,902
Profit/(loss)		
Reportable segment (loss)/profit	**(18,999)**	6,237
Share of results of jointly controlled entities	**100**	331
Share of results of associates	**3,337**	(44,435)
Unallocated corporate income	**20,855**	28,354
Depreciation	**(1,905)**	(1,870)
Interest income	**183**	25
Finance costs	**(22,125)**	(19,933)
Unallocated corporate expenses	**(74,004)**	(48,203)
Consolidated loss before taxation	**(92,558)**	(79,494)

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Assets		
Reportable segment assets	**180,705**	198,375
Interest in associates	**819,115**	1,171,087
Amount due from an associate	**343,000**	–
Interest in jointly controlled entities	**1,793**	1,693
Unallocated		
– Tax recoverable	**1,743**	184
– Corporate assets	**61,615**	104,035
Consolidated total assets	**1,407,971**	1,475,374
Liabilities		
Reportable segment liabilities	**51,098**	71,964
Unallocated		
– Tax payable	**–**	1,347
– Deferred tax liabilities	**270**	29
– Corporate liabilities	**854,547**	808,483
Consolidated total liabilities	**905,915**	881,823

6. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of reportable segment revenue, profit/(loss), assets, liabilities and other items (continued)

Other items

	Cruise ship leasing and management		Travel		Unallocated		Consolidated	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Amortisation on intangible assets	**–**	–	**405**	339	**–**	–	**405**	339
Impairment loss recognised on								
– goodwill	**–**	–	**2,966**	–	**–**	–	**2,966**	–
– intangible assets	**–**	–	**1,632**	–	**–**	–	**1,632**	–
Depreciation	**6,057**	7,052	**1,364**	1,391	**1,905**	1,870	**9,326**	10,313
Reversal of impairment loss recognised on intangible assets	**–**	–	**(43)**	(4,542)	**–**	–	**(43)**	(4,542)
Reversal of impairment loss recognised on other receivable	**(6,159)**	(4,943)	**–**	–	**–**	–	**(6,159)**	(4,943)
Interest income	**(42)**	(14)	**(12)**	(10)	**(183)**	(25)	**(237)**	(49)
Finance costs	**–**	–	**1,617**	921	**22,125**	19,933	**23,742**	20,854
Additions to non-current assets	**35**	2,339	**373**	21,135	**6,740**	128	**7,148**	23,602

Included in the unallocated corporate assets, there are assets and liabilities amounted to approximately HK$11,937,000 and HK$9,006,000 respectively contributed by subsidiaries engaging in provision of technical support and technology service platform as well as sports lottery sales agency services to China's mobile sports lottery market. The subsidiaries also contributed administrative expenses of approximately HK$31,266,000 to the unallocated corporate results during the year.

Since the subsidiaries were preparing for operation, the Group's CODM consider the business is not a reportable segment for the year.

(c) An analysis of the Group's revenue from all services is as follows:

	2011 HK$'000	2010 HK$'000
Sales of air tickets	**1,315,819**	1,281,477
Travel and related service fee income	**83,025**	93,825
Cruise ship leasing and management fee income	**69,600**	69,600
	1,468,444	1,444,902

6. SEGMENT INFORMATION (CONTINUED)

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided. The Group's non-current assets included property, plant and equipment, goodwill, intangible assets, interests in associates and jointly controlled entities.

The geographical location of property, plant and equipment is based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of operations to which these intangibles are allocated. In the case of interests in associates and jointly controlled entities, it is based on the location of operations of such associates and jointly controlled entities.

	Revenue from external customers		Non-current assets	
			At 31 December	At 31 December
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong (place of domicile)	7,975	6,414	3,635	4,500
Macau	–	–	819,115	1,171,087
North America	1,390,869	1,368,888	60,873	68,418
South China Sea, other than in Hong Kong	69,600	69,600	60,369	66,349
People's Republic of China ("PRC")	–	–	5,657	–
	1,468,444	1,444,902	949,649	1,310,354

(e) Major customer

There is no single external customer amounting to 10% or more of the Group's revenue for both 2011 and 2010.

(f) Revenue from major services

The Group's revenue from its major services was listed in note 7 to the consolidated financial statements.

7. TURNOVER

The principal activities of the Group are leasing of and provision of management services to the cruise ship and travel-related business.

Turnover represents cruise ship leasing and management fee income and travel-related agency service fee income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011 HK$'000	2010 HK$'000
Cruise ship leasing and management fee income	**69,600**	69,600
Travel-related agency service fee income		
– Sales of air tickets	**1,315,819**	1,281,477
– Travel and related service fee income	**83,025**	93,825
	1,398,844	1,375,302
	1,468,444	1,444,902

8. OTHER REVENUE AND GAINS

	2011 HK$'000	2010 HK$'000
Other revenue		
Interest income on bank deposits	**237**	49
Total interest income on financial assets not at fair value through profit or loss	**237**	49
Commission income	**24**	46
Management fee income from an associate	**6,255**	6,840
Write back of long-outstanding trade payables	**272**	346
Compensation for termination of contract	**–**	7,026
Reimbursement of cost of fuel oil	**4,473**	–
Service fee income	**2,997**	3,290
Other income	**4,195**	4,839
	18,453	22,436
Other gains		
Amortisation on financial guarantee contract	**12,600**	12,600
Reversal of impairment loss recognised on intangible assets	**43**	4,542
Reversal of impairment loss recognised on other receivable*	**6,159**	4,943
	18,802	22,085
	37,255	44,521

* This represents impairment on debts due by a debtor which has been long-outstanding. The directors of the Company considered that the amounts due could not be recovered. Therefore, full impairment has been made in the previous years. During the year, the debtor has made repayment in respect of such long-outstanding amount, therefore, the reversal of impairment loss was recognised for the year (note 23(b)).

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

	2011 HK$'000	2010 HK$'000
(a) Finance costs		
(i) Not wholly repayable within five years:		
Interest on loan from a related company	**790**	816
Interest on bank loans	**827**	105
	1,617	921
(ii) Wholly repayable within five years:		
Interest on long-term payables	**9,460**	11,329
Interest on loan from a director and controlling shareholder	**5,343**	3,412
Interest on loan from a controlling shareholder	**282**	–
Interest on other loans	**7,040**	5,192
	22,125	19,933
Total interest expenses on financial liabilities not at fair value through profit or loss	**23,742**	20,854
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	**73,431**	64,549
Contributions to defined contribution retirement plan	**3,272**	2,311
	76,703	66,860
(c) Other operating expenses		
Impairment loss recognised on		
– goodwill	**2,966**	–
– intangible assets	**1,632**	–
– interest in associates	**12,600**	12,600
	17,198	12,600

9. LOSS BEFORE TAXATION (CONTINUED)

	2011 HK$'000	2010 HK$'000
(d) Other items		
Auditors' remuneration		
– audit services	**1,658**	1,449
– other services	**250**	250
Depreciation on owned fixed assets	**9,326**	10,313
Amortisation on intangible assets	**405**	339
Loss on disposal of property, plant and equipment	**6**	2
Operating lease rentals		
– properties	**9,932**	8,963
– plant and machinery	**644**	571
Net exchange gain	**(19)**	(687)
Cost of inventories	**32,331**	23,079

10. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2011 HK$'000	2010 HK$'000
Current tax – Hong Kong Profits Tax		
– Charge for the year	**–**	14
– Under provision in respect of prior years	**–**	17
	–	31
Current tax – Overseas profits tax		
– (Credit)/charge for the year	**(1,319)**	1,324
	(1,319)	1,355
Deferred taxation relating to the origination and reversal of temporary differences	**250**	815
	(1,069)	2,170

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

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

10. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2011 HK$'000	2010 HK$'000
Loss before taxation	**(92,558)**	(79,494)
Notional tax on loss before tax, calculated at the tax rates applicable to loss in the countries concerned	**(15,212)**	(4,702)
Tax effect of share of results of associates	**551**	(7,332)
Tax effect of share of results of jointly controlled entities	**16**	55
Tax effect of non-deductible expenses	**9,094**	7,578
Tax effect of non-taxable revenue	**(3,122)**	(4,248)
Tax effect of unrecognised tax losses	**8,771**	9,552
Unrecognised temporary differences	**1,679**	730
Tax effect on utilisation of previously unrecognised tax losses	**(2,846)**	537
Tax (credit)/charge	**(1,069)**	2,170

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fee		Salaries, allowance and other benefits		Retirement benefit scheme contributions		Total	
Name	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Executive Directors								
Yeung Hoi Sing, Sonny	**–**	–	**–**	–	**–**	–	**–**	–
Ma Ho Man, Hoffman	**–**	–	**936**	936	**12**	12	**948**	948
Non-executive Director								
Choi Kin Pui, Russelle	**105**	105	**–**	–	**–**	–	**105**	105
Independent Non-executive Directors								
Luk Ka Yee, Patrick	**105**	105	**–**	–	**–**	–	**105**	105
Yim Kai Pung	**105**	105	**–**	–	**–**	–	**105**	105
Yeung Mo Sheung, Ann	**105**	105	**–**	–	**–**	–	**105**	105
	420	420	**936**	936	**12**	12	**1,368**	1,368

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments, one (2010: one) is a Director whose emoluments is disclosed in note 11. The aggregate of the emoluments in respect of the other four (2010: four) individuals are as follows:

	2011 HK$'000	2010 HK$'000
Salaries, allowances and other benefits	3,003	3,268
Retirement benefit scheme contributions	48	48
	3,051	3,316

The emoluments of the four (2010: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2011	2010
Nil – HK$1,000,000	4	4

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company includes a profit of approximately HK$8,518,000 (2010: loss approximately HK$8,812,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

No interim dividend was paid during the year under review (2010: Nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

15. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$77,666,000 (2010: approximately HK$80,782,000) and on the weighted average number of approximately 2,438,964,000 ordinary shares (2010: approximately 2,438,964,000 ordinary shares) in issue during the year.

In respect of the issuance of rights shares pursuant to the Rights Issue, there is no effect on the weighted average number of ordinary shares for the calculation of basic loss per share for the year.

(b) Diluted loss per share

Diluted loss per share equals to the basic loss per share as there were no potential dilutive ordinary shares outstanding for the year presented.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land and building HK$'000	Cruise ship HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fittings and office equipment HK$'000	Motor vehicles HK$'000	Motor yacht HK$'000	Total HK$'000
Cost								
At 1 January 2010	2,780	93,600	3,801	12,951	6,275	2,468	4,700	126,575
Additions	18,847	–	2,024	2,339	392	–	–	23,602
Disposals	–	–	(30)	–	(20)	(1)	–	(51)
Exchange alignment	167	–	(153)	–	(2,614)	63	–	(2,537)
At 31 December 2010 and 1 January 2011	21,794	93,600	5,642	15,290	4,033	2,530	4,700	147,589
Additions	6	–	1,164	–	5,418	560	–	7,148
Disposals	–	–	(15)	–	(80)	(543)	–	(638)
Exchange alignment	(558)	–	(151)	–	(212)	(27)	–	(948)
At 31 December 2011	**21,242**	**93,600**	**6,640**	**15,290**	**9,159**	**2,520**	**4,700**	**153,151**
Accumulated depreciation								
1 January 2010	70	28,080	3,168	8,587	4,601	1,730	1,958	48,194
Charge for the year	125	4,680	571	2,330	1,117	550	940	10,313
Written back on disposals	–	–	(30)	–	(18)	(1)	–	(49)
Exchange alignment	(8)	–	(184)	–	(2,662)	62	–	(2,792)
At 31 December 2010 and 1 January 2011	187	32,760	3,525	10,917	3,038	2,341	2,898	55,666
Charge for the year	484	4,680	680	1,341	1,003	198	940	9,326
Written back on disposals	–	–	(15)	–	(74)	(468)	–	(557)
Exchange alignment	(7)	–	(95)	–	(195)	(27)	–	(324)
At 31 December 2011	**664**	**37,440**	**4,095**	**12,258**	**3,772**	**2,044**	**3,838**	**64,111**
Carrying amount								
At 31 December 2011	**20,578**	**56,160**	**2,545**	**3,032**	**5,387**	**476**	**862**	**89,040**
At 31 December 2010	21,607	60,840	2,117	4,373	995	189	1,802	91,923

The analysis of carrying amount of property is as follows:

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Freehold land and building held outside Hong Kong	**20,578**	21,607

17. GOODWILL

	The Group HK$'000
Cost	
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	**8,332**
Accumulated impairment losses	
At 1 January 2010	(1,504)
Impairment loss	–
At 31 December 2010 and 1 January 2011	(1,504)
Impairment loss	(2,966)
At 31 December 2011	**(4,470)**
Carrying amount	
At 31 December 2011	**3,862**
At 31 December 2010	6,828

Goodwill is allocated to the Group's CGUs identified according to business segment as follows:

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Cruise ship management CGU	**1,313**	1,313
Travel CGU	**2,549**	5,515
	3,862	6,828

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
South China Sea, other than in Hong Kong	**1,313**	1,313
North America	**2,549**	5,515
	3,862	6,828

17. GOODWILL (CONTINUED)

The recoverable amount of the CGU is determined on value in use calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value in use calculations:

	Travel CGU		Cruise ship management CGU	
	2011	2010	**2011**	2010
	%	%	**%**	%
– Growth rate	**3**	3	**Zero**	Zero
– Discount rate	**11.58**	11.65	**5**	5

The discount rates reflect specific risks relating to the relevant segment.

Based on the impairment tests performed, the recoverable amount of the cruise ship management CGU is higher than its carrying amount based on value in use calculations. Therefore, no impairment of cruise ship management CGU is required. However, the operation results of travel CGU is not turnout as expected. Accordingly, impairment loss of approximately HK$2,966,000 is recognised for the travel CGU for the year (2010: Nil).

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the travel and cruise ship management CGU.

18. INTANGIBLE ASSETS

	Trademark HK$'000	Client list HK$'000	Total HK$'000
Cost			
At 1 January 2010	31,887	8,915	40,802
Exchange alignment	2,053	574	2,627
At 31 December 2010 and 1 January 2011	33,940	9,489	43,429
Exchange alignment	(865)	(243)	(1,108)
At 31 December 2011	**33,075**	**9,246**	**42,321**
Accumulated amortisation and impairment losses			
At 1 January 2010	(3,682)	(4,594)	(8,276)
Charge for the year	–	(339)	(339)
Reversal on impairment loss	3,571	971	4,542
Exchange alignment	(237)	(296)	(533)
At 31 December 2010 and 1 January 2011	(348)	(4,258)	(4,606)
Charge for the year	–	(405)	(405)
Impairment loss	(1,632)	–	(1,632)
Reversal on impairment loss	–	43	43
Exchange alignment	9	109	118
At 31 December 2011	**(1,971)**	**(4,511)**	**(6,482)**
Carrying amount			
At 31 December 2011	**31,104**	**4,735**	**35,839**
At 31 December 2010	33,592	5,231	38,823

Trademark

In accordance with HKAS 36 "Impairment of Assets" ("HKAS 36"), the Group completed its annual impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 31 December 2011. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma, the carrying amount of the trademark is equivalent to approximately HK$31,104,000. An impairment loss equivalent to approximately HK$1,632,000 has been recognised for the year ended 31 December 2011 (2010: reversal of impairment loss equivalent to approximately HK$3,571,000). The main reason for the recognition of impairment loss is the decrease in the projected revenue from travel CGU.

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a discount of 13.58% (2010: 13.1%). The cash flows beyond the five-year period are extrapolated using a steady 3% (2010: 3%) growth rate. This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

18. INTANGIBLE ASSETS (CONTINUED)

Client list

The Directors assessed that the client list having 15 years of useful lives from the date of acquisition. The Group has completed its annual impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 31 December 2011. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, the carrying amount of the client list is equivalent to approximately HK$4,735,000. A reversal of impairment loss equivalent to approximately HK$43,000 has been recognised for the year ended 31 December 2011 (2010: equivalent to approximately HK$971,000). The reversal of impairment is mainly contributed by the decrease in contributory charge of fixed assets and trademark.

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a discount rate of 13.58% (2010: 13.1%), The cash flows beyond the five-year period are extrapolated using a steady 3% (2010: 3%) growth rate. This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

19. INVESTMENTS IN SUBSIDIARIES

	The Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Unlisted shares, at cost	**40,655**	40,655
Deemed capital contribution (note 33)	**63,000**	63,000
Amounts due from subsidiaries	**1,385,166**	1,270,512
	1,488,821	1,374,167
Less: impairment loss#	**(108,868)**	(89,338)
	1,379,953	1,284,829

After considering the accumulated losses and net liabilities positions of the relevant subsidiaries, the Directors are of the opinion that an additional impairment loss of approximately HK$19,530,000 (2010: approximately HK$19,202,000) has been recognised for the year ended 31 December 2011.

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

As stated in note 20(d) to the consolidated financial statements, the Group has engaged Roma to carry out a valuation on the interest in associates based on value in use calculations. The recoverable amount of the interest in associates is higher than its carrying amount, therefore, the Directors considered that there is no impairment loss on interest in associates except for the reduction in the carrying amount of the deemed capital contribution for the year. On this basis, the Directors considered that no impairment should be made for the investments in those subsidiaries which held the interest in associates. The valuation depends upon an estimate of future cash flows from the interest in associates and other key assumptions on the growth of the business, which is based on the Directors' best estimates. The valuation is sensitive to these parameters. Changes in these parameters could lead to a material revision of the valuation which may have effects on the Directors' impairment assessment on investments in those subsidiaries which held the interest in associates.

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

All of these are controlled subsidiaries as defined under note 2(c) and have been consolidated into the financial statements of the Group.

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest			Principal activities
			Group's effective interest %	Held by the Company %	Held by subsidiaries %	
Macau Success (Hong Kong) Limited	Hong Kong	10,000,000 shares of HK$0.01 each	100	100	–	Investment holding
Capture Success Limited	British Virgin Islands/ South China Sea, other than in Hong Kong	100 shares of US$1 each	55	–	55	Cruise ship leasing
Favor Jumbo Limited	British Virgin Islands	100 shares of US$1 each	100	–	100	Investment holding
Golden Sun Profits Limited	British Virgin Islands	20,000 shares of US$1 each	100	–	100	Investment holding
Hover Management Limited	Hong Kong/South China Sea, other than in Hong Kong	100 shares of HK$1 each	55	–	55	Provision of cruise ship management services
Macau Success Management Services Limited	Hong Kong	100 shares of HK$1 each	100	–	100	Provision of administration services
Travel Success Limited	Hong Kong	500,000 shares of HK$1 each	100	–	100	Travel agency
World Fortune Limited	Hong Kong	1,000 shares of HK$1 each	100	–	100	Investment holding

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest: Group's effective interest %	Held by the Company %	Held by subsidiaries %	Principal activities
665127 British Columbia Ltd.	Canada	(i) 10,000 common shares without par value; and (ii) 1,400 Class A Preferred shares with CAD0.01 par value (without voting right)	80	–	80	Investment holding
Jade Travel Ltd. ("Jade Travel (Canada)")	Canada	7 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages
Jade Travel Ltd.	United States of America	100 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages
上海德彩置佳科技服務有限公司(「德彩置佳」) (note i)	PRC	HK$10,000,000 paid up capital	70	–	70	Provision of technical support
上海德彩譽富網絡科技有限公司(「德彩譽富」) (note ii)	PRC	RMB10,000,000 paid up capital	70	–	70	Provision of technology service platform and sales agency services of sports lottery

Notes:

(i) 德彩置佳 is a wholly foreign owned enterprise established in the PRC, the Group had 70% of controlling interest for this company.

(ii) 德彩譽富 is a limited liability company established in the PRC, the Group had 70% of controlling interest for this company.

20. INTEREST IN ASSOCIATES

	Note	The Group At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Deemed capital contribution	33	**63,000**	63,000
Goodwill	(b)	**19,409**	19,409
		82,409	82,409
Amounts due from associates	(c)	**1,136,406**	1,132,778
		1,218,815	1,215,187
Less: impairment loss	(d)	**(56,700)**	(44,100)
		1,162,115	1,171,087
Less: Amount shown under current assets	(c)	**(343,000)**	–
Amount shown under non-current assets		**819,115**	1,171,087

(a) The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

			Proportion of ownership interest			
Name of associate	Place of incorporation/ operations	Particulars of issued and paid up share capital	Group's effective interest %	Held by the Company %	Held by a subsidiary %	Principal activities
Pier 16 – Entertainment Group Corporation Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Provision of management services for casino operations
Pier 16 – Gaming Promotion, Limited	Macau	1 share of MOP50,000	49	–	49	Provision of gaming promotion services
Pier 16 – Management Limited	Macau/Hong Kong and Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Hotel operations
Pier 16 – Property Development	Macau	100,000 shares of MOP100 each	49	–	49	Property holding

20. INTEREST IN ASSOCIATES (CONTINUED)

(b) **Goodwill**

Because goodwill is included in the carrying amount of the interest in associates and in not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing in HKAS 36. Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 20(d) below.

(c) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. Their carrying amounts are not materially difference from their fair value.

In addition, a group of banks led by Industrial and Commercial Bank of China (Macau) Limited has began syndication of 5-year loan facilities for the associate in the amounts of HK$1,900 million and RMB400 million. The funds will be used mainly to refinance existing credit facilities, to repay shareholders' loans and to fund the constructions of phase 3 development of the associate. The new syndicated loan facilities are to be secured, amongst others, a several guarantee to be provided by the Company. The financing is expected to be completed by the first half of 2012.

As for the purpose of repayment of shareholders' loan, amount due from an associate of HK$343.0 million was reclassified to current assets as it is expected to be recoverable from the associate within next twelve months from the end of the reporting period.

(d) **Impairment test for interest in associates**

During the year, the additional impairment loss recognised on interest in associates of HK$12.6 million (2010: HK$12.6 million) was due to the decrease in the carrying amount of the deemed capital contribution to the associate. The deemed capital contribution is referenced to the financial guarantee contract (note 33) granted by the Group to the associates. The deemed capital contribution decreased as the carrying amount of financial guarantee to the associates decreased during the year. Therefore, at the end of the reporting period, the carrying amount of the interest in associates is written down by approximately HK$56.7 million (2010: approximately HK$44.1 million).

Moreover, the Group completed its annual impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 31 December 2011. The Group has engaged Roma to carry out a valuation of the interest in associates as at 31 December 2011 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a discount rate of 15.80% (2010: 14.97%). The cash flows beyond the five-year period are extrapolated using a steady 4.79% (2010: 4.66%) growth rate for the casino and hotel industries in which are operated by associates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

20. INTEREST IN ASSOCIATES (CONTINUED)

(e) The following is summary of aggregate amounts of assets, liabilities, revenue, and results of the Group's associates:

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Assets	3,692,854	3,372,507
Liabilities	3,179,405	3,392,167
Equity	513,449	(19,660)

	2011 HK$'000	2010 HK$'000
Revenues	1,245,419	782,979
Profit/(loss)	6,810	(90,683)

21. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Share of net assets	443	343
Amount due from a jointly controlled entity	12,050	12,050
	12,493	12,393
Impairment loss#	(10,700)	(10,700)
	1,793	1,693

\# The Group has advanced HK$12 million to the jointly controlled entity to finance the acquisition of certain assets. The advance was unsecured and interest-free. In the opinion of the Directors, the amount will not be repaid within twelve months from the end of the reporting period and is therefore classified as non-current assets. As at 31 December 2011, the accumulated impairment loss of interest in jointly controlled entities was HK$10.7 million (2010: HK$10.7 million) and is considered to be adequate as there are no indication for further impairment. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.

21. INTEREST IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

Details of the Group's interest in the jointly controlled entities are as follows:

Name of joint venture	Form of business structure	Place of incorporation	Particulars of issued and paid up share capital	Group's effective interest	Principal activity
Surplus Win Enterprises Limited	Incorporated	British Virgin Islands	2 shares of US$1 each	50%	Investment holding
Double Diamond International Limited	Incorporated	British Virgin Islands	100 shares of US$1 each	40%	Operation of pier

The amount due from a jointly controlled entity is unsecured, interest-free and has no fixed terms of repayment.

The following is summary of aggregate amounts of assets, liabilities, revenue and results of the jointly controlled entities:

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Non-current assets	**29,293**	29,293
Current assets	**1,280**	1,021
Current liabilities	**(24,284)**	(24,276)
	6,289	6,038

	2011 HK$'000	2010 HK$'000
Income	**1,023**	914
Expenses	**(772)**	(85)
Profit before tax	**251**	829
Taxation	**–**	–
Profit for the year	**251**	829

22. INVENTORIES

	The Group	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Fuel oil	**1,303**	983

The analysis of the amount of inventories recognised as an expense and included in consolidated income statement is as follows:

	2011 HK$'000	2010 HK$'000
Carrying amount of inventories use	**32,331**	23,079

23. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
	Note	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000
Trade receivables	(a)	**14,518**	16,976	**–**	–
Other receivables		**11,390**	17,576	**–**	–
Less: impairment loss recognised on other receivable	(b)	**(10,274)**	(16,433)	**–**	–
		1,116	1,143	**–**	–
Trade and other receivables		**15,634**	18,119	**–**	–
Prepayments and deposits		**16,334**	29,588	**3,116**	295
		31,968	47,707	**3,116**	295

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

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

(i) Aging analysis

Included in trade and other receivables, the aging analysis for trade receivables is as follows:

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Current	**12,463**	14,810
31 to 60 days overdue	**649**	902
61 to 90 days overdue	**823**	969
Over 90 days overdue	**583**	295
	14,518	16,976

(ii) Impairment of trade receivables

The Group normally allows an average credit period of 30 to 60 days to customers of cruise ship leasing and management business (2010: average credit period of 30 to 60 days) and 30 days to customers of travel business (2010: 30 days). Further details on the Group's credit policy are set out in note 4(b)(i).

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(i)). At the end of the reporting period, there has no impairment losses recognised on the trade receivables (2010: Nil).

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

(iii) Trade receivables that are not impaired

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

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Neither past due nor impaired	**12,463**	14,810
Past due but not impaired		
– Less than 1 month past due	**649**	902
– 1 to 3 months past due	**1,406**	1,264
	2,055	2,166
	14,518	16,976

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

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

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

	Note	The Group HK$'000
Movement in the impairment loss recognised on other receivable		
At 1 January 2010		21,376
Reversal of impairment loss*	8	(4,943)
At 31 December 2010 and 1 January 2011		16,433
Reversal of impairment loss*	8	(6,159)
At 31 December 2011		**10,274**

* This represents impairment on debts due by a debtor which has been long-outstanding. The Directors considered that the amounts due could not be recovered. Therefore, full impairment has been made in the previous years. During the year, the debtor has made repayment in respect of such long-outstanding amount, therefore, the reversal of impairment loss was recognised for the year.

24. PLEDGED BANK DEPOSITS

The amounts are pledged to secure certain banking facilities granted to the Group (note 45(a)). The pledged bank deposits carry fixed interest rate of approximately 0.6% to 0.7% per annum (2010: approximately 0.01% to 0.175% per annum).

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000
Cash and bank balances	**48,575**	85,042	**4,197**	67,334
Non-pledged bank deposits	**23,835**	23,000	**–**	–
Cash and cash equivalents in the consolidated statements of financial position and cash flows	**72,410**	108,042	**4,197**	67,334

Deposits with banks carry interest at market rates which is approximately 0.1% to 0.4% per annum for current year (2010: approximately 0.01% to 0.38% per annum).

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000
Trade payables	**8,600**	9,536	**–**	–
Accrued charges and other payables	**21,415**	13,000	**3,456**	2,119
Amounts due to subsidiaries	**–**	–	**40,997**	50,368
Financial liabilities measured at amortised cost	**30,015**	22,536	**44,453**	52,487

The amount due to subsidiaries are interest-free, unsecured and without fixed term of repayment.

Aging analysis

Included in trade and other payables, the aging analysis of trade payables is as follows:

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Current	**7,199**	8,276
31 to 60 days	**730**	787
61 to 90 days	**254**	187
Over 90 days	**417**	286
	8,600	9,536

27. DEFERRED INCOME

The Group

Deferred income comprises of a sign-up bonus for an on-line ticket processing system and is recognised as revenue in accordance with the terms of the agreements.

28. PROFIT GUARANTEE LIABILITIES

	The Group	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Carrying amount		
At beginning of the year	**32,608**	41,708
Payment to SBI Macau under the profit guarantee	**(9,100)**	(9,100)
At the end of the year	**23,508**	32,608
Current liabilities	**9,100**	9,100
Non-current liabilities	**14,408**	23,508
	23,508	32,608

As mentioned in note 5(b)(iv), Favor Jumbo guaranteed that SBI Macau shall be entitled to a return of not less than HK$9.1 million ("Guaranteed Amount") for each full fiscal year for a period of sixty successive months immediately after the date of completion of the Golden Sun Disposal (the "Relevant Period"). The profit guarantee liabilities are carried at amortised cost.

In the event the amounts received by SBI Macau from the distribution of the profits of Golden Sun for any fiscal year during the Relevant Period falls short ("Shortfall") of the higher of the return (the "Return") as stipulated in the Golden Sun Shareholders' Agreement or the Guaranteed Amount (pro-rated, if necessary), Favor Jumbo shall pay to SBI Macau such Shortfall within six months from the end of the relevant fiscal year during the Relevant Period.

If the aggregate of the Return and the Shortfall payments received by SBI Macau from Golden Sun and/or Favor Jumbo in respect of the Relevant Period exceeds the total Guaranteed Amount (pro-rated, if necessary) for the Relevant Period (the "Excess"), SBI Macau shall refund and pay to Favor Jumbo the lesser of (a) the aggregate amount of the Shortfall paid by Favor Jumbo to SBI Macau during the Relevant Period; and (b) the Excess, within three months upon notice from Favor Jumbo the amount payable by SBI Macau after the expiry of the Relevant Period.

29. LOANS PAYABLES

		The Group		The Company	
	Note	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000
Loans from shareholders of non-controlling interests					
– Mrs. Yung Yuen Ping Kwok	(i)	**2,679**	2,749	**–**	–
– SABC Holdings Ltd.	(ii)	**7,716**	7,918	**–**	–
– Up Fly Limited	(iii)	**7,306**	5,749	**–**	–
		17,701	16,416	**–**	–
Loan from Maruhan	(iv)	**152,738**	152,738	**–**	–
Loan from SBI Macau	(v)	**39,486**	39,486	**–**	–
Other loans	(vi)	**246,000**	246,000	**246,000**	246,000
		455,925	454,640	**246,000**	246,000
Less: Amounts shown under current liabilities		**(398,738)**	–	**(246,000)**	–
Amounts shown under non-current liabilities		**57,187**	454,640	**–**	246,000

Notes:

(i) Mrs. Yung Yuen Ping Kwok is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.

(ii) SABC Holdings Ltd. is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.

(iii) Up Fly Limited is a shareholder of non-controlling interests of a 70% indirectly owned subsidiary of the Company, namely Honour Rich China Development Limited. The loan is unsecured, interest-free and not expected to be settled within one year.

29. LOANS PAYABLES (CONTINUED)

Notes: (continued)

(iv) The amount represented the shareholder's loan of approximately HK$66,468,000 due by World Fortune to Golden Sun taken up by Maruhan upon the completion of the World Fortune Disposal on 29 October 2007 and further shareholder's loan of approximately HK$86,270,000 (2010: approximately HK$86,270,000) advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders' Agreement (as defined in note 5 (b)(iii)). The loans are unsecured, interest-free and become mature in coming twelve months and have been reclassified as current liabilities in this year.

(v) As mentioned in note 5(b)(iv) pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo assigned the loan of approximately HK$39,486,000 due by Golden Sun to SBI Macau. The loan is unsecured, interest-free and not expected to be settled within one year.

(vi) The other loans carry a floating interest rate at Hong Kong interbank offered rate plus a margin and are secured by 51% of the entire issued share capital from time to time of Favor Jumbo. The loan shall be repayable on or before 36 months after 22 October 2009. According to the loan agreement, the Group shall maintain a consolidated tangible net worth at all times of not less than HK$400 million. The loans become mature in coming twelve months and have been reclassified as current liabilities in this year.

The carrying amounts of the loans payables approximate to their fair values.

30. LONG-TERM PAYABLES

	The Group	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Present value of liabilities of		
– Maruhan Put Option	**142,035**	142,035
– SBI Macau Put Option	**72,551**	63,091
	214,586	205,126
Less: Amount shown under current liabilities	**(142,035)**	–
Amount shown under non-current liabilities	**72,551**	205,126

The carrying amounts of the long-term payables approximate to their fair values.

31. AMOUNT DUE TO A RELATED COMPANY

The Group

The related company is an investment holding company beneficially wholly-owned by Mr. Yeung.

Reference was made to the Prospectus, the loan from the related company of the Group in amount of approximately HK$23.4 million (comparing the principal amount of approximately HK$20.7 million and a portion of accrued interest of approximately HK$2.7 million) was assigned ("Assigned SS Loan") to Silver Rich, pursuant to the terms thereof.

As at 31 December 2011, the outstanding accrued interest due to the related company was approximately HK$129,000 which is unsecured, non-interest bearing and not expected to be settled within one year (2010: approximately HK$23.2 million in which the principal amount of approximately HK$20.7 million is unsecured, bearing interest at the rate of 4% per annum and not expected to be settled within one year).

32. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position

	The Group	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
(Refundable)/provision for Hong Kong profits tax for the year	**(14)**	(170)
(Refundable)/provision for overseas profit tax for the year	**(1,729)**	1,324
Provisional profits tax paid	**–**	(228)
Exchange alignment	**–**	47
	(1,743)	973
Balance of profits tax provision relating to prior years		
– Hong Kong	**–**	214
– Overseas	**–**	(24)
Tax (recoverable)/payable	**(1,743)**	1,163
Tax recoverable	**(1,743)**	(184)
Tax payable	**–**	1,347
	(1,743)	1,163

32. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Recognised deferred tax (assets)/liabilities

The movements of deferred tax (assets)/liabilities during the year are as follows:

	Note	The Group Accelerated depreciation HK$'000
At 1 January 2010		(765)
Debited to the consolidated income statement	10(a)	815
Exchange alignment		(21)
At 31 December 2010 and 1 January 2011		29
Debited to the consolidated income statement	10(a)	250
Exchange alignment		(9)
At 31 December 2011		**270**

	The Group	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Net deferred tax liabilities recognised on the consolidated statement of financial position	**270**	29

(c) Unrecognised deferred tax assets

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 31 December 2011, the Group had tax losses of approximately HK$111.7 million (2010: approximately HK$103.0 million) that are available to carry forward indefinitely for offsetting against future taxable profits. Estimated tax losses of approximately HK$19.6 million and HK$3.1 million (2010: Nil) will expire within 1 to 5 years and over 5 years respectively.

33. FINANCIAL GUARANTEE CONTRACT

	The Group and the Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Carrying amount		
At the beginning of the year	**18,900**	31,500
Amortisation for the year	**(12,600)**	(12,600)
At the end of the year	**6,300**	18,900
Current liabilities	**6,300**	12,600
Non-current liabilities	**–**	6,300
	6,300	18,900

At 31 December 2011, the Company had an outstanding corporate guarantee to a bank in respect of syndicated loan facilities of HK$1,600 million (2010: HK$1,600 million) granted to an associate (note 41). The maximum guarantee amount borne by the Company was HK$860 million (2010: HK$860 million). Total loan outstanding under the syndicated loan facilities of the associate as at 31 December 2011 was HK$560 million (2010: HK$800 million).

Based on the valuation performed by an independent professional valuer, the directors considered that the fair value of the financial guarantee contract was approximately HK$63 million at the date of issuance of the financial guarantee contract. The carrying amount of the financial guarantee contract recognised in the Group's and the Company's statements of financial position were in accordance with HKAS 39 and HKFRS 4 (Amendments).

The financial guarantee contract is carried at amortised cost. No provision for financial guarantee contracts have been made at 31 December 2011 and 2010 as default risk is low.

34. BANK LOANS

	The Group	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Bank loans, secured	**13,588**	14,496
Carrying amount repayable:		
Within one year	**581**	556
More than one year, but no exceeding two years	**606**	587
More than two years, but not more than five years	**2,040**	1,976
More than five years	**10,361**	11,377
	13,588	14,496
Less: Amounts shown under current liabilities	**(581)**	(556)
Amounts shown under non-current liabilities	**13,007**	13,940

35. LOAN FROM A DIRECTOR AND CONTROLLING SHAREHOLDER

	The Group and the Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Loan from Mr. Yeung	**30,332**	105,000
Less: Amount shown under current liabilities	**(30,332)**	–
Amount shown under non-current liabilities	**–**	105,000

This represents the loan from Mr. Yeung under the revised loan facility as disclosed in note 2(b)(i). The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The final repayment date under the revised loan facility has been further extended from 30 October 2012 to 31 October 2013 by a letter agreement dated 15 March 2012 ("Yeung Loan Facility"). In the opinion of the Directors, the borrowing of the said loan from Mr. Yeung was for the benefit of the Company and on normal commercial terms where no security over the assets of the Company was granted.

Reference was made to the Prospectus, the portion of the loan under the Yeung Loan Facility in amount of approximately HK$104.7 million was assigned ("Assigned Yeung Loan") to Silver Rich, pursuant to the terms thereof.

36. LOAN FROM A CONTROLLING SHAREHOLDER

	The Group and the Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Loan from Silver Rich	**128,336**	–

Silver Rich was a controlling shareholder of the Company which hold 41.45% of the issued share capital of the Company as at 31 December 2011.

On 15 December 2011, the Company had entered into:

(i) a deed of assignment with Mr. Yeung and Silver Rich (the "Yeung Loan Assignment"). The Company was indebted to Mr. Yeung in the principal amount of HK$135.0 million at the date of assignment. Pursuant to the terms of the Yeung Loan Assignment, Mr. Yeung has agreed to assign and transfer, and Silver Rich has agreed to accept the assignment and transfer of Assigned Yeung Loan. The Assigned Yeung Loan was bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited; and

(ii) a deed of novation and assignment with Smart Class Enterprises Limited ("Smart Class", being a direct subsidiary of the Company), Star Spangle Corporation ("Star Spangle") and Silver Rich (the "SS Loan Assignment"). Smart Class was indebted to Star Spangle in the aggregate sum of approximately HK$23.5 million at the date of assignment. Pursuant to the terms of the SS Loan Assignment, Smart Class will novate, and the Company will assume, all and any obligations, duties and liabilities of Smart Class in all respects as borrower of the Assigned SS Loan. Star Spangle assigned and transferred, and Silver Rich has accepted the assignment and transferred of the Assigned SS Loan. The Assigned SS Loan was bearing interest at the rate of 4% per annum.

As mentioned in note 2(b)(i), pursuant to the terms of the Underwriting Agreement, (i) Sliver Rich has accepted and taken up 673,968,954 rights shares provisionally allotted by the Company at the Subscription Monies and the Underwritten Shares were underwritten by Silver Rich; (ii) a commission of 2.5% of the aggregate subscription price in respect of the Underwritten Shares, which amounted to approximately HK$4.5 million would be paid by the Company to Silver Rich; and (iii) the Subscription Monies should be set off by the aggregate of the Assigned Yeung Loan and Assigned SS Loan (collectively the "Assigned Loans").

On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK$128,054,101.26 and on 18 January 2012, the Rights Issue has been completed.

37. SHARE CAPITAL

	Number of shares '000	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	**160,000,000**	**1,600,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	**2,438,964**	**24,390**

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

38. EMPLOYEE RETIREMENT BENEFITS

(a) Defined contribution retirement plan

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

(b) Share option scheme

The Company participates in a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Directors and other employees of the Group. The Option Scheme became effective on 8 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption of the Option Scheme, i.e. 20 August 2004. Under the Option Scheme, the Directors are authorised at their absolute discretion, to invite any employee, executive or officer of any member of the Group or any entity in which the Group holds any equity interest (including any Directors) and any consultant, agent, adviser, vendor, supplier or customer who is eligible to participate in the Option Scheme, to take up options to subscribe for shares of the Company ("Share(s)").

There is no provision in the Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the Company may at its absolute discretion from time to time provide such requirements in the offer of grant of options.

38. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

(b) Share option scheme (continued)

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the Option Scheme.

The Company may seek approval of the shareholders in general meeting for refreshing the 10% limit under the Option Scheme save that the total number of Shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of approval of the limit. Options previously granted under the Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the other scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

Notwithstanding aforesaid in above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

The exercise price in respect of any particular option shall be such price as determined by the board of Directors in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer, which must be a business day; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Share.

The offer of a grant of share options must be accepted not later than 28 days after the date of offer, upon payment of a consideration of HK$1 by the grantee. The exercise period of the share options granted is determined by the board of Directors, save that such period shall not be more than a period of 10 years from the date upon which the share options are granted or deemed to be granted and accepted.

At the end of the reporting period, no share options had been granted under the Option Scheme since its adoption (2010: Nil).

39. RESERVES

The Group

	Attributable to owners of the Company							
	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2010	908,785	52,333	976	(1,369)	(357,456)	603,269	46,214	649,483
Loss for the year	–	–	–	–	(80,782)	(80,782)	(882)	(81,664)
Other comprehensive income for the year	–	–	–	1,013	–	1,013	329	1,342
Total comprehensive income/(loss) for the year	–	–	–	1,013	(80,782)	(79,769)	(553)	(80,322)
At 31 December 2010	908,785	52,333	976	(356)	(438,238)	523,500	45,661	569,161
At 1 January 2011	908,785	52,333	976	(356)	(438,238)	523,500	45,661	569,161
Loss for the year	–	–	–	–	(77,666)	(77,666)	(13,823)	(91,489)
Other comprehensive (loss)/income for the year	–	–	–	(67)	–	(67)	61	(6)
Total comprehensive loss for the year	–	–	–	(67)	(77,666)	(77,733)	(13,762)	(91,495)
At 31 December 2011	**908,785**	**52,333**	**976**	**(423)**	**(515,904)**	**445,767**	**31,899**	**477,666**

Nature and purpose of reserves

(a) Share premium

The application of the share premium accounts is governed by section 40 of the Companies Act 1981 of Bermuda.

(b) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(r).

39. RESERVES (CONTINUED)

The Company

	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2010	908,785	19,645	928,430
Total comprehensive loss for the year	–	(15,414)	(15,414)
At 31 December 2010 and 1 January 2011	908,785	4,231	913,016
Total comprehensive income for the year	–	1,587	1,587
At 31 December 2011	**908,785**	**5,818**	**914,603**

Distribution of reserves

At 31 December 2011, the aggregate amount of reserves available for distribution to owners of the Company was approximately HK$5,818,000 (2010: approximately HK$4,231,000).

40. COMMITMENTS

(a) There is no capital commitments outstanding at 31 December 2011 not provide for in the consolidated financial statements.

(b) At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	**At 31 December 2011 HK$'000**	At 31 December 2010 HK$'000
Within one year	**7,654**	7,044	**–**	–
In the second to fifth years, inclusive	**2,077**	9,586	**–**	–
	9,731	16,630	**–**	–

The Group lease certain office premises under operating leases. The leases typically run for period ranging from two to five years. None of leases includes contingent rentals.

41. CONTINGENT LIABILITIES

As at 31 December 2011, the Company gave a corporate guarantee for syndicated loan facilities of HK$1,600 million granted to an associate of the Group (2010: HK$1,600 million). The maximum guarantee amount borne by the Company was HK$860 million (2010: HK$860 million) (note 33). The total loan and bank guarantee outstanding for the syndicated loan facilities at the end of the reporting period was HK$560 million and HK$240 million respectively (2010: HK$800 million and HK$240 million respectively).

42. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with the related parties during the year:

		The Group	
	Note	**2011** **HK$'000**	2010 HK$'000
Travel service income received and receivable from			
– an associate	(i)	**443**	290
– key management	(i)	**1,774**	1,236
Cost of sales related to travel services paid and payable to an associate	(i)	**93**	342
Management fee income received and receivable from an associate	(ii)	**6,255**	6,840
Interest expenses payable to a related company	31	**790**	816
Interest expenses paid to a director and controlling shareholder	35	**5,343**	3,412
Interest expenses payable to a controlling shareholder	36	**282**	–

Notes:

(i) The travel service fee was charged according to prices and conditions comparable to those offered to other customers.

(ii) The management fee was charged on actual cost incurred by the Group for provision of management and technical services.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The outstanding balances with related parties at the end of the reporting period are as follows:

	Note	The Group At 31 December 2011 HK$'000	The Group At 31 December 2010 HK$'000
Amounts due from associates	20(c)	**1,136,406**	1,132,778
Amount due from a jointly controlled entity	21	**12,050**	12,050
Other receivable from a related party	(i)	**5,867**	4,310
Other payable to a director of a subsidiary of the Company	(ii)	**2,310**	–
Amount due to a related company	31	**129**	23,191
Loan from a director and controlling shareholder	35	**30,332**	105,000
Loan from a controlling shareholder	36	**128,336**	–

Notes:

(i) The amount of receivable is from an independent third party (the "JV Partner") for his on-lending to a joint venture company of which the Company and the JV Partner held 70% and 30% interests respectively (the "JV Company"). The amount is secured by 30% equity interest of the JV Company, interest-free and has no fixed repayment terms.

(ii) A short-term loan agreement was entered between a director of a subsidiary of the Company ("Director of the Subsidiary") and a subsidiary of the Company. The Director of the Subsidiary provides a short-term loan to one of subsidiary of the Company for its general working capital use. The loan is unsecured, interest-free and to be repaid on or before 29 January 2012.

(c) **Key management personnel compensation**

Compensation for key management personnel, including amounts paid to the Company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12 is as follows:

	Note	The Group 2011 HK$'000	The Group 2010 HK$'000
Salaries and other short-term employee benefits		**4,359**	4,624
Retirement scheme contributions		**60**	60
Total emoluments are included in "staff costs"	9(b)	**4,419**	4,684

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) On 1 December 2008, the Company has entered into a term loan facility agreement of up to HK$200 million with Mr. Yeung, the loan is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility were further extended from 30 October 2012 to 31 October 2013 by a letter agreement dated 15 March 2012.

(e) As mentioned in note 36, on 19 October 2011, the Company entered into the Underwriting Agreement with Silver Rich as underwriter, regarding the underwriting and certain other arrangements in respect of the issue by way of rights of new ordinary shares of HK$0.01 each in the share capital of the Company in the proportion of two rights shares for every three shares of the Company held on the record date, being 1,625,976,154 new shares of the Company, at the subscription price of HK$0.19 per rights share. Pursuant to the terms of the Underwriting Agreement, (i) Sliver Rich has accepted and taken up 673,968,954 rights shares provisionally allotted by the Company at the Subscription Monies and the Underwritten Shares were underwritten by Silver Rich; (ii) a commission of 2.5% of the aggregate subscription price in respect of the Underwritten Shares, which amounted to approximately HK$4.5 million would be paid by the Company to Silver Rich; and (iii) the Subscription Monies should be set off by Assigned Loans.

On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK$128,054,101.26 and on 18 January 2012, the Rights Issue has been completed.

43. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of debt-to-capital ratio. For this purpose the Group defines debt as total borrowings which are bearing a fixed or variable interest rates such as amount due to a related company (note 31), other loans (note 29(vi)), bank loans (note 34), loan from a director and controlling shareholder (note 35) and loan from a controlling shareholder (note 36). Capital represents total equity attributable to owners of the Company in the consolidated statement of financial position.

As at 31 December 2011, the debt-to-capital ratio is 89% (2010: 71%).

43. CAPITAL RISK MANAGEMENT (CONTINUED)

As mentioned in note 2(b)(i) and 36, the net cash proceeds of the Rights Issue, after setting off by the Assigned Loans from Silver Rich, is approximately HK$173.2 million, which will be applied as follows: (i) up to HK$100.0 million for settlement of part of the third party interest-bearing loans when they fall due on 22 October 2012; (ii) approximately HK$29.0 million for fulfillment of the Group's commitment to provide financial assistance to the joint venture company in relation to the lottery business; and (iii) the remaining balance of approximately HK$44.2 million for general working capital of the Group.

Based on the reduced interest-bearing borrowings as a result of the setting off, repayment of certain interest-bearing loans and the enlarged total equity attributable to owners of the Company, the Group's gearing ratio would be reduced accordingly.

44. NON-CASH TRANSACTIONS

The Group has the following non-cash transaction during the year:

As mentioned in notes 31, 35 and 36, the Assigned SS Loan and Assigned Yeung Loan were settled through the assignment of loan to Silver Rich under the Yeung Loan Assignment and the SS Loan Assignment.

45. PLEDGE OF ASSETS

As at 31 December 2011, the Group had secured the following assets:

(a) The Group pledged the time deposits of approximately HK$7.9 million (2010: approximately HK$8.1 million) to certain banks for the issuance of several bank guarantees and standby letter of credit facility of approximately HK$9.9 million (2010: approximately HK$10.2 million) for the operations of the Group;

(b) World Fortune pledged all (2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development;

(c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (2010: 51%) of the entire issued share capital from time to time of Favor Jumbo to a financial institution which is a third party independent of the Company in respect of the revolving credit facility granted to the Company; and

(d) The Group's self-occupied properties with carrying amount equivalent to approximately HK$20.6 million (2010: equivalent to approximately HK$21.6 million) were pledged to a bank to secure bank loans to Jade Travel (Canada).

46. EVENT AFTER THE REPORTING PERIOD

(i) Reference was made to the announcement dated 25 October 2011 issued by the Company, the Company has proposed to raise approximately HK$308.9 million, before expenses, by the Rights Issue.

The circular in relation to, among other things, the Rights Issue and the whitewash waiver has been posted on 22 November 2011. The Rights Issue and the whitewash waiver have been approved by the independent shareholders at the special general meeting held on 9 December 2011 and the prospectus has been posted to qualifying shareholders on 21 December 2011.

As mentioned in note 36, pursuant to the terms of the Underwriting Agreement, (i) Sliver Rich has accepted and taken up 673,968,954 rights shares provisionally allotted by the Company at the Subscription Monies and the Underwritten Shares were underwritten by Silver Rich; (ii) the commission of 2.5% of the aggregate subscription price in respect of the Underwritten Shares, which amount to approximately HK$4.5 million would be paid by the Company to Silver Rich; and (iii) the Subscription Monies should be set off by the Assigned Loans.

On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK$128,054,101.26 and on 18 January 2012, the Rights Issue has been completed.

(ii) With regard to the unsecured term loan facility of up to HK$290 million granted by Mr. Yeung to the Company, a letter agreement was entered into between the Company and Mr. Yeung on 15 March 2012, the final repayment date of the loan from Mr. Yeung under the revised loan facility was further extended from 30 October 2012 to 31 October 2013.

Five-year Financial Summary

RESULTS

	Year ended 31 December 2011 HK$'000	Year ended 31 December 2010 HK$'000	Year ended 31 December 2009 HK$'000	Fifteen months ended 31 December 2008 HK$'000	Year ended 30 September 2007 HK$'000
Turnover:					
Continuing operations	**1,468,444**	1,444,902	1,202,239	627,254	103,754
(Loss)/profit before taxation	**(92,558)**	(79,494)	(172,896)	(238,219)	16,944
Income tax	**1,069**	(2,170)	(1,790)	(859)	(672)
(Loss)/profit for the year/period	**(91,489)**	(81,664)	(174,686)	(239,078)	16,272
Attributable to:					
Owners of the Company	**(77,666)**	(80,782)	(173,797)	(238,304)	2,314
Non-controlling interests	**(13,823)**	(882)	(889)	(774)	13,958
(Loss)/profit for the year/period	**(91,489)**	(81,664)	(174,686)	(239,078)	16,272
(Loss)/earnings per share					
– Basic	**(3.18) HK cents**	(3.31) HK cents	(7.13) HK cents	(9.87) HK cents	0.11 HK cents
– Diluted	**(3.18) HK cents**	(3.31) HK cents	(7.13) HK cents	(9.87) HK cents	0.11 HK cents

ASSETS AND LIABILITIES

	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000	At 31 December 2008 HK$'000	At 30 September 2007 HK$'000
Total assets	**1,407,971**	1,475,374	1,345,509	1,418,947	1,197,379
Total liabilities	**(905,915)**	(881,823)	(671,636)	(487,788)	(170,466)
Non-controlling interests	**(31,899)**	(45,661)	(46,214)	(46,321)	(49,983)
Total equity attributable to owners of the Company	**470,157**	547,890	627,659	884,838	976,930