SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 00487

Capitalising On Leading Edge

Annual Report 2012

Contents

Our Vision

We aim to become a leading player in the gaming, entertainment and tourism industries and contribute to their ongoing growth. We endeavour to create long-term value for our stakeholders and adhere to a high standard of corporate governance.

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

Nomination 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 Limited
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
26 Burnaby Street
Hamilton HM 11
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 2012 HK$'000	Year ended 31 December 2011 HK$'000	Year ended 31 December 2010 HK$'000
Results			
Turnover			
Cruise ship leasing and management	**80,400**	69,600	69,600
Travel	**1,543,924**	1,398,844	1,375,302
Lottery	**10,654**	87	–
	1,634,978	1,468,531	1,444,902
Loss from operations	**(30,498)**	(72,253)	(14,536)
Loss attributable to owners of the Company	**(33,034)**	(77,666)	(80,782)

	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Consolidated statement of financial position			
Total assets	**1,343,771**	1,407,971	1,475,374
Total liabilities	**577,776**	905,915	881,823
Net assets	**765,995**	502,056	593,551

Group Structure

Chairman's Statement

In 2012, the Group was able to capture growth opportunities in our major markets and carry out various initiatives creating significant long-term value for our shareholders.

Chairman's Statement

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 2012.

Despite the challenging economic environment abroad, particularly in Europe and the United States of America, and the moderated pace of growth in China, the Group still achieved improved performance in 2012. Through effective implementation of our business development strategy and the enhancement in synergies between our core business units and our flagship investment project Ponte 16, we made 2012 another year of improved results for the Group. Not only were we able to capitalise on growth opportunities in our major markets, we also carried out a number of initiatives creating significant long-term value for our shareholders.

HARNESSING OUR LEADERSHIP

In Macau, Ponte 16 benefited from the growing affluence of the middle class in China, a key driver for the continuous growth of the tourism and gaming industries. Ponte 16 achieved another set of improved results in 2012 by leveraging its unique positioning, proactive marketing efforts and strategic location in the exclusive Inner Harbour District. With the offering of preeminent accommodation experience and the persistence on a distinctive cultural connotation, its five-star hotel, Sofitel Macau At Ponte 16, received a series of awards in the industry in recognition of its world-class services and popularity among those who travel to Macau. Such achievements also affirmed its commitment to consistently exceed expectations of its guests from around the world.

In February 2013, Ponte 16 celebrated its fifth anniversary. Over the past five years, Ponte 16 has not only witnessed the development of Macau as the largest gaming market in the world, but also established itself as a preferred travel and leisure destination by offering a unique suite of cultural and entertainment experience that differentiates itself from the rest of the market. Going forward, Ponte 16 is devoted to setting new industry benchmarks by promoting the historical and cultural heritage of Macau whilst introducing innovative dining and entertainment concepts in its Phase 3 development.

STRENGTHENING OUR PLATFORM

Thanks to our stepped-up cross-selling efforts in 2012, we further strengthened our businesses by enhancing synergies between our core travel and cruise ship businesses as well as Ponte 16.

Chairman's Statement (continued)

Our travel business kept on expanding its presence in China to capture the growing demand of outbound travel from China, and explore opportunities in the high-end market segments such as MICE (Meeting, Incentive, Convention and Exhibition) and corporate ticketing. We also consolidated and upgraded our business system to boost efficiency in operations. This improvement allowed us to swiftly respond to market changes and will enable us to seize growth opportunities once the overseas economies recover.

INVESTING FOR GROWTH

The development of our lottery business in China also reached another milestone during the year. By late 2012, we completed the testing stage for our technology service platform and commenced business operation. The lottery market in China has been rapidly growing over the past few years, and we expect this trend to continue. We look forward to exploring opportunities to expand our business in this sector to capitalise on the enormous growth potential.

We have substantially reinforced our business cohesion through all the initiatives taken place in previous years. I am confident that, with our strong and dedicated team and forward-looking vision, we are well positioned to achieve our goal of becoming one of the key players in the gaming, entertainment and tourist-related industries in Asia, and delivering long-term value for our shareholders, customers and business partners.

APPRECIATION

I would like to express my heartfelt gratitude to our shareholders, customers and business partners for their continued confidence. May I extend my sincere thanks to our fellow directors for their guidance and insights, and our staff for their dedication and hard work. The support from our people at all levels is invaluable in our shared pursuit of creating enduring value for the benefit of all.

Yeung Hoi Sing, Sonny
Chairman

Hong Kong
27 March 2013

Business Highlights

- Total turnover grew by approximately 11% year-on-year to approximately HK$1,635.0 million
- Gross profit grew by approximately 23% year-on-year to approximately HK$87.9 million
- EBITDA* of the flagship investment project Ponte 16 increased to approximately HK$331.5 million
- Travel business achieved approximately 10% growth year-on-year in turnover amounting to approximately HK$1,543.9 million
- Cruise ship business delivered solid growth in turnover, up by approximately 16% year-on-year to approximately HK$80.4 million
- Lottery business completed the testing of its technology service platform and commenced operations in late 2012

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

Management Discussion and Analysis

Driven by a number of strategic marketing initiatives during the year, the Group achieved improved results in its synergetic core businesses.

Management Discussion and Analysis

OVERVIEW

The Group delivered improved performance in 2012, as a result of successful efforts to tap opportunities in different sectors of the fast-growing China market.

Notwithstanding the challenging global economy in the review year, the Group took appropriate marketing strategies for the travel and cruise ship businesses, thereby maintaining a balanced growth for both businesses. Meanwhile, the lottery business which commenced operations in late 2012 was well prepared to capture the potential in China.

In 2012, Macau continued to record healthy growth and reinforced its position as the world's largest gaming hub, attributable to continuous demand from China and other key Asia Pacific markets. The city also further established itself as the leading entertainment and travel destination in Asia, enticing tourists from around the world with its captivating energy. Riding on the back of this burgeoning success, the Group's flagship investment project Ponte 16 benefited from the organic expansion of the gaming industry and reported satisfying performance despite several setbacks in the global economy.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes included in this annual report. As the lottery business has become one of the business segments of the Group, certain comparative figures have been reclassified to conform to current year's presentation and to provide comparative amount.

RESULTS

The Group maintained improved performance and posted a turnover of approximately HK$1,635.0 million for the year ended 31 December 2012, up by approximately 11% as compared with approximately HK$1,468.5 million in 2011. Gross profit grew by approximately 23% to approximately HK$87.9 million (2011: approximately HK$71.6 million), while loss attributable to owners of the Company reduced to approximately HK$33.0 million (2011: approximately HK$77.7 million). Loss per share was 0.83 HK cents in 2012 versus 3.18 HK cents in 2011.

The travel business achieved balanced growth in turnover for the year ended 31 December 2012, which increased to approximately HK$1,543.9 million (2011: approximately HK$1,398.8 million) as a result of effective marketing strategies. Ticketing revenue rose to approximately HK$1,443.9 million, compared with approximately HK$1,315.8 million in 2011. The travel business made notable progress in upgrading its system for long-term cost saving.

For the cruise ship business, it generated substantial revenue growth and marked improvement by approximately 16% to approximately HK$80.4 million in 2012 (2011: approximately HK$69.6 million). Meanwhile, the lottery business completed the testing for its technology service platform and commenced operations in late 2012. It started to deliver turnover amounting to approximately HK$10.7 million for the year ended 31 December 2012.

Ponte 16 benefited from the healthy development of the gaming industry in Macau in 2012, and achieved improved performance in both the mass market and VIP segments. Its EBITDA* increased by approximately 5% to approximately HK$331.5 million (2011: approximately HK$316.8 million). However, its results were affected by the bank charges incurred for the New Loan Facilities (as defined hereinafter). The Group's shared profit of the associates relating to Ponte 16 for the year ended 31 December 2012 amounted to approximately HK$9.4 million (2011: approximately HK$3.3 million).

RIGHTS ISSUE

In January 2012, the Company completed the issue by way of rights of 1,625,976,154 new ordinary shares of the Company (the "Rights Issue"), raising net cash proceeds of approximately HK$173.2 million. The Rights Issue reinforced the capital base for the Company and provided further financial resources for the future business development of the Group. The Company repaid a part of the third party interest-bearing loan amounting to HK$114.0 million in the review year using the net cash proceeds from the Rights Issue.

DIVIDENDS

No interim dividend was paid in 2012 (2011: Nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

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

Travel Business

The Group delivered balanced growth in its travel business by seizing opportunities in the high-end market and upgrading its operational system.

REVIEW OF OPERATIONS

Travel Business

Focused on high-end market to achieve balanced growth

In 2012, the Group's travel business recorded balanced growth despite the unfavourable global economy. Turnover in this segment increased by approximately 10% to approximately HK$1,543.9 million, compared with approximately HK$1,398.8 million in 2011, as a result of adequate marketing efforts targeting the high-end market segment, such as MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller). The Group also focused on expanding its clientele in China, a major market that is attributing to the growth of global tourism. In 2012, more than 80 million Chinese travelled overseas and they spent a total of approximately US$85 billion globally.

Profit in this segment amounted to approximately HK$1.1 million in 2012, compared with a loss of approximately HK$11.2 million in 2011, because a major operational upgrade was carried out in the review year to enhance long-term cost efficiency and competitiveness of the business. In July 2012, the Group consolidated its global travel business and ceased its unit in Hong Kong.

Cruise Ship Business

Motivated by the proactive business efforts, the cruise ship business flourished and achieved solid growth in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

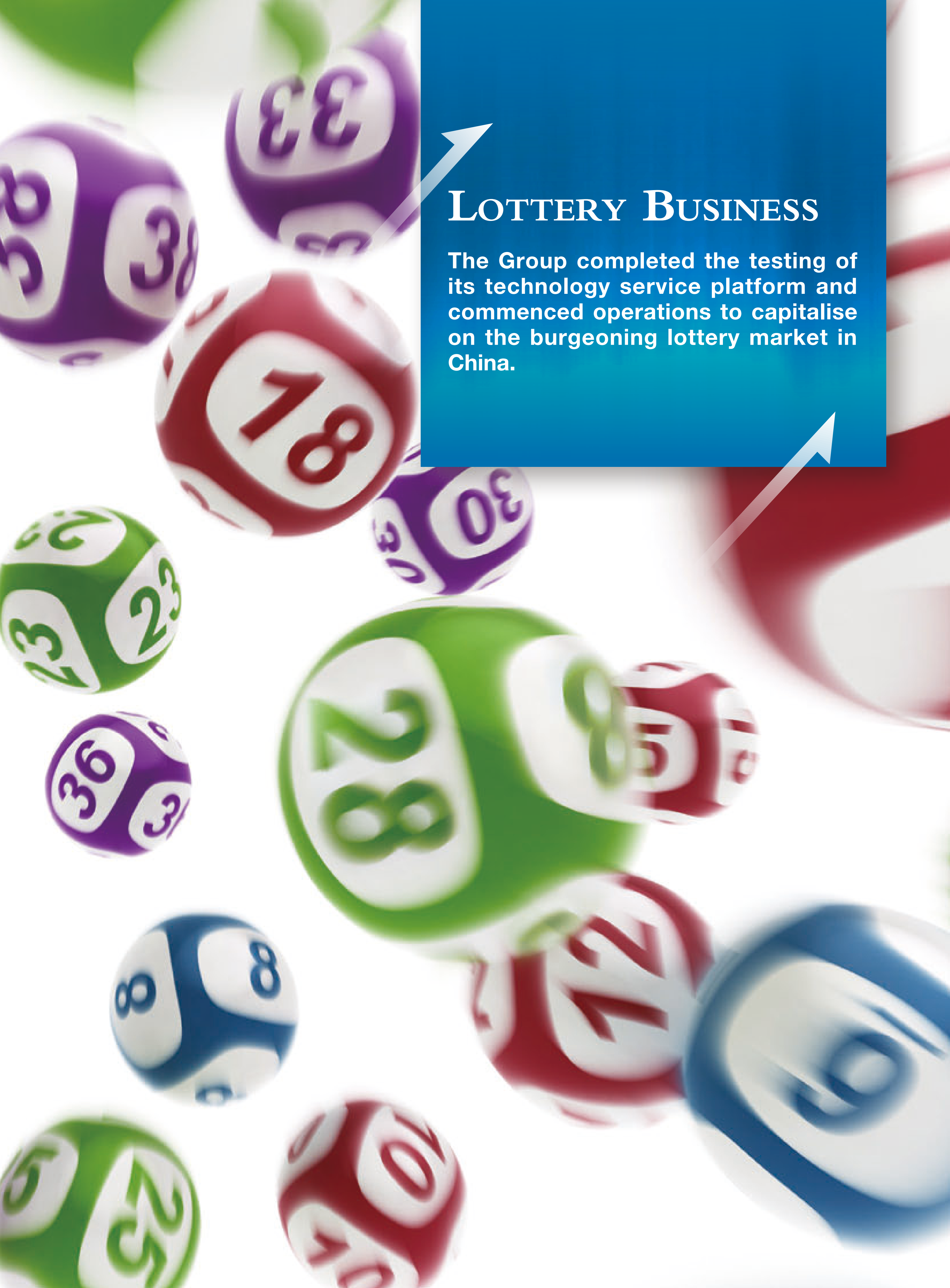
Cruise Ship Business

Delivered significant growth in revenue

The cruise ship business posted improved performance during the year under review, mainly due to increase in leasing and management fee income. The cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) recorded approximately 16% growth in turnover to approximately HK$80.4 million in 2012, versus a turnover of approximately HK$69.6 million in 2011. The business segment posted a profit of approximately HK$2.9 million in 2012, compared with a segment loss of approximately HK$7.8 million in 2011.

Lottery Business

The Group completed the testing of its technology service platform and commenced operations to capitalise on the burgeoning lottery market in China.



Lottery Business

Strengthened business platform to seize more opportunities

The Group completed the testing of its technology service platform for lottery business and commenced operations in late 2012. It offers sports lottery sales agency services to the sports lottery administration centers in Jiangxi and Qinghai provinces in China through the subsidiaries of a joint venture company of the Company (the “JV Company”). Meanwhile, the Group upgraded the business website 128cai.com (www.128cai.com) to enrich its content offering to customers. The website provides information and hot tips on the lottery market and round-the-clock online customer services.

Turnover in the lottery business segment for the year ended 31 December 2012 was approximately HK$10.7 million (2011: approximately HK$0.1 million). The segment posted a loss of approximately HK$21.9 million in 2012 (2011: approximately HK$31.2 million).

The booming lottery market in China prompted the Group to reinforce its presence in the lottery business during the review year. Total lottery sales of China surged 18% year-on-year to approximately RMB261.5 billion. Over the same period, sports lottery sales also soared 17.8% year-on-year to approximately RMB110.5 billion. In addition, the Rules for the Implementation of the Regulations on Administration of Lotteries《彩票管理條例實施細則》in China, effective from 1 March 2012, further strengthened the monitoring and management effort of the lottery industry in China, creating a healthy market environment to support long-term industry growth.

Investment Project - Ponte 16

With its commitment to offering world-class services and facilities, Ponte 16 continued to maintain improved performance.

Investment Project – Ponte 16

Posted improved results thanks to the organic growth of gaming industry

Boosted by the positive momentum of Macau, Ponte 16 continued to generate improved results in the review year. Its EBITDA* rose by approximately 5% to approximately HK$331.5 million (2011: approximately HK$316.8 million). The performance of both the VIP and mass market segments were also satisfying.

As at 31 December 2012, the casino of Ponte 16 had 109 gaming tables, 82 of which were mass gaming tables, 9 were high-limit tables and 18 were VIP tables.

In 2012, Ponte 16 introduced new elements to enrich the journey of its guests and stepped up its marketing initiatives to expand its clientele. During the year, Ponte 16 opened a boutique French cuisine restaurant "Privé" offering guests an exceptional private dining setting. Guests can indulge themselves with signature dishes and a wide selection of wines while enjoying a spectacular view of the old city and historic sites of Macau.

In addition, Ponte 16 co-organised "Michael Jackson's Wardrobe – Gorgeous 25 Years" exhibition tour with New World Department Store China Limited for the second consecutive year from October to November 2012.

The exhibition tour, held in Chongqing, Changsha and Wuhan in China, showcased precious collectibles worth over HK$10 million, including Michael Jackson's famous white rhinestone glove when he premiered his trademark Moonwalk Dance and his autographed jacket. As a tribute to Michael Jackson, a joint promotion with PepsiCo Hong Kong was organised in late 2012 as well. Ponte 16 also selectively held a variety of events, including a wedding fair, a French photography exhibition, a music festival and a concert. All of the above initiatives successfully helped Ponte 16 attract a range of clientele and maintain a high occupancy rate at its five-star hotel, Sofitel Macau At Ponte 16, throughout the year.

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

The renowned services and facilities of Sofitel Macau At Ponte 16 earned numerous distinguished awards throughout the year, including "2012 Certificate of Excellence" and "the Top 25 Best Hotel in Greater China" in "Travelers' Choice 2012" by Daodao.com (the official Chinese website of TripAdvisor). Further recognitions included "Hotel of the Year 2012" (Asia Pacific) by Sofitel, "Best in Travel Poll 2012" by Smart Travel Asia, "Certificate of Excellence 2012" by TripAdvisor, "China's 100 Best Hotels 2012" and "China Travel – Best City Business Hotels 2012" by China Travel+Leisure Magazine. These awards reflected the utmost commitment of Ponte 16 to providing its guests the best travel and leisure experience.

As the Group recognises the importance of sustainable industry growth and is devoted to cultivating talent in the community, it consistently takes different measures to nurture and develop future leaders for society and its business expansion at the same time. During the year, Ponte 16, in partnership with City University of Macau, launched the "Ponte 16 and City University of Macau – Cultivated Scholarship Program". The program provided exciting opportunities for eligible students to widen their perspectives and to accumulate experience and knowledge in the hospitality industry.

During the year, a group of financial institutions granted a 5-year syndicated loan facilities amounted to HK$1,900 million and RMB400 million (the "New Loan Facilities") to Pier 16 – Property Development Limited ("Pier 16 – Property Development", an associate of the Group and is principally engaged in the investment, development

and, through its subsidiaries, operation of Ponte 16). The main purposes of the New Loan Facilities are to refinance the syndicated loan facilities of HK$1,600 million granted to Pier 16 – Property Development (the "HK$1,600 Million Syndicated Loan Facilities") that matured on 29 June 2012, repay shareholders' loans and fund the construction of Phase 3 of the Ponte 16 development project (the "Phase 3 Project"). In the review year, the Phase 3 Project was in progress.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 31 December 2012, the Group had net current liabilities of approximately HK$175.1 million (31 December 2011: approximately HK$288.0 million) as a portion of loan payable and long-term payable totally in the amount of approximately HK$122.9 million, which would become mature within the coming 12 months, have been reclassified as current liabilities and net assets of approximately HK$766.0 million (31 December 2011: approximately HK$502.1 million).

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being a Director and a controlling shareholder of the Company) 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 31 October 2013 to 31 October 2014 by a letter agreement dated 18 March 2013. During the year, the Company had fully repaid the outstanding amount owed to Mr. Yeung in the sum of approximately HK$30.3 million (31 December 2011: the outstanding amount owed to Mr. Yeung was approximately HK$30.3 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 carried floating interest rates and the loan under such facility should 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 in connection with the cash flow requirements of Pier 16 – Property Development and its subsidiaries. During the year, the Company had fully repaid the outstanding loan under the Revolving Credit Facility in the amount of HK$246.0 million and the Revolving Credit Facility was lapsed (31 December 2011: the outstanding loan was HK$246.0 million).

Jade Travel Ltd. ("Jade Travel, Canada", being an 80% indirectly owned subsidiary of the Company which was incorporated in Canada) was granted secured bank loans which carry fixed interest rates 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 2012, the outstanding loans were equivalent to approximately HK$13.3 million (31 December 2011: equivalent to approximately HK$13.6 million).

During the year, the Group had fully repaid a non-interest bearing loan from a related company in the amount of approximately HK$0.1 million (31 December 2011: the outstanding loan was approximately HK$0.1 million). The loan was unsecured and had no fixed terms of repayment.

On 12 January 2012, the loan owed by the Company to 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 are family members of Mr. Yeung), in the amount of approximately HK$128.1 million, 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 underwriting agreement entered into between Silver Rich and the Company regarding the Rights Issue. During the year, the Company had fully repaid the remaining outstanding loan due to Silver Rich in the amount of approximately HK$0.5 million (31 December 2011: the outstanding loan was approximately HK$128.3 million, being the aggregate of approximately HK$104.7 million which was charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited, approximately HK$23.4 million which was charged with interest at the rate of 4% per annum and interest of approximately HK$0.2 million). The loan was unsecured and non-interest bearing and had no fixed terms of repayment.

Apart from the aforesaid loans, as at 31 December 2012, there were loans from shareholders of non-controlling interests of approximately HK$17.9 million (31 December 2011: approximately HK$17.7 million) and other loans payables, which were shown under current liabilities, of approximately HK$187.3 million (31 December 2011: approximately HK$192.2 million, being the aggregate of approximately HK$152.7 million which was shown under current liabilities, approximately HK$39.5 million which was shown under non-current liabilities). The loans are interest-free and unsecured.

Taking into account its present available financial resources, the loan facility and financial undertaking by Mr. Yeung, 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.

As at 31 December 2012, total equity attributable to owners of the Company was approximately HK$741.6 million (31 December 2011: approximately HK$470.2 million).

During the year, the Company had fully repaid the outstanding interest-bearing loans under the Revolving Credit Facility amounting to HK$246.0 million and the loans from Mr. Yeung and his related companies in the amount of HK$30.9 million. As a result, 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 narrowed to approximately 2% as at 31 December 2012 (31 December 2011: approximately 89%).

Provision of the 2012 Financial Assistance to Pier 16 – Property Development

Reference was made to the announcement (the "Announcement") and the circular (the "Circular") issued by the Company dated 26 April 2012 and 18 May 2012 respectively in relation to the provision of financial assistance to Pier 16 – Property Development as one of the conditions precedent for the utilisation of the New Loan Facilities under the facility agreement dated 17 April 2012 entered into by Pier 16 – Property Development with, among others, the lenders (being a group of financial institutions) (the "2012 Financial Assistance"). The estimated total exposure of the Company under the provision of the 2012 Financial Assistance was approximately HK$1,756 million.

The provision of the 2012 Financial Assistance constituted a very substantial acquisition for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and has been approved by the shareholders at the special general meeting of the Company held on 5 June 2012.

For further details of the 2012 Financial Assistance, please refer to the Announcement and the Circular.

Based on the valuation performed by an independent professional valuer, the Group has recognised approximately HK$100.0 million of financial guarantee contract liability at the date of issuance of financial guarantee contract with a corresponding increase in its interest in associates as deemed capital contribution.

Pledge of Assets

As at 31 December 2012, the Group had secured the following assets:

(a) the Group pledged the time deposits of approximately HK$10.4 million (31 December 2011: approximately HK$7.9 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK$12.5 million (31 December 2011: approximately HK$9.9 million) for the operations of the Group;

(b) World Fortune Limited ("World Fortune", an indirect subsidiary of the Company) pledged all of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the New Loan Facilities (31 December 2011: pledged all of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the HK$1,600 Million Syndicated Loan Facilities); and

(c) the Group's self-occupied properties with carrying amount of equivalent to approximately HK$20.7 million (31 December 2011: equivalent to approximately HK$20.6 million) were pledged to a bank to secure bank loans to Jade Travel, Canada.

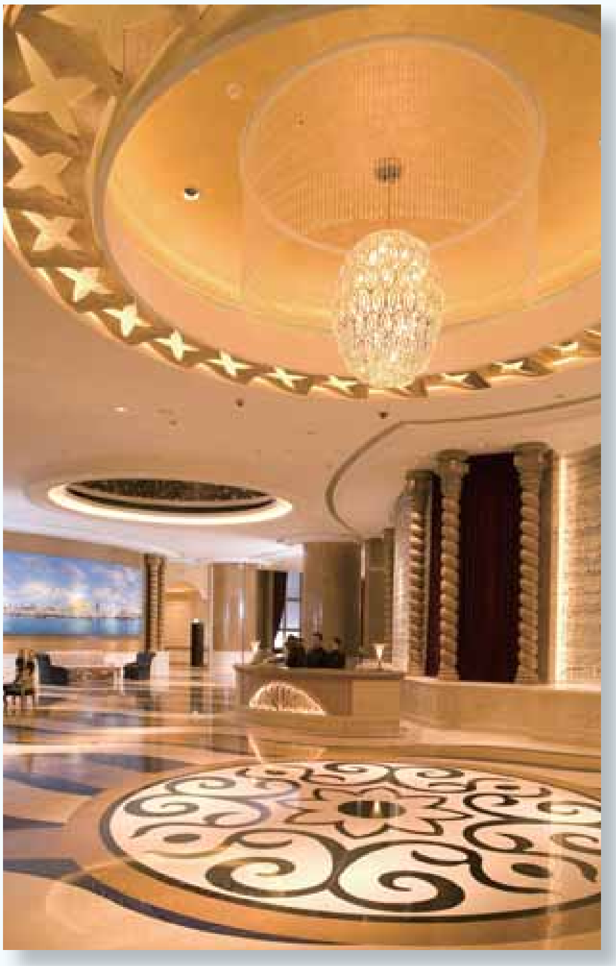
Contingent Liabilities

During the year, the Company gave a new corporate guarantee (the "New SUG Guarantee") to a bank in respect of the New Loan Facilities under the 2012 Financial Assistance. The maximum guarantee amount borne by the Company under the New SUG Guarantee was HK$1,176 million. The guarantee previously issued by the Company in the amount of HK$860 million for the HK$1,600 Million Syndicated Loan Facilities, which had been fully repaid on 29 June 2012, was released during the year.

The outstanding loan under the New Loan Facilities as at 31 December 2012 was approximately HK$1,273.3 million (31 December 2011: total loan outstanding and bank guarantee facility under the HK$1,600 Million Syndicated Loan Facilities were HK$560 million and HK$240 million respectively).

HUMAN RESOURCES

As at 31 December 2012, the Group had a total of 483 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options may also be granted to eligible employees of the Group as a long-term incentive.



PROSPECTS

The global economy remains challenging but looks slightly more promising than 2012. The growth rate of developed economies is deemed weak, primarily because of the deepening recession in Europe and poor recovery in the United States of America. Growth in emerging and developing economies should be strengthened modestly with Asia sustaining its position as the fastest-growing region in the world. The market widely forecasts that China will bottom out and slowly gain momentum.

Despite the volatile worldwide economy, the Group is cautiously optimistic towards the entertainment industry and its business operations. With the possible relaxation of visa rules and the introduction of more high-quality mass market-oriented gaming facilities and non-gaming amenities, gross gaming revenue in Macau is likely to grow moderately in 2013 with the gaming VIP segment to pick up and the mass market to remain robust. Adding to this prospect is the opening of the last four stations of the Guangzhou-Zhuhai Intercity Railway in late December 2012, which can attract more tourists visiting Macau from China.

Leveraging its successful niche market track record, Ponte 16 is set to introduce more elements to offer guests ultimate relaxation and comfort whether they are visiting the city for cultural or leisure purposes. Ponte 16 is going to open a new Chinese restaurant to offer authentic Cantonese cuisine complemented with traditional dim sum and a wide selection of Chinese wine and tea. It is also preparing for the introduction of a "French Provence" themed spa to provide guests with a tranquil haven away from the bustle of the city of Macau. The spa is planned to officially open in 2013.

To celebrate its fifth anniversary, Ponte 16 is going to introduce various lucky draws throughout 2013 to recognise the loyalty and support of its customers. It is planning to organise its exhibition tour in different cities in China, as a means to further broaden its customer base in China. In addition, it will jointly develop a series of promotional campaigns with travel-related partners that highlight the history and culture of Macau. These marketing efforts will certainly reinforce the unique positioning of Ponte 16 as the sole integrated casino-entertainment resort situated in the exclusive Inner Harbour and better capture the growing number of worldwide tourists who seek a cultural journey in Macau.

The Phase 3 Project will consist of an entertainment and recreation complex that houses a brand new shopping arcade, dining destinations and space for gaming expansion. The new phase is set to be another revenue contributor for Ponte 16 in the future.

On 14 February 2013, Golden Sun Profits Limited ("Golden Sun", an indirect subsidiary of the Company) received a notice from Maruhan Corporation ("Maruhan", a substantial shareholder of World Fortune) in respect of the exercise of the right conferred upon Maruhan to require Golden Sun to purchase or procure the purchase of the entire equity interest of Maruhan in World Fortune and the entire amount of the shareholder's loans provided by Maruhan to World Fortune pursuant to the terms of the shareholders' agreement dated 29 October 2007 relating to World Fortune as supplemented by a supplemental agreement dated 10 July 2008 (the "Proposed Acquisition"). For details of the Proposed Acquisition, please refer to the announcement dated 18 February 2013 issued by the Company.

Regarding the lottery business, new regulations created and enforced by the Chinese authorities will allow the Group to better capture opportunities in the market. Implemented in China since January 2013, the new rule for lottery distribution and sales management methods《彩票發行銷售管理辦法》has further defined the framework for lottery marketing and distribution channels. Such a move has created a fair and favourable environment for the Group to develop its lottery business in China. The Group is in the process of increasing the share capital of its subsidiary of the JV Company to further expand its lottery business in China. Apart from this, the Group is planning to kick off its marketing initiatives to create the profile and visibility of 128cai.com amongst corporate and retail customers. The lottery business will become a new driving force for the Group.

With respect to the travel business, the Group aims to extend its reach to capture more high-end customers with the marketing strategy focusing on MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller). The Group is confident that the business will pick up with the reviving economic sentiment in the upcoming year.

Looking ahead, the Group is committed to actively seeking opportunities for business expansion. It is also well prepared to further enrich its extensive portfolio of assets to maximise 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

In the opinion of the directors of the Company ("Director(s)"), the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "CG Code") 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 2012.

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, each of whom has confirmed his/her compliance with the required standard set out in the Code of Conduct and the Model Code.

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 ("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" or each of them "INED"). A list of Directors identifying their role and function is available on the Company's website and on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 45 and 46.

All Directors, including the NED and all INEDs, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The roles of the Chairman and the Deputy Chairman of the Board (the "Deputy Chairman") who performs the function of chief executive 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.

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 26 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. All executive Directors also entered into service contracts with the Company without specific term of office. Pursuant to the bye-laws of the Company (the "Bye-laws"), 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 (the "Company Secretary") 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)*	6/6
Non-executive Director	
Mr. Choi Kin Pui, Russelle	6/6
Independent non-executive Directors	
Mr. Luk Ka Yee, Patrick	6/6
Ms. Yeung Mo Sheung, Ann	6/6
Mr. Chin Wing Lok, Ambrose *(appointed with effect from 1 March 2012)*	6/6
Mr. Yim Kai Pung *(resigned with effect from 1 March 2012)*	0/0

During the year under review, an annual general meeting and a special general meeting were held. Details of the Directors' attendance at the said general meetings are set out below:

Directors	Number of general meetings attended/held	
	Annual general meeting	Special general meeting
Executive Directors		
Mr. Yeung Hoi Sing, Sonny *(Chairman)*	1/1	1/1
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*	1/1	1/1
Non-executive Director		
Mr. Choi Kin Pui, Russelle	1/1	1/1
Independent non-executive Directors		
Mr. Luk Ka Yee, Patrick	1/1	1/1
Ms. Yeung Mo Sheung, Ann	1/1	1/1
Mr. Chin Wing Lok, Ambrose *(appointed with effect from 1 March 2012)*	1/1	1/1
Mr. Yim Kai Pung *(resigned with effect from 1 March 2012)*	0/0	0/0

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 in performing their duties. Adequate information, which is accurate, clear, complete and reliable, 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 performing their duties.

During the year, the Board has reviewed and considered that the contribution required from each of the Directors to perform his/her responsibilities to the Company was appropriate and each of the Directors has given sufficient time to perform his/her responsibilities. The Directors have informed the Company in a timely manner of any change in the number and nature of offices held in public companies or organisations and other significant commitments. Each of the Directors discloses semi-annually to the Company the identity and nature of office he/she holds in the public companies or organisations as well as an indication of the time involved.

To assist the Directors to participate in continuous professional development, the Company arranges and funds suitable training to the Directors to develop and refresh their knowledge and skills, placing an appropriate emphasis on the roles, functions and duties of listed company directors. During the year, all Directors, namely Mr. Yeung Hoi Sing, Sonny, Dr. Ma Ho Man, Hoffman, Mr. Choi Kin Pui, Russelle, Mr. Luk Ka Yee, Patrick, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose, received and studied reading materials provided by the Company from time to time and attended an in-house seminar on "Obligations of Directors" organised by the Company and conducted by a professional firm. The Directors are also encouraged to attend training relevant to their duties and responsibilities that they consider appropriate. All Directors are requested to provide their respective records of training to the Company.

DELEGATION BY THE BOARD

The Board has established four Board committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination 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 and the website of the Stock Exchange. 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 Board has delegated to the Audit Committee the responsibility to perform the corporate governance duties set out in the CG Code during the year. 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 ("Internal Control System"), overseeing the relationship with the external auditors of the Company ("External Auditors") as well as ensuring maintenance of good corporate governance standard and procedures by 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. Chin Wing Lok, Ambrose *(Chairman of the Audit Committee)* *(appointed 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
Mr. Yim Kai Pung *(resigned with effect from 1 March 2012)*	0/0

The major work performed by the Audit Committee during the year included the following:

- Reviewed the draft annual report and accounts as well as the draft annual results announcement for the year ended 31 December 2011, and the draft interim report and accounts as well as the draft interim results announcement for the six months ended 30 June 2012;
- Discussed with the External Auditors the nature and scope of the audit and reporting obligations;
- Considered the change of the External Auditors;
- Considered the reappointment of the External Auditors;
- Reviewed and/or approved the terms of engagement of and the fee proposals provided by the External Auditors;
- Considered the engagement of an independent professional firm to review the Internal Control System;
- Reviewed the effectiveness of the Internal Control System;
- Reviewed the arrangements for the employees of the Group ("Employees") to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- Reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report contained in the annual report;
- Reviewed the Company's policy and practices on corporate governance;
- Reviewed training and continuous professional development of all Directors and senior management of the Company ("Senior Management");
- Reviewed the Company's policy and practices on compliance with legal and regulatory requirements; and
- Reviewed the codes of conduct, guidelines and compliance manuals applicable to the Directors and the Employees.

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 and the website of the Stock Exchange. The Remuneration Committee currently consists of the Chairman of the Board, the NED and all INEDs with Mr. Luk Ka Yee, Patrick acts as the chairman of the Remuneration Committee.

The major responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of the Directors and the 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. 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. Luk Ka Yee, Patrick *(appointed as the chairman of the Remuneration Committee with effect from 30 March 2012)*	1/1
Mr. Yeung Hoi Sing, Sonny	1/1
Mr. Choi Kin Pui, Russelle	1/1
Ms. Yeung Mo Sheung, Ann	1/1
Mr. Chin Wing Lok, Ambrose *(appointed with effect from 1 March 2012)*	1/1
Mr. Yim Kai Pung *(resigned with effect from 1 March 2012)*	0/0

During the year under review, the Board has resolved to remain the delegation of the responsibility to the Remuneration Committee on determination of the remuneration packages of individual executive Directors and Senior Management.

The major work performed by the Remuneration Committee during the year included the following:

- Considered the remuneration package of a newly appointed Director;
- Reviewed the Company's remuneration policy and structure for all Directors and the Senior Management;
- Assessed the performance of the executive Directors and reviewed the remuneration packages of the executive Directors and the Senior Management;
- Reviewed the terms of the service contracts of all executive Directors; and
- Considered the annual performance bonus for the Senior Management.

NOMINATION COMMITTEE

The Nomination Committee was established under the Board on 30 March 2012. The Company formulated written terms of reference for the Nomination Committee in accordance with the requirements of the Listing Rules, full text of which is available on the Company's website and the website of the Stock Exchange. The Nomination Committee currently consists of the Chairman of the Board, the NED and all INEDs with Mr. Yeung Hoi Sing, Sonny acts as the chairman of the Nomination Committee.

The major responsibilities of the Nomination Committee are to review the structure, size and composition of the Board annually, to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection for directorships, to assess the independence of INEDs and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the year under review, one Nomination Committee meeting was held. Details of attendance of the Nomination Committee members at the said Nomination Committee meeting are set out below:

Nomination Committee members	**Number of Nomination Committee meeting attended/held**
Mr. Yeung Hoi Sing, Sonny *(Chairman of the Nomination Committee)*	1/1
Mr. Choi Kin Pui, Russelle	1/1
Mr. Luk Ka Yee, Patrick	1/1
Ms. Yeung Mo Sheung, Ann	1/1
Mr. Chin Wing Lok, Ambrose	1/1

Before the establishment of the Nomination Committee, during the year, the Board has (i) passed a written resolution to appoint Mr. Chin Wing Lok, Ambrose as an INED after taking into consideration of his qualification and experience; and (ii) recommended the re-appointment of the Directors standing for re-election at the annual general meeting of the Company held on 5 June 2012 (the "2012 AGM").

The major work performed by the Nomination Committee during the year included the following:

- Reviewed the structure, size and composition of the Board;

- Assessed the independence of all INEDs and reviewed the INED's annual confirmations on their independence; and

- Reviewed the policy for the nomination of Directors.

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.

During the year under review, eight Executive Committee meetings were held. Details of attendance of the Executive Committee members at the said Executive Committee meetings are set out below:

Executive Committee members	Number of Executive Committee meetings attended/held
Mr. Yeung Hoi Sing, Sonny *(Chairman of the Executive Committee)*	8/8
Dr. Ma Ho Man, Hoffman	8/8

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 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 and the relevant review report has been considered by the Audit Committee for assessing the effectiveness of the Internal Control System. The Board, through the reviews made by the Independent Professional Firm and the Audit Committee, concluded that the 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, HLB Hodgson Impey Cheng Limited ("HLB"), about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 47 and 48.

Save as mentioned in note 2(b)(i) to the consolidated financial statements, 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 2012, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are as follows:

	HK$'000
Audit services	1,645
Other advisory services *(Note)*	420
	2,065

Note: Other advisory services mainly comprised interim review service and other reporting service.

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 ("AGM(s)") provides a useful forum for the Shareholders to exchange views with the Board. The Chairman, also being the chairman of the Nomination Committee and the Executive Committee, as well as the chairmen of the Audit Committee and the Remuneration Committee were present at the 2012 AGM to answer the Shareholders' questions. HLB also attended the 2012 AGM for the purposes of answering questions about the conduct of the audit, the preparation and contents of the auditors' report, the accounting policies and auditors independence.

Separate resolutions are proposed at general meetings on each substantially separate issues, including the election of individual Directors and the re-appointment of an INED who had served on the Board for more than 9 years. Notices of at least 20 clear business days and 10 clear business days are given to the Shareholders for all AGMs and special general meetings ("SGM(s)") of the Company respectively. Detailed procedures for conducting a poll are clearly explained at the commencement of the general meetings.

A Shareholders' communication policy has been established and adopted by the Board for the purposes of ensuring that the Shareholders are provided with ready, equal and timely access to information about the Company, enabling the Shareholders to exercise their rights in an informed manner and allowing the Shareholders to engage actively with the Company. Details regarding the necessary procedures for the Shareholders to propose a person for election as a Director are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes is the Company Secretary. Her biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 45 and 46.

During the year under review, in compliance with Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Convening a SGM

Pursuant to bye-law 58 of the Bye-laws, the Board may whenever it thinks fit call SGMs, and Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company's head office and principal place of business (the "Head Office") at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's Branch Share Registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the SGM.

If the Board do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Putting forward proposals at Shareholders' Meetings

To put forward proposals at an AGM or a SGM, the Shareholders should submit a written notice of those proposals with the detail contact information to the Company Secretary at the Head Office at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The request will be verified with the Company's Branch Share Registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

Shareholders' enquiries

The Shareholders should direct their questions about their shareholdings to the Company's Branch Share Registrar in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. The Shareholders may also make enquiries to the Board in writing with their contact information and deposited at the Head Office at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary.

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's memorandum of association and the Bye-laws.

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 2012.

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, travel-related and lottery businesses.

Particulars of the Company's subsidiaries as at 31 December 2012 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 2012 are set out in the consolidated income statement on page 49 of this annual report.

No interim dividend was paid during the year (2011: Nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 December 2012 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 54 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

No charitable and other donations were made by the Group during the year (2011: approximately HK$5,000).

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

Details of the movement in the share capital of the Company during the year 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 2012 are set out in notes 29 and 34 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)*

In accordance with bye-law 87 of the bye-laws of the Company (the "Bye-laws"), Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung") and Ms. Yeung Mo Sheung, Ann ("Ms. Ann Yeung") shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company (the "2013 AGM").

The Company has received from each of the existing INEDs, namely Mr. Luk Ka Yee, Patrick, Ms. Ann Yeung and Mr. Chin Wing Lok, Ambrose, 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 all of the said INEDs were considered to be independent.

Ms. Ann Yeung will serve the Group for more than 9 years from 30 March 2013. As INED with extensive experience and knowledge in legal aspects and in-depth understanding of the Group's operations and businesses, Ms. Ann Yeung has expressed objective views and given independent guidance to the board of Directors (the "Board") over the years, and she continues demonstrating a firm commitment to her role. The nomination committee of the Board considers that the long service of Ms. Ann Yeung would not affect her exercise of independent judgement and is satisfied that Ms. Ann Yeung has the required character, integrity and experience to continue fulfilling the role of an INED. The Board therefore recommends the re-election of Ms. Ann Yeung as an INED and a separate resolution in relation to the said re-election will be proposed at the 2013 AGM.

REPORT OF DIRECTORS (CONTINUED)

CHANGES OF DIRECTORS' INFORMATION

Ms. Ann Yeung, an INED, was appointed as an independent non-executive director of Merdeka Resources Holdings Limited, a company whose issued shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 26 October 2012.

Dr. Ma Ho Man, Hoffman, an executive Director and the Deputy Chairman of the Company, was appointed as a member of the Fourth Chongqing Committee of the Chinese People's Political Consultative Conference in January 2013.

Mr. Yeung, an executive Director and the Chairman of the Company, ceased to be a member of the National Committee of the Chinese People's Political Consultative Conference ("National Committee") since the Twelfth National Committee.

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 2012 of the Company and up to the date of this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2013 AGM 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, 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 quoted for Hong Kong dollars loans 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 (i) 30 June 2011 by a letter agreement dated 25 June 2009; and (ii) 30 October 2012 by another letter agreement dated 23 June 2010.

On 15 March 2012, Mr. Yeung entered into a letter agreement with the Company to further extend the Final Repayment Date to 31 October 2013 and to confirm that any amount repaid under the revised Loan Facility should be available to further advances within the availability period of the revised Loan Facility.

(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 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 (being a date agreed between Silver Rich as underwriter and the Company for determining the entitlements of the shareholders of the Company, i.e. 20 December 2011), being 1,625,976,154 new shares of the Company, at the subscription price of HK$0.19 per Rights Share. 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 of approximately HK$4.5 million has been paid by the Company to Sliver Rich (the "Underwriting Commission") in January 2012.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2012, none of the Directors and their respective associates was interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses, other than those businesses where the Directors were appointed as directors to represent the interests of the Group.

On 14 March 2013, Dr. Ma Ho Man, Hoffman, an executive Director and the Deputy Chairman of the Company, became a substantial shareholder of Trasy Gold Ex Limited ("Trasy Gold"), whose issued shares are listed on the Growth Enterprise Market of the Stock Exchange. The principal businesses of Trasy Gold and its subsidiaries are, among others, the provision and operation of travel business in Singapore (the "Competing Business") which competes or is likely to compete with the Group's travel business.

As the Competing Business is operated at different locations and in different scale, and the board of directors of Trasy Gold is independent of the Board, the Group has therefore been capable of carrying on its businesses independently of, and at arm's length from, the Competing Business.

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 2012, 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 held	Approximate percentage of shareholding %
Mr. Yeung *(Note)*	Long position	Corporate interest	2,165,012,962	53.26

Note: Mr. Yeung, an executive Director and the Chairman of the Company, was deemed to have corporate interest in 2,165,012,962 Shares by virtue of the interest of the Shares held by Silver Rich, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung.

Save as disclosed above, as at 31 December 2012, 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 2012, 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 held	Approximate percentage of shareholding %
Silver Rich	Long position	Beneficial owner	2,165,012,962	53.26
Fiducia Suisse SA *(Note 1)*	Long position	Trustee	2,165,012,962	53.26
Mr. David Henry Christopher Hill *(Note 1)*	Long position	Interest of controlled corporation	2,165,012,962	53.26
Mrs. Rebecca Ann Hill *(Note 2)*	Long position	Interest of spouse	2,165,012,962	53.26
Ms. Liu Siu Lam, Marian *(Note 3)*	Long position	Interest of spouse	2,165,012,962	53.26
Maruhan Corporation	Long position	Beneficial owner	406,087,500	9.99

Notes:

1. The entire issued share capital of Silver Rich is held by Fiducia 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 2,165,012,962 Shares held by Silver Rich.

2. Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 2,165,012,962 Shares 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 2,165,012,962 Shares in which Mr. Yeung had a deemed interest.

Save as disclosed above, as at 31 December 2012, 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 loans 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", being 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 2012. Pier 16 – Property Development is principally engaged in the investment, development and, through its subsidiaries, operating Ponte 16, 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 2012 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	881	1,176	2,057

The shareholder's loans provided by World Fortune are unsecured, interest-free and have 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 2012:

	Combined balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	2,414,443	1,183,077
Current assets	644,067	315,593
Current liabilities	368,740	180,683
Non-current liabilities	3,342,287	1,637,721

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2012.

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

During the year ended 31 December 2012, 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 14.9% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 4.9% and the five largest suppliers of the continuing operations of the Group accounted for approximately 82.1% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 74.3%.

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 recommendations 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 35 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

(A) With regard to the revised Loan Facility, details of which was 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 18 March 2013 to further extend the Final Repayment Date to 31 October 2014.

(B) On 14 February 2013, Golden Sun Profits Limited ("Golden Sun", an indirect subsidiary of the Company) received a notice from Maruhan Corporation ("Maruhan", a substantial shareholder of World Fortune) in respect of the exercise of the right conferred upon Maruhan to require Golden Sun to purchase or procure the purchase of the entire equity interest of Maruhan in World Fortune and the entire amount of the shareholder's loans provided by Maruhan to World Fortune pursuant to the terms of the shareholders' agreement dated 29 October 2007 relating to World Fortune as supplemented by a supplemental agreement dated 10 July 2008 (the "Proposed Acquisition"). For details of the Proposed Acquistion, please refer to the announcement dated 18 February 2013 issued by the Company.

(C) On 13 December 2012, Jade Travel Ltd. (an indirect subsidiary of the Company which was incorporated in Canada) entered into a sale and purchase agreement with an independent third party regarding the sale of a part of freehold land and building in Canada. The consideration of the sale of the said property was equivalent to approximately HK$1,695,000 and the transaction has been completed on 28 February 2013.

REPORT OF DIRECTORS (CONTINUED)

AUDITORS

HLB Hodgson Impey Cheng, who were appointed as auditors of the Company ("Auditors") on 21 July 2010 to fill the casual vacancy created by the resignation of CCIF CPA Limited on the same date, has retired as Auditors with effect from the conclusion of the annual general meeting of the Company held on 5 June 2012 ("2012 AGM"). The consolidated financial statements for the years ended 31 December 2010 and 2011 were audited by HLB Hodgson Impey Cheng.

In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. An ordinary resolution for the appointment of HLB Hodgson Impey Cheng Limited as the Auditors to hold office until the conclusion of the 2013 AGM has been passed at the 2012 AGM.

The consolidated financial statements of the Group for the year ended 31 December 2012 have been audited by HLB Hodgson Impey Cheng Limited, who shall retire at the 2013 AGM and, being eligible, will offer themselves for re-appointment.

On behalf of the Board
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 27 March 2013

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yeung Hoi Sing, Sonny, aged 58, 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 nomination committee (the "Nomination Committee") and the executive committee (the "Executive Committee") of the Company, and a member of the remuneration committee (the "Remuneration Committee") of the Company. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He was a member of the Eighth to Eleventh National Committee of the Chinese People's Political Consultative Conference and has over 29 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 39, 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 is presently a member of the Chongqing Committee of the Chinese People's Political Consultative Conference. Dr. Ma has over 16 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 58, joined the Group in 2003. He is a non-executive director of the Company as well as a member of the audit committee (the "Audit Committee") of the Company, the Remuneration Committee and the Nomination Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 19 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 People's Republic of China and Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luk Ka Yee, Patrick, aged 51, joined the Group in 2003. He is an independent non-executive director of the Company. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination 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 48, joined the Group in 2004. She is an independent non-executive director of the Company as well as a member of the Audit Committee, the Remuneration Committee and the Nomination 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. Ms. Yeung has over 14 years of experience in legal field and is presently a solicitor of Messrs. Wong & Wong, Lawyers, a legal firm in Hong Kong. She is currently an independent non-executive director of Hao Wen Holdings Limited and Merdeka Resources Holdings Limited, the issued shares of both companies are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Chin Wing Lok, Ambrose, aged 48, joined the Group in 2012. He is an independent non-executive director of the Company. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination 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 26 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 39, 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 50, 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 25 years of experience in accounting and corporate finance gained in property development, construction and manufacturing companies.

Independent Auditors' Report

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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 49 to 127, which comprise the consolidated and the Company's statements of financial position as at 31 December 2012, 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' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Independent Auditors' Report (continued)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 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) to the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$37,977,000 for the year ended 31 December 2012 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$175,072,000. 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 Limited
Chartered Accountants
Certified Public Accountants

Hon Koon Fai, Alex
Practicing Certificate Number: P05029

Hong Kong, 27 March 2013

Consolidated Income Statement

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	6, 7	**1,634,978**	1,468,531
Cost of sales		**(1,547,077)**	(1,396,965)
Gross profit		**87,901**	71,566
Other revenue and gains	8	**43,453**	37,192
Administrative expenses		**(152,839)**	(163,813)
Selling expenses		**(2,352)**	–
Other operating expenses	9(c)	**(6,661)**	(17,198)
Loss from operations		**(30,498)**	(72,253)
Finance costs	9(a)	**(16,627)**	(23,742)
Share of results of jointly controlled entities		**236**	100
Share of results of associates		**9,383**	3,337
Loss before taxation	9	**(37,506)**	(92,558)
Income tax	10	**(471)**	1,069
Loss for the year		**(37,977)**	(91,489)
Attributable to:			
Owners of the Company		**(33,034)**	(77,666)
Non-controlling interests		**(4,943)**	(13,823)
Loss for the year		**(37,977)**	(91,489)
Loss per share	15		
– Basic		**(0.83) HK cents**	(3.18) HK cents
– Diluted		**(0.83) HK cents**	(3.18) 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 2012

	2012 HK$'000	2011 HK$'000
Loss for the year	**(37,977)**	(91,489)
Other comprehensive income/(loss)		
Exchange differences on translation of financial statements of overseas subsidiaries	**1,426**	(6)
Total other comprehensive income/(loss) for the year, net of tax	**1,426**	(6)
Total comprehensive loss for the year	**(36,551)**	(91,495)
Attributable to:		
Owners of the Company	**(31,859)**	(77,733)
Non-controlling interests	**(4,692)**	(13,762)
Total comprehensive loss for the year	**(36,551)**	(91,495)

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

Consolidated Statement of Financial Position

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**83,544**	89,040
Goodwill	17	**3,862**	3,862
Intangible assets	18	**37,875**	35,839
Interest in associates	20	**921,260**	819,115
Interest in jointly controlled entities	21	**2,029**	1,793
		1,048,570	949,649
CURRENT ASSETS			
Inventories	22	**1,830**	1,303
Trade and other receivables	23	**41,264**	31,968
Amount due from an associate	20(c)	**748**	343,000
Tax recoverable	32(a)	**–**	1,743
Pledged bank deposits	24	**10,419**	7,898
Cash and cash equivalents	25	**239,581**	72,410
		293,842	458,322
Assets classified as held for sale	16	**1,359**	–
		295,201	458,322
CURRENT LIABILITIES			
Trade and other payables	26	**26,762**	30,015
Deferred income	27	**945**	924
Profit guarantee liabilities	28	**9,100**	9,100
Loans payables – current portion	29	**187,336**	398,738
Long-term payables – current portion	30	**225,464**	142,035
Financial guarantee contract	33	**19,995**	6,300
Bank loans – due within one year	34	**620**	581
Loan from a director and controlling shareholder	35	**–**	30,332
Loan from a controlling shareholder	36	**–**	128,336
Tax payable	32(a)	**51**	–
		470,273	746,361
NET CURRENT LIABILITIES		**(175,072)**	(288,039)
TOTAL ASSETS LESS CURRENT LIABILITIES		**873,498**	661,610

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
NON-CURRENT LIABILITIES			
Deferred income	27	**1,102**	2,002
Profit guarantee liabilities	28	**5,308**	14,408
Loans payables	29	**17,933**	57,187
Long-term payables	30	**–**	72,551
Amount due to a related company	31	**–**	129
Deferred tax liabilities	32(b)	**489**	270
Financial guarantee contract	33	**69,985**	–
Bank loans – due after one year	34	**12,686**	13,007
		107,503	159,554
NET ASSETS		**765,995**	502,056
CAPITAL AND RESERVES			
Share capital	37	**40,649**	24,390
Reserves	39	**700,985**	445,767
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**741,634**	470,157
NON-CONTROLLING INTERESTS	39	**24,361**	31,899
TOTAL EQUITY		**765,995**	502,056

Approved and authorised for issue by the board of directors on 27 March 2013.

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 2012

	Note	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	**1,054,752**	1,379,953
CURRENT ASSETS			
Deposits, prepayments and other receivables	23	**489**	3,116
Pledged bank deposits	24	**9,669**	7,148
Cash and cash equivalents	25	**117,032**	4,197
		127,190	14,461
CURRENT LIABILITIES			
Other payables and accruals	26	**47,986**	44,453
Loan payable	29	**–**	246,000
Financial guarantee contract	33	**19,995**	6,300
Loan from a director and controlling shareholder	35	**–**	30,332
Loan from a controlling shareholder	36	**–**	128,336
		67,981	455,421
NET CURRENT ASSETS/(LIABILITIES)		**59,209**	(440,960)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,113,961**	938,993
NON-CURRENT LIABILITY			
Financial guarantee contract	33	**69,985**	–
NET ASSETS		**1,043,976**	938,993
CAPITAL AND RESERVES			
Share capital	37	**40,649**	24,390
Reserves	39	**1,003,327**	914,603
TOTAL EQUITY		**1,043,976**	938,993

Approved and authorised for issue by the board of directors on 27 March 2013.

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 2012

	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 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
At 1 January 2012	24,390	908,785	52,333	976	(423)	(515,904)	470,157	31,899	502,056
Loss for the year	–	–	–	–	–	(33,034)	(33,034)	(4,943)	(37,977)
Other comprehensive income for the year	–	–	–	–	1,175	–	1,175	251	1,426
Total comprehensive income/ (loss) for the year	–	–	–	–	1,175	(33,034)	(31,859)	(4,692)	(36,551)
Issue of rights shares	16,259	–	–	–	–	–	16,259	–	16,259
Issue of rights shares at premium	–	292,676	–	–	–	–	292,676	–	292,676
Expenses incurred in connection with the issue of rights shares	–	(7,621)	–	–	–	–	(7,621)	–	(7,621)
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	–	(4,500)	(4,500)
Unclaimed dividends forfeited	–	–	–	–	–	2,022	2,022	1,654	3,676
At 31 December 2012	**40,649**	**1,193,840**	**52,333**	**976**	**752**	**(546,916)**	**741,634**	**24,361**	**765,995**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(37,506)**	(92,558)
Adjustment for:			
Interest income	8	**(1,588)**	(237)
Finance costs	9	**16,627**	23,742
Depreciation	16	**10,754**	9,326
Amortisation on intangible assets	18	**418**	405
Amortisation on financial guarantee contract	33	**(16,298)**	(12,600)
Share of results of jointly controlled entities		**(236)**	(100)
Share of results of associates		**(9,383)**	(3,337)
Reversal of impairment loss recognised on intangible assets	18	**(2,015)**	(43)
Reversal of impairment loss recognised on other receivable	23	**(6,410)**	(6,159)
Impairment loss recognised on			
– goodwill	17	**–**	2,966
– intangible assets	18	**361**	1,632
– interest in associates	20	**6,300**	12,600
Write back of long-outstanding trade payables	8	**(269)**	(272)
Exchange alignment		**1,114**	1,333
(Gain)/loss on disposal of property, plant and equipment		**(15)**	6
Operating loss before changes in working capital		**(38,146)**	(63,296)
Increase in inventories		**(527)**	(320)
(Increase)/decrease in trade and other receivables		**(2,701)**	21,227
(Decrease)/increase in trade and other payables		**(3,326)**	8,536
Decrease in deferred income		**(889)**	(1,000)
Cash used in operations		**(45,589)**	(34,853)
Income tax refunded/(paid)			
– Hong Kong profits tax refunded		**14**	184
– Overseas tax refunded/(paid)		**1,541**	(1,789)
NET CASH USED IN OPERATING ACTIVITIES		**(44,034)**	(36,458)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		**(6,105)**	(7,148)
Proceeds from disposal of property, plant and equipment		**16**	75
Decrease in amounts due from associates		**343,000**	–
(Increase)/decrease in pledged bank deposits		**(2,513)**	19
Interest income received		**1,588**	237
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**335,986**	(6,817)
FINANCING ACTIVITIES			
Dividend paid to non-controlling shareholder		**(4,500)**	–
Net proceeds of the issue of rights shares		**173,260**	–
Proceed from loans payables		**–**	1,557
Repayment of loan payables		**(250,888)**	–
Repayment of bank loans		**(585)**	(538)
Payment for profit guarantee liabilities		**(9,100)**	(9,100)
Loan from a director and controlling shareholder		**–**	30,000
Repayment of loan from a director and controlling shareholder		**(30,332)**	–
Repayment of loan from a related company		**(129)**	–
Unclaimed dividends forfeited		**3,676**	–
Finance costs		**(6,031)**	(12,425)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(124,629)**	9,494
Net increase/(decrease) in cash and cash equivalents		**167,323**	(33,781)
Cash and cash equivalents at the beginning of the year		**72,410**	108,042
Effect of foreign exchange rate changes		**(152)**	(1,851)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**239,581**	72,410
Analysis of balances of cash and cash equivalents			
Cash and bank balances	25	**239,581**	72,410

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

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"). Its controlling shareholder is Silver Rich Macau Development Limited ("Silver Rich").

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 ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") 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 standards, amendments and interpretations ("New HKFRSs"), which are first effective or available for early adoption for the current accounting period of the Group (as defined hereinafter) and 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 interest 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$33,034,000 (2011: approximately HK$77,666,000) and an operating net cash outflow of approximately HK$44,034,000 for the year ended 31 December 2012 (2011: approximately HK$36,458,000). As at 31 December 2012, the Group's current liabilities exceed its current assets by approximately HK$175,072,000 (2011: net current liabilities of approximately HK$288,039,000).

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 (the "Yeung Loan Facility") and the final repayment date of the loan and all other sums owing to Mr. Yeung under the Yeung Loan Facility was further extended from 31 October 2013 to 31 October 2014 by a letter of agreement dated 18 March 2013. Up to the date of approval of these consolidated financial statements, the Company has no outstanding amount owed to Mr. Yeung under the Yeung Loan Facility (31 December 2011: the outstanding amount was approximately HK$30.3 million).

In the opinion of the Directors, after taking into account of its present available financial resources and the Yeung Loan Facility, 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 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(k).

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates and jointly controlled entities (continued)

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)).

(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 unit ("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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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% – $33\frac{1}{3}$%
Motor vehicles	30% – $33\frac{1}{3}$%
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.

(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 amoritsed. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– 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).

– 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) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from an associate, amount due from a jointly controlled entity, pledged bank deposits as well as cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)
For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

Financial liabilities

Other financial liabilities
Other financial liabilities (including trade and other payables, profit guarantee liabilities, long-term payables, loans payables, bank loans, loan from a director and controlling shareholder as well as loan from a controlling shareholder) are subsequently measured at amortised cost using the effective interest method.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

Financial liabilities (continued)

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by The Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

– the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If The Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety. The Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) 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.

(n) Income tax

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Income tax (continued)

Deferred tax (continued)

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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 service 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) Lottery commission and services income is recognised when the sales agency services are provided.

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

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

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

(vii) Services income is recognised when services are provided.

(viii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Foreign currencies

In preparing the consolidated financial statements of each individual entity, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

- For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

- On the disposal of a foreign operation (i.e. a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

- For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

- Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of foreign currency translation reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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.

(s) 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 or obligations between related parties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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 2012 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2011 except as described below.

In the current year, the Group has adopted all of the New HKFRSs issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012.

HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The application of the above New HKFRSs has no material impact on the results and the financial position 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 have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standard – Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2012*
[2] *Effective for annual periods beginning on or after 1 January 2013*
[3] *Effective for annual periods beginning on or after 1 January 2014*
[4] *Effective for annual periods beginning on or after 1 January 2015*

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss was presented in profit or loss.

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

HKFRS 9 "Financial Instruments" (continued)

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

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

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

Key requirements of these standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK (SIC) – Int 12 "Consolidation – Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. 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 consolidation.

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

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these HKFRSs for the first time.

These standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time.

The application of these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013.

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

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosures 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.

HKFRS 7 and HKAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKAS 19 "Employee Benefits"

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 fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. 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. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

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

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

HKAS 1 (Amendments) "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income as well as an income statement is renamed as a statement of profit or loss. 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 items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (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 do not change the option to present items of other comprehensive income either before tax or net of tax.

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.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 "Presentation of Financial Statements";
- amendments to HKAS 16 "Property, Plant and Equipment"; and
- amendments to HKAS 32 "Financial Instruments: Presentation".

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes".

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 2012 HK$'000	At 31 December 2011 HK$'000	**At 31 December 2012 HK$'000**	At 31 December 2011 HK$'000
Financial assets				
Loans and receivables (including cash and bank balances)	**1,089,966**	1,242,804	**126,737**	11,345
Financial liabilities				
Amortised costs	**485,209**	896,419	**47,986**	449,121

(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 to 6 months from the date of billing. Trade debtors with balances that are more than 3 to 6 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 date, the Group has a certain concentration of credit risk as 0.6% and 0.95% (2011: 1.25% and 2.1%) 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 2012					
	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	26,762	–	–	–	26,762	26,762
Profit guarantee liabilities	9,100	5,308	–	–	14,408	14,408
Loans payables	93,668	17,933	–	–	111,601	205,269
Long-term payables	133,767	–	–	–	133,767	225,464
Bank loans	1,368	1,368	18,100	–	20,836	13,306
	264,665	24,609	18,100	–	307,374	485,209

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

(ii) Liquidity risk (continued)

The Group (continued)

	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	328,187	37,444	–	–	365,631	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	31,849	–	–	–	31,849	30,332
	614,609	93,550	9,322	15,028	732,509	896,419

The Company

	At 31 December 2012				
	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	47,986	–	–	47,986	47,986

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

(ii) Liquidity risk (continued)

The Company (continued)

	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

During the year, a group of financial institutions has granted a 5-year syndicated loan facilities amounted to HK$1,900 million and Renminbi ("RMB") 400 million (the "New Loan Facilities") to Pier 16 – Property Development Limited ("Pier 16 – Property Development", an associate of the Group and is principally engaged in the investment, development and, through its subsidiaries, operation of Ponte 16). The main purposes of the New Loan Facilities were to refinance the syndicated loan facilities of HK$1,600 million granted to Pier 16 – Property Development (the "HK$1,600 Million Syndicated Loan Facilities") that have matured on 29 June 2012, repay shareholders' loans and fund the construction of phase 3 of the Ponte 16 development project.

The Company gave a new corporate guarantee (the "New SUG Guarantee") to a bank in respect of the New Loan Facilities. The maximum guarantee amount borne by the Company under the New SUG Guarantee was HK$1,176 million. The guarantee previously issued by the Company in the amount of HK$860 million for the HK$1,600 Million Syndicated Loan Facilities, which had been fully repaid on 29 June 2012, was released during the year.

As at 31 December 2012, 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 approximately HK$90.0 million (2011: HK$6.3 million) has not been presented above.

	At 31 December 2012		At 31 December 2011	
	HK$'000	**Expiry period**	HK$'000	Expiry period
Guarantee given to bank in respect of banking facilities granted to an associate	**1,176,000**	**2017**	860,000	2012

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Currency risk

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

(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 related company and loans payables carry a floating interest rates. The Group's cash flow exposure is to the 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. The Group's fair value interest rate risk relates primarily to fixed rate bank borrowings (note 34), other than this, the Group has no significant exposure to interest rate risk.

At 31 December 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, there would be no increase/decrease in the Group's loss before tax (2011: approximately HK$3,810,000).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 2011.

(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 2012 and 2011.

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 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 2012. 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 associates as at 31 December 2012 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 15.36% (2011: 15.80%). The cash flows beyond the five-year period are extrapolated using a steady 4.90% (2011: 4.79%) 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$63.0 million (2011: approximately HK$56.7 million) which was due to decrease in the carrying amount of the deemed capital contribution to an 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 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.

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.

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 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.

The Group has presented the following three reportable segments. These segments are managed separately. The travel segment, the cruise ship leasing and management segment as well as lottery 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. Geographically, management considers the performance of the cruise ship leasing and management business is performed in South China Sea.

The travel reportable operating segment derives their revenue primarily from sales of air tickets and provision of travel-related services. Geographically, management considers the performance of the travel business in North America and Hong Kong separately.

The lottery reportable operating segment provides sports lottery sales agency services to the sports lottery market in the People's Republic of China ("PRC") through the subsidiaries of a joint venture company of the Company.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

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		Lottery		Elimination		Total	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Revenue from external customers	80,400	69,600	1,543,924	1,398,844	10,654	87	–	–	1,634,978	1,468,531
Inter-segment revenue	–	–	321	1,066	–	–	(321)	(1,066)	–	–
Reportable segment revenue	80,400	69,600	1,544,245	1,399,910	10,654	87	(321)	(1,066)	1,634,978	1,468,531
Reportable segment profit/(loss)	2,872	(7,761)	1,061	(11,238)	(21,910)	(31,162)	1,545	1,917	(16,432)	(48,244)
Share of results of jointly controlled entities									236	100
Share of results of associates									9,383	3,337
Unallocated corporate income									23,539	19,125
Unallocated corporate expenses									(38,384)	(44,751)
Finance costs									(15,848)	(22,125)
Consolidated loss before taxation									(37,506)	(92,558)
Income tax									(471)	1,069
Consolidated loss for the year									(37,977)	(91,489)

6. SEGMENT INFORMATION (CONTINUED)

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

	Cruise ship leasing and management		Travel		Lottery		Total	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Reportable segment assets	87,260	93,604	90,022	87,101	24,951	11,937	202,233	192,642
Unallocated corporate assets								
– Interest in associates							921,260	819,115
– Interest in jointly controlled entities							2,029	1,793
– Amount due from an associate							748	343,000
– Tax recoverable							–	1,743
– Corporate assets							217,501	49,678
							1,343,771	1,407,971
Reportable segment liabilities	5,347	8,259	41,487	42,839	11,139	9,006	57,973	60,104
Unallocated corporate liabilities								
– Tax payable							51	–
– Deferred tax liabilities							489	270
– Corporate liabilities							519,263	845,541
							577,776	905,915

6. SEGMENT INFORMATION (CONTINUED)

(b) Other segment information

	Cruise ship leasing and management		Travel		Lottery		Other corporate entities		Total	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Interest income	24	42	19	12	11	15	1,772	168	1,826	237
Amortisation of intangible assets	–	–	(418)	(405)	–	–	–	–	(418)	(405)
Depreciation	(6,039)	(6,057)	(1,255)	(1,364)	(2,258)	(452)	(1,202)	(1,453)	(10,754)	(9,326)
Reversal of impairment loss recognised on:										
– other receivable	6,410	6,159	–	–	–	–	–	–	6,410	6,159
– intangible assets	–	–	2,015	43	–	–	–	–	2,015	43
Impairment loss recognised on:										
– intangible assets	–	–	(361)	(1,632)	–	–	–	–	(361)	(1,632)
– goodwill	–	–	–	(2,966)	–	–	–	–	–	(2,966)
Finance costs	–	–	(779)	(1,617)	–	–	(15,848)	(22,125)	(16,627)	(23,742)

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

	2012 HK$'000	2011 HK$'000
Sales of air tickets	1,443,858	1,315,819
Travel and related service fee income	100,066	83,025
Cruise ship leasing and management fee income	80,400	69,600
Lottery commission and service income	10,654	87
	1,634,978	1,468,531

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, interest 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 interest 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	
	2012 HK$'000	2011 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Hong Kong (place of domicile)	**3,597**	7,975	**2,623**	3,635
Macau	**–**	–	**921,260**	819,115
North America	**1,540,327**	1,390,869	**61,013**	60,873
South China Sea, other than in Hong Kong	**80,400**	69,600	**55,634**	60,369
PRC	**10,654**	87	**8,040**	5,657
	1,634,978	1,468,531	**1,048,570**	949,649

(e) Major customer

There is no single external customer amount to 10 per cent or more of the Group's revenue.

(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, travel-related business as well as provision of sales agency services for sports lottery.

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

	2012 HK$'000	2011 HK$'000
Cruise ship leasing and management fee income	**80,400**	69,600
Lottery commission and services income	**10,654**	87
Travel-related agency service fee income		
– Sales of air tickets	**1,443,858**	1,315,819
– Travel and related service fee income	**100,066**	83,025
	1,543,924	1,398,844
	1,634,978	1,468,531

8. OTHER REVENUE AND GAINS

	2012 HK$'000	2011 HK$'000
Other revenue		
Interest income on bank deposits	**1,588**	237
Loan interest income	**238**	–
Total interest income on financial assets not at fair value through profit or loss	**1,826**	237
Commission income	**13**	24
Management fee income from an associate	**5,354**	6,255
Write back of long-outstanding trade payables	**269**	272
Gain on disposal of property, plant and equipment	**15**	–
Reimbursement on cost of fuel oil	**4,016**	4,473
Service fee income	**2,898**	2,997
Other income	**3,521**	4,113
	17,912	18,371
Other gains		
Amortisation on financial guarantee contract	**16,298**	12,600
Net exchange gain	**818**	19
Reversal of impairment loss recognised on intangible assets	**2,015**	43
Reversal of impairment loss recognised on other receivable*	**6,410**	6,159
	25,541	18,821
Total	**43,453**	37,192

* 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 (note 23(b)).

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

			2012 HK$'000	2011 HK$'000
(a)	Finance costs			
	(i)	**Not wholly repayable within five years:**		
		Interest on loan from a related company	**–**	790
		Interest on bank loans	**779**	827
			779	1,617
	(ii)	**Wholly repayable within five years:**		
		Interest on long-term payables	**10,878**	9,460
		Interest on loan from a director and controlling shareholder	**1,036**	5,343
		Interest on loan from a controlling shareholder	**183**	282
		Interest on other loans	**3,751**	7,040
			15,848	22,125
	Total interest expenses on financial liabilities not at fair value through profit or loss		**16,627**	23,742
(b)	Staff costs			
	Salaries, wages and other benefits (including directors' emoluments)		**77,714**	73,431
	Contributions to defined contribution retirement plan		**3,229**	3,272
			80,943	76,703
(c)	Other operating expenses			
	Impairment loss recognised on			
	– goodwill		**–**	2,966
	– intangible assets		**361**	1,632
	– interest in associates		**6,300**	12,600
			6,661	17,198

9. LOSS BEFORE TAXATION (CONTINUED)

	2012 HK$'000	2011 HK$'000
(d) Other items		
Auditors' remuneration		
– audit services	**1,645**	1,658
– other services	**280**	250
Depreciation on owned fixed assets	**10,754**	9,326
Amortisation on intangible assets	**418**	405
Loss on disposal of property, plant and equipment	**–**	6
Operating lease rentals		
– properties	**9,936**	9,932
– plant and machinery	**675**	644
Cost of inventories	**31,233**	32,331

10. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2012 HK$'000	2011 HK$'000
Current tax – Hong Kong Profits Tax	**–**	–
Current tax – Overseas profits tax		
– Charge/(credit) for the year	**259**	(1,319)
	259	(1,319)
Deferred taxation relating to the origination and reversal of temporary differences *(note 32(b))*	**212**	250
Tax charge/(credit) for the year	**471**	(1,069)

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is 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:

	2012 HK$'000	2011 HK$'000
Loss before taxation	**(37,506)**	(92,558)
Notional tax on loss before tax, calculated at the tax rates applicable to loss in the countries concerned	**(8,573)**	(15,212)
Tax effect of share of results of associates	**1,548**	551
Tax effect of share of results of jointly controlled entities	**39**	16
Tax effect of non-deductible expenses	**5,448**	9,094
Tax effect of non-taxable revenue	**(4,900)**	(3,122)
Tax effect of unrecognised tax losses	**6,513**	8,771
Unrecognised temporary differences	**396**	1,679
Tax effect on utilisation of previously unrecognised tax losses	**–**	(2,846)
Tax charge/(credit) for the year	**471**	(1,069)

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	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Executive Directors								
Yeung Hoi Sing, Sonny *(Chairman)*	–	–	–	–	–	–	–	–
Ma Ho Man, Hoffman	–	–	936	936	14	12	950	948
Non-executive Director								
Choi Kin Pui, Russelle	120	105	–	–	–	–	120	105
Independent Non-executive Directors								
Luk Ka Yee, Patrick	120	105	–	–	–	–	120	105
Yim Kai Pung (resigned on 1 March 2012)	20	105	–	–	–	–	20	105
Yeung Mo Sheung, Ann	120	105	–	–	–	–	120	105
Chin Wing Lok, Ambrose (appointed on 1 March 2012)	100	–	–	–	–	–	100	–
	480	420	936	936	14	12	1,430	1,368

12. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

The five individuals with the highest emoluments, one (2011: one) is a Director whose emoluments is disclosed in note 11. The aggregate of the emoluments in respect of the other four (2011: four) individuals, included one (2011: one) of senior management, are as follows:

	2012 HK$'000	2011 HK$'000
Salaries, allowances and other benefits	**3,086**	3,003
Retirement benefit scheme contributions	**55**	48
	3,141	3,051

The emoluments of the four (2011: four) individuals, included one (2011: one) of senior management, with the highest emoluments are within the following band:

	Number of individuals	
	2012	2011
Nil – HK$1,000,000	**4**	4

(b) Senior management of the Company

The emoluments of the senior management of the Company are within the following band:

	Number of individuals	
	2012	2011
Nil – HK$1,000,000	**2**	2

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company includes a profit of approximately HK$1,853,000 (2011: loss of approximately HK$8,518,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

No interim dividend was paid during the year under review (2011: Nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2012 (2011: 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$33,034,000 (2011: approximately HK$77,666,000) and on the weighted average number of approximately 3,989,417,000 ordinary shares (2011: approximately 2,438,964,000 ordinary shares) in issue during 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 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 and 1 January 2012	21,242	93,600	6,640	15,290	9,159	2,520	4,700	153,151
Additions	–	–	1,417	1,225	3,463	–	–	6,105
Disposals	–	–	(1,719)	–	(2,226)	(584)	–	(4,529)
Reclassified to asset held for sale *(note)*	(1,316)	–	(220)	–	–	–	–	(1,536)
Exchange alignment	476	–	140	–	224	23	–	863
At 31 December 2012	**20,402**	**93,600**	**6,258**	**16,515**	**10,620**	**1,959**	**4,700**	**154,054**
Accumulated depreciation								
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 and 1 January 2012	664	37,440	4,095	12,258	3,772	2,044	3,838	64,111
Charge for the year	497	4,680	1,250	1,322	1,975	168	862	10,754
Written back on disposals	–	–	(1,719)	–	(2,218)	(583)	–	(4,520)
Reclassified to asset held for sale *(note)*	(69)	–	(108)	–	–	–	–	(177)
Exchange alignment	17	–	108	–	194	23	–	342
At 31 December 2012	**1,109**	**42,120**	**3,626**	**13,580**	**3,723**	**1,652**	**4,700**	**70,510**
Carrying amount								
At 31 December 2012	**19,293**	**51,480**	**2,632**	**2,935**	**6,897**	**307**	**–**	**83,544**
At 31 December 2011	20,578	56,160	2,545	3,032	5,387	476	862	89,040

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
The analysis of carrying amount of property is as follows:		
Freehold land and building held outside Hong Kong:		
– Shown under non-current assets	**19,293**	20,578
– Shown under current assets (note)	**1,359**	–
	20,652	20,578

Note: On 13 December 2012, Jade Travel Ltd. ("Jade Travel (Canada)" being an indirect subsidiary of the Company which was incorporated in Canada) entered into a sale and purchase agreement with an independent third party regarding the sale of a part of freehold land and building in Canada. The consideration of the sale of the said property was equivalent to approximately HK$1,695,000 and the transaction has been completed on 28 February 2013. Therefore the relevant amount of the property sold was reclassified as held for sale as at 31 December 2012.

17. GOODWILL

	The Group HK$'000
Cost	
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	**8,332**
Accumulated impairment losses	
At 1 January 2011	(1,504)
Impairment loss	(2,966)
At 31 December 2011 and 1 January 2012	(4,470)
Impairment loss	–
At 31 December 2012	**(4,470)**
Carrying amount	
At 31 December 2012	**3,862**
At 31 December 2011	3,862

17. GOODWILL (CONTINUED)

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

	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Cruise ship management CGU	**1,313**	1,313
Travel CGU	**2,549**	2,549
	3,862	3,862

	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
South China Sea, other than in Hong Kong	**1,313**	1,313
North America	**2,549**	2,549
	3,862	3,862

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	
	2012 %	2011 %	2012 %	2011 %
– Growth rate	**3**	3	**Zero**	Zero
– Discount rate	**11.24**	11.58	**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 and the travel CGU are higher than its carrying amount based on value in use calculations. Therefore, no impairment of cruise ship management CGU and travel CGU is required. (2011: impairment recognised on travel CGU amounted to approximately HK$2,966,000).

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

The Group

	Trademark HK$'000	Client list HK$'000	Total HK$'000
Cost			
At 1 January 2011	33,940	9,489	43,429
Exchange alignment	(865)	(243)	(1,108)
At 31 December 2011 and 1 January 2012	33,075	9,246	42,321
Exchange alignment	739	206	945
At 31 December 2012	**33,814**	**9,452**	**43,266**
Accumulated amortisation and impairment losses			
At 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 and 1 January 2012	(1,971)	(4,511)	(6,482)
Charge for the year	–	(418)	(418)
Impairment loss	–	(361)	(361)
Reversal on impairment loss	2,015	–	2,015
Exchange alignment	(44)	(101)	(145)
At 31 December 2012	**–**	**(5,391)**	**(5,391)**
Carrying amount			
At 31 December 2012	**33,814**	**4,061**	**37,875**
At 31 December 2011	31,104	4,735	35,839

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 2012. 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$33,814,000. A reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Therefore, a reversal of impairment equivalent to approximately HK$2,015,000 has been recognised for the year ended 31 December 2012 (2011: impairment loss equivalent to approximately HK$1,632,000). The main reason for the reversal of impairment loss is the increase 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 13.24% (2011: 13.58%). The cash flows beyond the five-year period are extrapolated using a steady 3% (2011: 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 2012. 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$4,061,000. An impairment loss equivalent to approximately HK$361,000 has been recognised for the year ended 31 December 2012 (2011: reversal of impairment loss equivalent to approximately HK$43,000). The recognition of impairment loss is mainly contributed by the increase 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 13.24% (2011: 13.58%). The cash flows beyond the five-year period are extrapolated using a steady 3% (2011: 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 2012 HK$'000	At 31 December 2011 HK$'000
Unlisted shares, at cost	**40,655**	40,655
Deemed capital contribution *(note 33)*	**162,978**	63,000
Amounts due from subsidiaries	**1,164,472**	1,385,166
	1,368,105	1,488,821
Less: impairment loss#	**(313,353)**	(108,868)
	1,054,752	1,379,953

\# After considering the recoverable amounts of the relevant subsidiaries, the Directors are of the opinion that an additional impairment loss of approximately HK$204,485,000 (2011: approximately HK$19,530,000) has been recognised for the year ended 31 December 2012.

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.

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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.

			Proportion of ownership interest			
Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Group's effective interest %	Held by the Company %	Held by subsidiaries %	Principal activities
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	British Virgin Islands	100 shares of US$1 each	100	–	100	Investment holding
Golden Sun	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 ("Travel Success") *(note i)*	Hong Kong	500,000 shares of HK$1 each	100	–	100	Travel agency
World Fortune	Hong Kong	1,000 shares of HK$1 each	100	–	100	Investment holding
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

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 %	Proportion of ownership interest: Held by the Company %	Proportion of ownership interest: Held by subsidiaries %	Principal activities
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 (ii))*	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 (iii))*	PRC	RMB10,000,000 paid up capital	70	–	70	Provision of technology service platform and sales agency services of sports lottery

Notes:

(i) Travel Success has ceased its travel agency business in July 2012.

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

(iii) 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 2012 HK$'000	At 31 December 2011 HK$'000
Deemed capital contribution	33	**162,978**	63,000
Goodwill	(b)	**19,409**	19,409
		182,387	82,409
Amounts due from associates	(c)	**802,621**	1,136,406
		985,008	1,218,815
Less: impairment loss	(d)	**(63,000)**	(56,700)
		922,008	1,162,115
Less: Amount shown under current assets	(c)	**(748)**	(343,000)
Amount shown under non-current assets		**921,260**	819,115

(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:

Name of associate	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 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 is 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.

During the year, a group of financial institutions has granted the New Loan Facilities to Pier 16 – Property Development. The main purposes of the New Loan Facilities were to refinance the HK$1,600 Million Syndicated Loan Facilities that have matured on 29 June 2012, repay shareholders' loans and fund the construction of phase 3 of the Ponte 16 development project.

As for the purpose of presentation, amount due from associates of approximately HK$748,000 (2011: approximately HK$343,000,000) was reclassified to current asset as it is expected to be recoverable from the associates within 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$6.3 million (2011: 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$63.0 million (2011: approximately HK$56.7 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 2012. The Group has engaged Roma to carry out a valuation of the interest in associates as at 31 December 2012 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 15.36% (2011: 15.80%). The cash flows beyond the five-year period are extrapolated using a steady 4.90% (2011: 4.79%) 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 2012 HK$'000	At 31 December 2011 HK$'000
Assets	**3,058,607**	2,507,836
Liabilities	**3,711,027**	3,179,405
Equity	**(652,420)**	(671,569)

	2012 HK$'000	2011 HK$'000
Revenues	**1,238,541**	1,245,419
Profit	**19,149**	6,810

21. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Share of net assets	**679**	443
Amount due from a jointly controlled entity	**12,050**	12,050
	12,729	12,493
Impairment loss#	**(10,700)**	(10,700)
	2,029	1,793

\# 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 Group will not demand for repayment within twelve months from the end of the reporting period and the advance is therefore classified as non-current assets. As at 31 December 2012, the accumulated impairment loss of interest in jointly controlled entities was approximately HK$10.7 million (2011: approximately 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 2012 HK$'000	At 31 December 2011 HK$'000
Non-current assets	**29,293**	29,293
Current assets	**1,840**	1,280
Current liabilities	**(24,253)**	(24,284)
	6,880	6,289

	2012 HK$'000	2011 HK$'000
Income	**1,102**	1,023
Expenses	**(511)**	(772)
Profit before tax	**591**	251
Taxation	**–**	–
Profit for the year	**591**	251

22. INVENTORIES

	The Group	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Fuel oil	**1,830**	1,303

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

	2012 HK$'000	2011 HK$'000
Carrying amount of inventories use	**31,233**	32,331

23. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
	Note	**At 31 December 2012 HK$'000**	At 31 December 2011 HK$'000	**At 31 December 2012 HK$'000**	At 31 December 2011 HK$'000
Trade receivables	(a)	**16,056**	14,543	**–**	–
Other receivables		**4,976**	11,390	**36**	–
Less: impairment loss recognised on other receivable	(b)	**(3,864)**	(10,274)	**–**	–
		1,112	1,116	**36**	–
Trade and other receivables		**17,168**	15,659	**36**	–
Prepayments and deposits		**24,096**	16,309	**453**	3,116
		41,264	31,968	**489**	3,116

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 2012 HK$'000	At 31 December 2011 HK$'000
Current	**12,898**	12,488
31 to 60 days overdue	**1,578**	649
61 to 90 days overdue	**1,078**	823
Over 90 days overdue	**502**	583
	16,056	14,543

(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 as well as lottery businesses (2011: average credit period of 30 to 60 days) and 30 days to customers of travel business (2011: 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 (2011: Nil).

(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 2012 HK$'000	At 31 December 2011 HK$'000
Neither past due nor impaired	**12,898**	12,488
Past due but not impaired		
– Less than 1 month past due	**1,578**	649
– 1 to 3 months past due	**1,580**	1,406
	3,158	2,055
	16,056	14,543

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

(iii) Trade receivables that are not impaired (continued)

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.

(b) Other receivables

	Note	The Group HK$'000
Movement in the impairment loss recognised on other receivable		
At 1 January 2011		16,433
Reversal of impairment loss*	8	(6,159)
At 31 December 2011 and 1 January 2012		10,274
Reversal of impairment loss*	8	(6,410)
At 31 December 2012		**3,864**

* 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 the 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 0.5% to 1.0% per annum (2011: approximately 0.6% to 0.7% per annum).

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Cash and bank balances	**127,125**	48,575	**66,893**	4,197
Non-pledged bank deposits	**112,456**	23,835	**50,139**	–
Cash and cash equivalents in the consolidated statements of financial position and cash flows	**239,581**	72,410	**117,032**	4,197

Deposits with banks carry interest at market rates which is approximately 0.5% to 1.5% per annum for current year (2011: approximately 0.1% to 0.4% per annum).

Included in cash and bank balances as at 31 December 2012 is an amount denominated in RMB of approximately RMB1,367,000 (equivalent to approximately HK$1,717,000) (2011: approximately RMB3,034,000, equivalent to approximately HK$3,782,000). Remittance of RMB out of the PRC is subject to exchange restrictions imposed by the PRC government.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Trade payables	**10,736**	8,600	**–**	–
Accrued charges and other payables	**16,026**	21,415	**1,264**	3,456
Amounts due to subsidiaries	**–**	–	**46,722**	40,997
Financial liabilities measured at amortised cost	**26,762**	30,015	**47,986**	44,453

The amounts 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:

	The Group	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Current	**7,538**	7,199
31 to 60 days	**1,763**	730
61 to 90 days	**406**	254
Over 90 days	**1,029**	417
	10,736	8,600

27. DEFERRED INCOME

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 2012 HK$'000	At 31 December 2011 HK$'000
Carrying amount		
At the beginning of the year	23,508	32,608
Payment to SBI Macau under the profit guarantee	(9,100)	(9,100)
At the end of the year	14,408	23,508
Current liabilities	9,100	9,100
Non-current liabilities	5,308	14,408
	14,408	23,508

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 2012 HK$'000**	At 31 December 2011 HK$'000	**At 31 December 2012 HK$'000**	At 31 December 2011 HK$'000
Loans from non-controlling shareholders					
– Mrs. Yung Yuen Ping Kwok	(i)	**2,739**	2,679	**–**	–
– SABC Holdings Ltd.	(ii)	**7,888**	7,716	**–**	–
– Up Fly Limited	(iii)	**7,306**	7,306	**–**	–
		17,933	17,701	**–**	–
Loan from Maruhan	(iv)	**147,850**	152,738	**–**	–
Loan from SBI Macau	(v)	**39,486**	39,486	**–**	–
Other loans	(vi)	**–**	246,000	**–**	246,000
		205,269	455,925	**–**	246,000
Less: Amounts shown under current liabilities		**(187,336)**	(398,738)	**–**	(246,000)
Amounts shown under non-current liabilities		**17,933**	57,187	**–**	–

Notes:

(i) Mrs. Yung Yuen Ping Kwok is a non-controlling shareholder of an 80% owned indirect 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 non-controlling shareholder of an 80% owned indirect 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 non-controlling shareholder of a 70% indirect 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.

(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$81,382,000 (2011: 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 have been reclassified as current liabilities in 2011.

(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, become mature in coming twelve months and has been reclassified as current liabilities in this 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. During the year, the Company has repaid all outstanding amount of the loan and the revolving credit facility was lapsed. The loans had been reclassified as current liabilities in 2011.

The carrying amounts of the loans payables are approximately to their fair value.

30. LONG-TERM PAYABLES

	The Group	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Present value of liabilities of		
– Maruhan Put Option	**142,035**	142,035
– SBI Macau Put Option	**83,429**	72,551
	225,464	214,586
Less: Amounts shown under current liabilities	**(225,464)**	(142,035)
Amount shown under non-current liabilities	**–**	72,551

The carrying amounts of the long-term payables are approximately to their fair value.

31. AMOUNT DUE TO A RELATED COMPANY

The Group

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

During the year, the Company has repaid all outstanding amount due to a related company in the amount of approximately HK$129,000 (2011: the outstanding loan was approximately HK$129,000). The loan was unsecured, non-interest bearing 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 2012 HK$'000	At 31 December 2011 HK$'000
(Refundable) for Hong Kong profits tax for the year	**–**	(14)
Provision/(refundable) for overseas profit tax for the year	**51**	(1,729)
Tax payable/(recoverable)	**51**	(1,743)

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

(b) Recognised deferred tax liabilities

The movements of deferred tax liabilities during the year are as follows:

	Note	The Group Accelerated depreciation HK$'000
At 1 January 2011		29
Debited to the consolidated income statement	10(a)	250
Exchange alignment		(9)
At 31 December 2011 and 1 January 2012		270
Debited to the consolidated income statement	10(a)	212
Exchange alignment		7
At 31 December 2012		**489**

	The Group	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Net deferred tax liabilities recognised on the consolidated statement of financial position	**489**	270

(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 2012, the Group had tax losses of approximately HK$154.2 million (2011: approximately HK$111.7 million) that are available to carry forward indefinitely for offsetting against future taxable profits. Estimated tax losses of approximately HK$39.6 million and HK$4.8 million (2011: approximately HK$19.6 million and HK$3.1 million) will expire within 1 to 5 years and over 5 years respectively.

33. FINANCIAL GUARANTEE CONTRACT

	The Group and the Company	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Carrying amount		
At the beginning of the year	6,300	18,900
Amortisation for the year	(16,298)	(12,600)
Fair value of financial guarantee contract issued	99,978	–
At the end of the year	89,980	6,300
Current liabilities	19,995	6,300
Non-current liabilities	69,985	–
	89,980	6,300

During the year, the Company gave the New SUG Guarantee to a bank in respect of the New Loan Facilities. The maximum guarantee amount borne by the Company under the New SUG Guarantee was HK$1,176 million. The guarantee previously issued by the Company in the amount of HK$860 million for the HK$1,600 Million Syndicated Loan Facilities, which has been fully repaid and was released during the year.

The outstanding loan under the New Loan Facilities as at 31 December 2012 was approximately HK$1,273.3 million (31 December 2011: total loan outstanding under HK$1,600 Million Syndicated Loan Facilities was HK$560 million). The contingent liabilities were disclosed in note 41.

Based on the valuation performed by Roma, an independent professional valuer, the Directors considered that the fair value of the financial guarantee contract was approximately HK$100.0 million at the date of issuance of the financial guarantee contract with corresponding increase in its interest in associates as deemed capital contribution.

The carrying amount of the financial guarantee contract recognised in the Group's consolidated statement of financial position was in accordance with HKAS 39 and is carries at amortised cost. No provision for financial guarantee contracts have been made at 31 December 2012 as the default risk is low.

34. BANK LOANS

	The Group	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Bank loans, secured	**13,306**	13,588
Carrying amount repayable:		
Within one year	**620**	581
More than one year, but no exceeding two years	**656**	606
More than two years, but not more than five years	**2,070**	2,040
More than five years	**9,960**	10,361
	13,306	13,588
Less: Amounts shown under current liabilities	**(620)**	(581)
Amounts shown under non-current liabilities	**12,686**	13,007

35. LOAN FROM A DIRECTOR AND CONTROLLING SHAREHOLDER

	The Group and the Company	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Loan from Mr. Yeung	**–**	30,332

This represents the loan from Mr. Yeung under the Yeung 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. Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to Mr. Yeung under the Yeung Loan Facility. The final repayment date under the Yeung Loan Facility has been further extended from 31 October 2013 to 31 October 2014 by a letter agreement dated 18 March 2013. 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.

During the year, the Company has repaid all outstanding amount due to Mr. Yeung under the Yeung Loan Facility.

36. LOAN FROM A CONTROLLING SHAREHOLDER

	The Group and the Company	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000
Loan from Silver Rich	**–**	128,336

On 12 January 2012, the loan owed by the Company to Silver Rich, being a controlling shareholder of the Company and wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung, in the amount of approximately HK$128.1 million, 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 terms of the underwriting agreement entered into between Silver Rich and the Company regarding the Rights Issue (as defined hereinafter). During the year, the Company had fully repaid the remaining outstanding loan due to Silver Rich in the amount of approximately HK$0.5 million.

Silver Rich is a controlling shareholder of the Company which holds 53.26% of the existing issued share capital of the Company as at 31 December 2012.

37. SHARE CAPITAL

	Number of shares '000	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	**160,000,000**	**1,600,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2011, 31 December 2011 and 1 January 2012	2,438,964	24,390
Allotment and issue of rights shares	1,625,976	16,259
At 31 December 2012	**4,064,940**	**40,649**

The Company completed the issue by way of rights of 1,625,976,154 new ordinary shares of the Company (the "Rights Issue") in January 2012.

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 up to 31 May 2012 and changed to HK$25,000 from 1 June 2012 (2011: HK$20,000). Contributions to the plan vest immediately.

Pursuant to the regulations of the relevant authorities in the PRC, the Group participates in the relevant social retirement benefit schemes (the "PRC Schemes") whereby the Group is required to contribute to the PRC Schemes to fund the retirement benefits of the eligible employees. Contributions made to the PRC Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the PRC Schemes is to pay the ongoing required contributions under the PRC Schemes.

The retirement benefit schemes contribution represents gross contributions by the Group to the PRC Schemes operated by the relevant authorities of the PRC.

(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.

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.

38. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

(b) Share option scheme (continued)

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 (2011: 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$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
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
At 1 January 2012	908,785	52,333	976	(423)	(515,904)	445,767	31,899	477,666
Loss for the year	–	–	–	–	(33,034)	(33,034)	(4,943)	(37,977)
Other comprehensive income for the year	–	–	–	1,175	–	1,175	251	1,426
Total comprehensive income/ (loss) for the year	–	–	–	1,175	(33,034)	(31,859)	(4,692)	(36,551)
Issue of rights shares at premium	292,676	–	–	–	–	292,676	–	292,676
Expenses incurred in connection with the issue of rights shares	(7,621)	–	–	–	–	(7,621)	–	(7,621)
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	(4,500)	(4,500)
Unclaimed dividends forfeited	–	–	–	–	2,022	2,022	1,654	3,676
At 31 December 2012	**1,193,840**	**52,333**	**976**	**752**	**(546,916)**	**700,985**	**24,361**	**725,346**

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(q).

39. RESERVES (CONTINUED)

The Company

	Share premium HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2011	908,785	4,231	913,016
Total comprehensive income for the year	–	1,587	1,587
At 31 December 2011 and 1 January 2012	908,785	5,818	914,603
Issue of rights shares at premium	292,676	–	292,676
Expenses incurred in connection with the issue of rights shares	(7,621)	–	(7,621)
Total comprehensive loss for the year	–	(196,331)	(196,331)
At 31 December 2012	**1,193,840**	**(190,513)**	**1,003,327**

Distribution of reserves

At 31 December 2012, the Company has no reserves available for distribution to owners of the Company (2011: approximately HK$5,818,000).

40. COMMITMENTS

(a) There is no capital commitments outstanding at 31 December 2012 not provide for in the consolidated financial statements (2011: Nil).

(b) At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	**At 31 December 2012 HK$'000**	At 31 December 2011 HK$'000
Within one year	**3,110**	7,654	**–**	–
In the second to fifth years, inclusive	**1,595**	2,077	**–**	–
	4,705	9,731	**–**	–

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

During the year, the Company gave the New SUG Guarantee to a bank in respect of the New Loan Facilities. The maximum guarantee amount borne by the Company under the New SUG Guarantee was HK$1,176 million (2011: HK$860 million under HK$1,600 Million Syndicated Loan Facilities) (note 33). The outstanding loan under the New Loan Facilities at the end of the reporting period was approximately HK$1,273.3 million (2011: total loan outstanding and bank guarantee facility under HK$1,600 Million Syndicated Loan Facilities were HK$560 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	**2012 HK$'000**	2011 HK$'000
Travel services income received and receivable from			
– an associate	(i)	**20**	443
– key management	(i)	**528**	1,774
Cost of sales related to travel services paid and payable to an associate	(i)	**31**	93
Management fee income received and receivable from an associate	(ii)	**5,354**	6,255
Interest expenses payable to a related company	31	**–**	790
Interest expenses paid to a director and controlling shareholder	35	**1,036**	5,343
Interest expenses payable to a controlling shareholder	36	**183**	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:

		The Group	
	Note	**At 31 December 2012 HK$'000**	At 31 December 2011 HK$'000
Amounts due from associates	20(c)	**802,621**	1,136,406
Amount due from a jointly controlled entity	21	**12,050**	12,050
Other receivable from a related party	(i)	**5,867**	5,867
Other payable to a director of a subsidiary of the Company	(ii)	**–**	2,310
Amount due to a related company	31	**–**	129
Loan from a director and controlling shareholder	35	**–**	30,332
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 provided a short-term loan to one of subsidiary of the Company for its general working capital. The loan was unsecured, interest-free and has been repaid during the year.

(c) Key management personnel compensation

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

		The Group	
	Note	**2012 HK$'000**	2011 HK$'000
Salaries and other short-term employee benefits		**5,129**	4,969
Retirement scheme contributions		**83**	72
Total emoluments are included in "staff costs"	9(b)	**5,212**	5,041

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 Yeung Loan Facility was further extended from 31 October 2013 to 31 October 2014 by a letter agreement dated 18 March 2013.

(e) Pursuant to the terms of the underwriting agreement entered into between Silver Rich and the Company regarding the Rights Issue, during the year, (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 amounted to approximately HK$4.5 million has been paid by the Company to Silver Rich; and (iii) the Subscription Monies have been set off by the loan from Silver Rich with the sum of HK$128,054,101.26.

The Rights Issue has been completed on 18 January 2012.

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 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.

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 upon completion of the Rights Issue, the Group's gearing ratio was reduced accordingly. As at 31 December 2012, the debt-to-capital ratio is approximately 2% (2011: approximately 89%).

44. NON-CASH TRANSACTIONS

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

On 12 January 2012, the Subscription Monies have been set off by the loan from Silver Rich with the sum of HK$128,054,101.26.

45. PLEDGE OF ASSETS

As at 31 December 2012, the Group has pledged the following assets:

(a) The Group pledged the time deposits of approximately HK$10.4 million (2011: approximately HK$7.9 million) to certain banks for the issuance of several bank guarantees and standby letter of credit facility of approximately HK$12.5 million (2011: approximately HK$9.9 million) for the operations of the Group;

(b) World Fortune pledged all (2011: 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; and

(c) The Group's self-occupied properties with carrying amount equivalent to approximately HK$20.7 million (2011: equivalent to approximately HK$20.6 million) were pledged to bank to secure bank loans to Jade Travel (Canada).

46. EVENTS AFTER THE REPORTING PERIOD

(i) With regard to the Yeung Loan Facility, a letter agreement was entered into between the Company and Mr. Yeung on 18 March 2013, the final repayment date of the loan under the Yeung Loan Facility was further extended from 31 October 2013 to 31 October 2014.

(ii) On 14 February 2013, Golden Sun had received a notice from Maruhan in respect of the exercise of the right conferred upon Maruhan to require Golden Sun to purchase or procure the purchase of the entire equity interest of Maruhan in World Fortune and the entire amount of the shareholder's loans provided by Maruhan to World Fortune (the "Interest") pursuant to the terms of the World Fortune Shareholders' Agreement. The purchase price of the Interest is calculated on the basis as stated in note 5(b)(iii).

(iii) On 13 December 2012, Jade Travel (Canada) entered into a sale and purchase agreement with an independent third party regarding the sale of a part of freehold land and building in Canada. The consideration of the sale of the said property was equivalent to approximately HK$1,695,000 and the transaction has been completed on 28 February 2013.

47. COMPARATIVES

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Five-year Financial Summary

RESULTS

	Year ended 31 December 2012 HK$'000	Year ended 31 December 2011 HK$'000	Year ended 31 December 2010 HK$'000	Year ended 31 December 2009 HK$'000	Fifteen months ended 31 December 2008 HK$'000
Turnover:					
Continuing operations	**1,634,978**	1,468,531	1,444,902	1,202,239	627,254
(Loss) before taxation	**(37,506)**	(92,558)	(79,494)	(172,896)	(238,219)
Income tax	**(471)**	1,069	(2,170)	(1,790)	(859)
(Loss) for the year/period	**(37,977)**	(91,489)	(81,664)	(174,686)	(239,078)
Attributable to:					
Owners of the Company	**(33,034)**	(77,666)	(80,782)	(173,797)	(238,304)
Non-controlling interests	**(4,943)**	(13,823)	(882)	(889)	(774)
(Loss) for the year/period	**(37,977)**	(91,489)	(81,664)	(174,686)	(239,078)
(Loss) per share					
– Basic	**(0.83) HK cents**	(3.18) HK cents	(3.31) HK cents	(7.13) HK cents	(9.87) HK cents
– Diluted	**(0.83) HK cents**	(3.18) HK cents	(3.31) HK cents	(7.13) HK cents	(9.87) HK cents

ASSETS AND LIABILITIES

	At 31 December 2012 HK$'000	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000	At 31 December 2008 HK$'000
Total assets	**1,343,771**	1,407,971	1,475,374	1,345,509	1,418,947
Total liabilities	**(577,776)**	(905,915)	(881,823)	(671,636)	(487,788)
Non-controlling interests	**(24,361)**	(31,899)	(45,661)	(46,214)	(46,321)
Total equity attributable to owners of the Company	**741,634**	470,157	547,890	627,659	884,838