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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Prospectus or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

Capitalised terms used in this cover shall have the same meanings as those defined in the Prospectus.

If you have sold or transferred all your Shares, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents together with the documents specified in the paragraph headed "12. Documents delivered and to be delivered to the Registrars of Companies" in Appendix III to the Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has been, or will as soon as reasonably practicable after the Prospectus Posting Date, be filed with the Registrar of Companies in Bermuda in compliance with the Companies Act. The SFC, the Registrar of Companies in Hong Kong, the Registrar of Companies in Bermuda and the Bermuda Monetary Authority take no responsibility as to the contents of any of the Prospectus Documents.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus.

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# SUCCESS

## SUCCESS UNIVERSE GROUP LIMITED

### 實德環球有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00487)**

### RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY THREE SHARES HELD ON THE RECORD DATE

**Underwriter**

**Silver Rich Macau Development Limited**

**Financial adviser to the Company**



**Optima Capital Limited**

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Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, inter alia, the fulfillment and/or waiver (where applicable) of the conditions set out under the sub-paragraph headed "Conditions of the Rights Issue" on pages 28 to 29 of the Prospectus. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed "Termination of the Underwriting Agreement" on pages 10 to 11 of the Prospectus. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors should exercise caution when dealings in the Shares. Any dealings in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and/or waived (as applicable) (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form from Friday, 23 December 2011 to Wednesday, 4 January 2012 (both dates inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares and/or the Rights Shares (in their nil-paid form) are advised to consult their own professional advisers.

The Latest Time for Acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Monday, 9 January 2012. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 17 to 19 of the Prospectus.

21 December 2011

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## EXPECTED TIMETABLE

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**2011**

First day of dealings in nil-paid Rights Shares . . . . .	Friday, 23 December
Latest time for splitting nil-paid Rights Shares . . . . .	By 4:30 p.m., Thursday, 29 December

**2012**

Last day of dealings in nil-paid Rights Shares . . . . .	Wednesday, 4 January
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares . . . . .	By 4:00 p.m., Monday, 9 January
Latest time for the Rights Issue to become unconditional . . . . .	By 4:30 p.m., Thursday, 12 January
Announcement of the results of the Rights Issue . . . . .	Tuesday, 17 January
Refund cheques for wholly or partially unsuccessful applications for excess Rights Shares to be posted on or before . . . . .	Wednesday, 18 January
Share certificates of fully-paid Rights Shares to be posted on or before . . . . .	Wednesday, 18 January
Commencement of dealings in fully-paid Rights Shares . . . . .	Friday, 20 January

*All times and dates in the Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the Prospectus are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.*

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

If there is:

- a tropical cyclone warning signal number 8 or above; or
  - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance is extended, the “Expected timetable” in the Prospectus may be affected. Announcement(s) will be made by the Company in such event.

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## DEFINITIONS

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*In the Prospectus, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement dated 25 October 2011 issued by the Company in relation to, among other things, the Rights Issue and the Whitewash Waiver
“Application Forms”	together, the PAL and the EAF
“Assigned Loans”	collectively, the Assigned SS Loan and the Assigned Yeung Loan in the aggregate amount of HK\$128,054,101.26 as at the date of the Underwriting Agreement
“Assigned SS Loan”	HK\$23,386,199.24, being the total sum owing by Smart Class to Star Spangle under the SS Loan as at the date of the Underwriting Agreement (comprising the principal amount of HK\$20,719,906.39 and the accrued interest of HK\$2,666,292.85), which has been novated and assigned under the SS Loan Assignment
“Assigned Yeung Loan”	HK\$104,667,902.02, being a portion of the principal amount owing by the Company to Mr. Yeung under the Yeung Loan as at the date of the Underwriting Agreement, which has been assigned by Mr. Yeung to the Underwriter under the Yeung Loan Assignment
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted or remains hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business

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## DEFINITIONS

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“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 22 November 2011 in relation to, among other things, the Rights Issue and the Whitewash Waiver (together with the notice of the SGM)
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Success Universe Group Limited (stock code: 00487), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Concert Group”	the Underwriter, the Yeung Family and the parties acting in concert with any of them (including Mr. Yeung and Dr. Ma Ho Man, Hoffman, who are executive Directors, and the discretionary trust holding the Underwriter and its trustee)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“Excluded Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by the legal adviser(s), considered it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Shares”	1,010,953,432 Shares held by the Underwriter as at the Latest Practicable Date

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## DEFINITIONS

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“Facility Letter”	the loan facility letter dated 1 December 2008 as amended by the letters dated 14 April 2009, 25 June 2009 and 23 June 2010 signed between the Company as borrower and Mr. Yeung as lender for the grant of a term loan facility of up to HK\$290 million by Mr. Yeung to the Company
“Favor Jumbo”	Favor Jumbo Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Golden Sun”	Golden Sun Profits Limited, a company incorporated in the British Virgin Islands with limited liability, which is held as to 95.45% by Favor Jumbo and as to 4.55% by SBI Macau
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than (i) the Concert Group; (ii) the respective associates of the Underwriter and the Yeung Family; and (iii) those who are involved or interested in the Underwriting Agreement and/or the Whitewash Waiver
“Irrevocable Undertaking”	the irrevocable undertaking given by the Underwriter in the Underwriting Agreement, details of which are set out in the sub-paragraph headed “Irrevocable Undertaking by the Underwriter” in the “Letter from the Board” in the Prospectus
“Last Trading Day”	19 October 2011, being the last trading day before the suspension of trading of the Shares on the Stock Exchange for the purpose of the release of the Announcement

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## DEFINITIONS

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“Latest Acceptance Date”	Monday, 9 January 2012 (or such other date as may be agreed in writing between the Company and the Underwriter), being the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares as described in the Prospectus
“Latest Practicable Date”	16 December 2011, being the latest practicable date prior to the printing of the Prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date or such other time as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:30 p.m. on the Settlement Date or such other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on 20 February 2012 or such later time and date as the Underwriter may agree with the Company in writing
“Macau”	the Macau Special Administrative Region of the PRC
“Maruhan”	Maruhan Corporation, a company incorporated in Japan, which is a substantial Shareholder
“Maruhan Put Option”	the put option granted by Golden Sun to Maruhan pursuant to the shareholders’ agreement dated 29 October 2007 entered into between, inter alia, Golden Sun and Maruhan, the details of which were disclosed in the Company’s announcement dated 5 October 2007 and circular dated 26 October 2007



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## DEFINITIONS

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“Mr. Yeung”	Mr. Yeung Hoi Sing, Sonny, the Chairman of the Company and an executive Director
“Nil-paid Rights Shares Trading Date”	the first day of dealings in nil-paid Rights Shares on the Stock Exchange as set out in the Prospectus Documents
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appeared on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register was(were) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Shares
“Pier 16 – Property Development”	Pier 16 – Property Development Limited, a company incorporated in Macau with limited liability, which is an associate of the Company held as to 49% by World Fortune
“Placing Agreement”	the placing agreement dated 18 November 2011 entered into between the Underwriter and an independent placing agent in relation to the placing by the placing agent, on a fully underwritten basis, of the Placing Shares at a price of HK\$0.19 per Placing Share for the purpose of maintaining sufficient public float requirement of the Company under the Listing Rules
“Placing Share(s)”	such number of Share(s) to be confirmed by the Underwriter (which shall not exceed a maximum of 26,452,296 Shares) to be placed under the Placing Agreement
“Ponte 16”	the integrated casino-entertainment resort located in Inner Harbour District of Macau, being operated by the subsidiaries of Pier 16 – Property Development
“PRC”	the People’s Republic of China, which for the purpose of the Prospectus excludes Hong Kong, Macau and Taiwan
“Prospectus”	this prospectus containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF

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## DEFINITIONS

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“Prospectus Posting Date”	21 December 2011, being the date of posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information only
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appeared on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Tuesday, 20 December 2011, being the date for determining the entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue by way of rights of the Rights Shares in the proportion of two Rights Shares for every three Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	new Share(s) to be issued and allotted under the Rights Issue
“SBI Macau”	SBI Macau Holdings Limited, a company incorporated in Macau with limited liability
“SBI Macau Put Option”	the put option granted by Favor Jumbo to SBI Macau pursuant to the shareholders’ agreement dated 8 August 2008 entered into between, inter alia, Favor Jumbo and SBI Macau, the details of which were disclosed in the Company’s announcement dated 11 July 2008 and circular dated 25 July 2008

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## DEFINITIONS

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“Setting Off”	the setting off of the repayment of the Assigned Loans against the payment by the Underwriter of the aggregate Subscription Price of the SR Shares pursuant to the Underwriting Agreement as more particularly described in the sub-paragraph headed “Information on the Assigned Loans and the Setting Off” in the “Letter from the Board” in the Prospectus
“Settlement Date”	the date being the third Business Day following the Latest Acceptance Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company held on 9 December 2011 at which the Rights Issue and the Whitewash Waiver were approved
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Smart Class”	Smart Class Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“SR Shares”	673,968,954 Rights Shares provisionally allotted to the Underwriter in respect of the Existing Shares held by it pursuant to the Rights Issue

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## DEFINITIONS

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“SS Loan”	the entire amount of the unsecured loan owing by Smart Class to Star Spangle at the interest rate of 4% per annum, which principal amount and all interest accrued thereon shall be repaid by Smart Class to Star Spangle upon Star Spangle serving not less than fourteen days’ prior written notice on Smart Class
“SS Loan Assignment”	the deed of novation and assignment dated 15 December 2011 executed by Smart Class, Star Spangle, the Underwriter and the Company in relation to the novation and assignment of the Assigned SS Loan pursuant to which (i) Smart Class has novated, and the Company has assumed, all and any obligations, duties and liabilities of Smart Class in all respects as borrower of the Assigned SS Loan; and (ii) Star Spangle has assigned and transferred, and the Underwriter has accepted the assignment and transfer of, the Assigned SS Loan
“Star Spangle”	Star Spangle Corporation, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Yeung
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.19 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Silver Rich Macau Development Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by a discretionary trust (the beneficiaries of which are the Yeung Family)
“Underwriting Agreement”	the underwriting agreement dated 19 October 2011 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Underwritten Shares”	952,007,200 Rights Shares, being all the Rights Shares less the SR Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

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## DEFINITIONS

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“Whitewash Waiver”	the waiver granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer for all the issued Shares not already owned and/or agreed to be acquired by the Concert Group which may otherwise arise as a result of the subscription of the SR Shares and the excess Rights Shares which may be allocated to the Underwriter under the excess application to be made by the Underwriter pursuant to the Irrevocable Undertaking or the Underwritten Shares to be taken up by the Underwriter pursuant to the underwriting obligation under the Underwriting Agreement
“World Fortune”	World Fortune Limited, a company incorporated in Hong Kong with limited liability, which is held as to 89.8% by Golden Sun and as to 10.2% by Maruhan
“Yeung Family”	the family members of Mr. Yeung
“Yeung Loan”	the entire amount of the loan having been drawn down and owing by the Company to Mr. Yeung under the Facility Letter, which is unsecured, bears interest at the prime rate for Hong Kong dollars loans as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time and is repayable by the Company to Mr. Yeung on or before 30 October 2012
“Yeung Loan Assignment”	the deed of assignment dated 15 December 2011 executed by Mr. Yeung as assignor, the Underwriter as assignee and the Company pursuant to which Mr. Yeung has assigned and transferred, and the Underwriter has accepted the assignment and transfer of, the Assigned Yeung Loan
“%” or “per cent.”	percentage or per centum

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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### Termination of the Underwriting Agreement

The Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination if there occurs, arises, exists, or comes into effect any of the following events or matters:

- (i) the Underwriter shall become aware of the fact that, or shall, in its reasonable opinion, believe that, any warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same represents or is likely to represent (in the reasonable opinion of the Underwriter) a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue;
- (ii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;  
or
- (iii)
  - (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency, epidemic or other nature (whether or not sui generis with any of the foregoing, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
  - (c) any change in the conditions of local, national or international securities or currency markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise);
  - (d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (e) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which shall or may materially and adversely affect the Group or a material proportion of the shareholders in their capacity as such; or
- (f) any withdrawal of the listing of the Shares or suspension in their trading on the Stock Exchange for more than fourteen consecutive trading days (save for the purposes of clearing the Announcement or any other announcements, circulars or prospectus(es) relating to the Underwriting Agreement and the ancillary agreements thereto) or indication being received from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to in connection with the terms of the Underwriting Agreement or for any other reason,

which event or events is or are in the reasonable opinion of the Underwriter: (1) likely to have a material adverse effect on the business or financial position of the Group as a whole; or (2) likely to have material adverse effect on the success of the Rights Issue; or (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as having been reasonably and properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall, subject to a maximum amount of HK\$200,000 and to the extent agreed by the Company, be borne by the Company. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

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## LETTER FROM THE BOARD

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# SUCCESS

## SUCCESS UNIVERSE GROUP LIMITED

### 實德環球有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00487)**

*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

Mr. Yim Kai Pung

Ms. Yeung Mo Sheung, Ann

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place  
of business in Hong Kong:*

Suite 1601-2 & 8-10, 16/F.

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

21 December 2011

*To the Qualifying Shareholders and, for information only, the Excluded Shareholders*

Dear Sir or Madam,

### **RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY THREE SHARES HELD ON THE RECORD DATE**

#### **1. INTRODUCTION**

On 25 October 2011, the Board announced that the Company proposed to raise approximately HK\$308.9 million, before expenses, by issuing 1,625,976,154 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$0.19 per Rights Share on the basis of two Rights Shares for every three Shares held on the Record Date.



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## LETTER FROM THE BOARD

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The Rights Issue is fully underwritten by the Underwriter, a controlling Shareholder. As at the Latest Practicable Date, the Underwriter was beneficially interested in 1,010,953,432 Shares, representing approximately 41.45% of the existing issued share capital of the Company. Save for the 1,010,953,432 Shares held by the Underwriter, none of the members of the Concert Group had any shareholding interest in the Company as at the Latest Practicable Date.

As a result of the subscription of the SR Shares and the Underwritten Shares pursuant to the terms of the Underwriting Agreement, the shareholding of the Concert Group in the Company may increase from approximately 41.45% of the existing issued share capital of the Company to a maximum of approximately 64.87% (assuming that there being no change to the issued share capital of the Company from the Record Date up to the date of completion of the Rights Issue) of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue. In such circumstances, the Rights Issue is conditional on, among other things, the Whitewash Waiver being granted by the Executive and the passing of the ordinary resolutions approving the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM. On 8 December 2011, the Executive granted the Whitewash Waiver which was subject to (i) the issue of the Rights Shares being approved by the Independent Shareholders at the SGM by way of poll; and (ii) unless the Executive gives prior consent, no acquisition or disposal of voting rights of the Company being made by the Underwriter and its concert parties between the Announcement and the completion of the Rights Issue. At the SGM held on 9 December 2011, the ordinary resolutions approving the Rights Issue and the Whitewash Waiver were duly passed by the Independent Shareholders by way of poll.

The purpose of the Prospectus is to provide you with details regarding the Rights Issue, including information on dealings, transfer and acceptance of the Rights Shares, and certain financial and other information in respect of the Group.

### THE RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	Two Rights Shares for every three Shares held on the Record Date
Number of Shares in issue	:	2,438,964,233 Shares as at the Latest Practicable Date
Number of Rights Shares	:	1,625,976,154 Rights Shares which have aggregate nominal value of HK\$16,259,761.54
Subscription Price	:	HK\$0.19 per Rights Share
Enlarged issued share capital upon completion of the Rights Issue assuming no issue of new Shares from the Record Date up to the date of completion of the Rights Issue other than the Rights Shares	:	4,064,940,387 Shares

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities convertible into or giving rights to the holders thereof to subscribe for the Shares.

The number of Rights Shares was arrived based on two Rights Shares for every three Shares held on the Record Date taking into account the 2,438,964,233 Shares in issue as at the Record Date. The Rights Shares represent approximately 66.7% of the Company's existing issued share capital and approximately 40.0% of the Company's issued share capital as enlarged by the issue of the Rights Shares (assuming no issue of new Shares from the Record Date up to the date of completion of the Rights Issue other than the Rights Shares).

### **Qualifying Shareholders**

The Company has sent the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company has sent copies of the Prospectus to them for their information only, but has not sent and will not send the Application Forms to them.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder. The register of members of the Company has been closed from Thursday, 15 December 2011 to Tuesday, 20 December 2011 (both dates inclusive) for ascertaining entitlements of the Shareholders under the Rights Issue. No transfer of Shares was registered during the book closure period.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

### **Rights of Overseas Shareholders**

The Prospectus Documents have not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

According to the register of members of the Company as at the Record Date, there were 596 Overseas Shareholders (holding in aggregate 469,155 Shares, representing less than 0.02% of the existing issued share capital of the Company) with registered addresses located in Australia (with 540 Shareholders holding a total of 231,355 Shares), Singapore (with 22 Shareholders holding a total of 226,277 Shares), New Zealand (with 19 Shareholders holding a total of 5,486 Shares), the United Kingdom (with 9 Shareholders holding a total of 4,992 Shares), Malaysia (with 4 Shareholders holding a total of 665 Shares), Canada (with 1 Shareholder holding 250 Shares) and Spain (with 1 Shareholder holding 130 Shares).

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## LETTER FROM THE BOARD

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In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has sought advices from its overseas legal advisers on the laws of these countries in relation to the offer and the issue of the Rights Shares to such Overseas Shareholders under the Rights Issue. Based on the advices given by the legal advisers of Australia, New Zealand, Canada and the United Kingdom, the Directors considered that it would be necessary or expedient not to offer the Rights Shares to the Overseas Shareholders in Australia, New Zealand, Canada and the United Kingdom on account of either the legal restrictions under the laws of such countries or the requirements of the relevant regulatory bodies or stock exchanges in such countries. Accordingly, such Overseas Shareholders are Excluded Shareholders and the Rights Issue will not be offered to them. The Company has sent copies of the Prospectus, but not the Application Forms, to them. Based on the advices received from the legal advisers of Singapore, Spain and Malaysia, it would be lawful for the Company to offer the Rights Shares to the Overseas Shareholders whose addresses as registered in the register of members of the Company on the Record Date were located in any of such places, even though the Prospectus Documents will not be registered in such jurisdictions. Accordingly, the Rights Issue will be extended to such Overseas Shareholders.

The Company advises that it is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong wishing to take up the Rights Shares to satisfy itself/himself/herself/themselves before acquiring any rights to subscribe for the provisionally allotted Rights Shares as to the full observances of the laws and regulations of all relevant territories or jurisdictions, including the obtaining of any governmental or other consents and observing any other formalities which may be required in such territory or jurisdiction and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that those local laws and requirements of the relevant territory or jurisdiction have been fully complied with. If you are in any doubt as to your position, you should consult your professional advisers.

Arrangements will be made for as many as possible the Rights Shares, in nil-paid form, which would otherwise be provisionally allotted to the Excluded Shareholders, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commences if a premium (net of expenses) can be obtained. The Company will then distribute such proceeds in Hong Kong dollars to the Excluded Shareholders pro rata (but rounded down to the nearest cent) to their shareholdings on the Record Date, except that individual amount of less than HK\$100 will not be so distributed but shall be retained for the benefit of the Company. Any such nil-paid Rights Shares remaining unsold at the time the dealings in nil-paid Rights Shares ends shall be made available for excess application by the Qualifying Shareholders under the EAFs.

**Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.**

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## LETTER FROM THE BOARD

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### The Subscription Price

The Subscription Price of HK\$0.19 per Rights Share represents:

- (i) a discount of approximately 24.00% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 28.30% to the average of the closing prices of approximately HK\$0.265 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 26.36% to the average of the closing prices of approximately HK\$0.258 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a premium of approximately 1.06% over the closing price of HK\$0.188 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a discount of approximately 15.93% to the theoretical ex-rights price of approximately HK\$0.226 per Share calculated based on the closing price of HK\$0.250 per Share on the Last Trading Day;
- (vi) a discount of approximately 9.09% to the unaudited consolidated net assets value attributable to Shareholders of approximately HK\$0.209 per Share as at 30 June 2011; and
- (vii) equivalent to the unaudited consolidated net tangible assets of the Group of approximately HK\$0.19 per Share as at 30 June 2011.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market prices of the Shares prevailing during the negotiations. The Company has noted that in order to increase the attractiveness of a rights issue exercise to its shareholders, it is a common market practice for a listed issuer to set the subscription price of a rights issue at a discount to the market prices of its underlying shares. As set out above, the Subscription Price represents a slight discount of approximately 9.09% to the unaudited consolidated net assets value attributable to the Shareholders of approximately HK\$0.209 per Share as at 30 June 2011. However, given that the Subscription Price is set at a reasonable discount to the market price in order to attract Shareholders, and is equivalent to the unaudited consolidated net tangible assets of the Group of approximately HK\$0.19 per Share as at 30 June 2011, the Board considers the Subscription Price to be fair and reasonable.

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## LETTER FROM THE BOARD

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### **Basis of provisional allotment**

The basis of the provisional allotment shall be two Rights Shares (in nil-paid form) for every three Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.19 per Rights Share. Subject to the terms of the Underwriting Agreement, acceptance by a Qualifying Shareholder of all or any part of his provisional allotment of the Rights Shares should be made by completing the relevant PAL and lodging the same with a remittance of the aggregate Subscription Price in respect thereof with the Registrar by no later than the Latest Time for Acceptance.

### **Fractional entitlements**

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All provisional allotments of Rights Shares will be rounded down to the nearest whole number of the Rights Shares. Fractional entitlements to Rights Shares, if any, of the Qualifying Shareholders will be aggregated and, if a premium (net of expenses) can be obtained, sold in the market. The Company will retain the proceeds from such sales for its own benefit. Any unsold fractions of the Rights Shares shall be aggregated and made available for excess application.

### **Status of the Rights Shares**

The Rights Shares, when allotted and fully paid, will rank *pari passu* with the then existing Shares in issue on the date of allotment of the Rights Shares in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid by the Company on or after the date of allotment of the Rights Shares in their fully-paid forms.

### **Procedure for acceptance and payment or transfer**

**For each Qualifying Shareholder, a PAL is enclosed with the Prospectus which entitles the Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the enclosed PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance of the number of Rights Shares provisionally allotted to them, with the Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Monday, 9 January 2012. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "SUCCESS UNIVERSE GROUP LIMITED – PROVISIONAL ALLOTMENT ACCOUNT" and must be crossed "Account Payee Only".**

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## LETTER FROM THE BOARD

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It should be noted that unless the PAL duly completed, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Monday, 9 January 2012, whether by the original allottee or any person to whom the nil-paid Rights Shares have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may (at its sole discretion) treat a PAL as valid and binding on the person(s) by whom or whose behalf it is lodged even if not completed in accordance with the relevant instructions printed thereon.

**If the Qualifying Shareholders wish to accept only part of their provisional allotment and/or to transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PALs or to transfer their rights to more than one person, the original PALs must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Thursday, 29 December 2011 to the Registrar which will cancel the original PALs and issue new PALs in the denominations required. The new PALs will be available for collection at the office of the Registrar during normal business hours after 9:00 a.m. on the second Business Day after the surrender of the original PALs. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.**

The PAL contains the full information regarding the procedure to be followed if the Qualifying Shareholders wish to accept only part of their provisional allotment or if they wish to renounce all or part of their provisional allotment.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement or return of the PAL together with a cheque or cashier's order in payment for the Rights Shares accepted will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. If any cheque or cashier's order is dishonoured on first presentation, the PAL is liable to be rejected, and in that event the relevant provisional allotment and all rights given pursuant to it will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any PAL received.

Pursuant to the Underwriting Agreement, the Underwriter has undertaken to accept and take up all the SR Shares (being a total of 673,968,954 Rights Shares provisionally allotted to it under the Rights Issue) at a total Subscription Price of HK\$128,054,101.26, which amount, as agreed between the Underwriter and the Company, will be settled by the Setting Off.

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## LETTER FROM THE BOARD

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Save as described under the sub-paragraph headed “Rights of Overseas Shareholders” above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus, the PAL or the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in a territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong wishing to take up the Rights Shares to satisfy itself/himself/herself/themselves before acquiring any rights to subscribe for the provisionally allotted Rights Shares or excess Rights Shares, as to the full observance of the laws and regulations of all relevant territories or jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such territory or jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any territory or jurisdiction. No application for the Rights Shares will be accepted from any person who is an Excluded Shareholder.

If the Underwriter exercises its rights to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions of the Rights Issue are not fulfilled and/or waived (as applicable), the Rights Issue will not proceed and the application monies, without interest, will be returned to the applicants by means of cheques crossed “**Account Payee Only**” to be despatched by ordinary post to their registered addresses and, in the case of joint applicants, to the registered address of the applicant whose name first appears on the register of members of the Company or the Application Forms at the risk of such applicants as soon as practicable thereafter.

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

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## LETTER FROM THE BOARD

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Application for excess Rights Shares may be made by completing and signing the enclosed EAF for application for excess Rights Shares in accordance with the instructions printed thereon and lodging the same with a separate remittance of the aggregate Subscription Price for the excess Rights Shares being applied for with the Registrar by no later than 4:00 p.m. on Monday, 9 January 2012. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "SUCCESS UNIVERSE GROUP LIMITED – EXCESS APPLICATION ACCOUNT" and must be crossed "Account Payee Only". The Board (excluding Mr. Yeung and Dr. Ma Ho Man, Hoffman, a nephew of Mr. Yeung, both are members of the Concert Group) will allocate the excess Rights Shares at its discretion on a fair and equitable basis, and on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Board that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (ii) subject to the availability of excess Rights Shares after allocation under principle (i) above, the remaining excess Rights Shares will be allocated to the Qualifying Shareholders applying therefor based on a sliding scale with reference to the number of excess Rights Shares applied by them (such that Qualifying Shareholders applying for less Rights Shares will be allocated with a higher percentage of successful application but will receive a smaller number of Rights Shares, whereas Qualifying Shareholders applying for more Rights Shares will be allocated with a smaller percentage of successful application but will receive a greater number of the Rights Shares). Board lot allocations will be considered and made on best effort basis.

Pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken, among other things, to lodge the EAF for all the Underwritten Shares together with remittance for the full amount of subscription monies in respect thereof with the Registrar by no later than the Latest Acceptance Date. No preference treatment will be given to the Concert Group in the allocation of the excess Rights Shares.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners of the Shares individually. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.



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## LETTER FROM THE BOARD

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If no excess Rights Shares are allotted to the Qualifying Shareholders, cheque(s) for the amount tendered on application (without interest) is expected to be returned to such Qualifying Shareholders in full by ordinary post at their own risk to their registered addresses on or before Wednesday, 18 January 2012. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, cheque(s) for the surplus application monies (without interest) is also expected to be returned to them by ordinary post at their own risk to their registered addresses on or before Wednesday, 18 January 2012. All cheques or cashier's orders will be presented for payment immediately following receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement or return of the EAF, together with a cheque or cashier's order in payment for the excess Rights Shares applied for, will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques for the amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises its rights to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions of the Rights Issue are not fulfilled and/or waived (as applicable), the Rights Issue will not proceed and the monies received in respect of application for excess Rights Shares without interest will be returned to the applicants by means of cheques crossed "**Account Payee Only**" to be despatched by ordinary post to their respective registered addresses and, in the case of joint applicants, to the registered address of the applicant whose name first appears on the register of members of the Company at the risk of such applicants as soon as practicable thereafter.

### **Share certificates and refund cheques of Rights Issue**

Subject to the fulfillment and/or waiver (as applicable) of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 18 January 2012. Applicant(s) will receive one share certificate for all fully-paid Rights Shares and/or excess Rights Shares (if any) validly applied for and issued to them. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants on or before Wednesday, 18 January 2012 by ordinary post at their own risk.

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## LETTER FROM THE BOARD

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### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the nil-paid Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms.

### **Application for listing**

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Provisional allotments of the Rights Shares made to the Qualifying Shareholders will be transferable and dealings in the nil-paid Rights Shares on the Stock Exchange will commence from Friday, 23 December 2011 to Wednesday, 4 January 2012 (both dates inclusive). It is expected that dealings in the Rights Shares (in their fully-paid form) on the Stock Exchange will commence on Friday, 20 January 2012. However, it should be noted that if the Underwriter exercises its right to terminate its obligations under the Underwriting Agreement, the Rights Issue will not proceed.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 4,000), which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

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## LETTER FROM THE BOARD

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### UNDERWRITING ARRANGEMENT

#### The Underwriting Agreement

Date	:	19 October 2011 (after trading hours)
Parties	:	(i) the Company; and (ii) the Underwriter.
Underwriter	:	Silver Rich Macau Development Limited

The Underwriter is wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family. As at the Latest Practicable Date, the Underwriter was interested in 1,010,953,432 Shares, representing approximately 41.45% of the existing issued share capital of the Company. Mr. Yeung is the Chairman of the Company and an executive Director. The Underwriter does not underwrite issues of securities in its ordinary course of business.

The Underwriter will be entitled to subscribe for 673,968,954 Rights Shares (being the SR Shares) under the Rights Issue.

Number of the Rights Shares underwritten by the Underwriter	:	952,007,200 Rights Shares, being all the Rights Shares but excluding the SR Shares undertaken to be subscribed for by the Underwriter pursuant to the Irrevocable Undertaking.
Commission	:	2.5% of the aggregate Subscription Price in respect of the Underwritten Shares, which will amount to approximately HK\$4.5 million.

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## LETTER FROM THE BOARD

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The underwriting commission rate of 2.5% was determined after arm's length negotiation between the Company and the Underwriter and having taken into account of (i) the underwriting commission rate in respect of the rights issues/open offers conducted by other companies listed on the Stock Exchange during the three months preceding the date of the Announcement, ranged from nil to 3.0%; and (ii) the recent market conditions and volatility of the stock market in Hong Kong. The Board (excluding Mr. Yeung and Dr. Ma Ho Man, Hoffman, a nephew of Mr. Yeung, both are members of the Concert Group) considered the underwriting commission rate of 2.5% of the aggregate Subscription Price in respect of the Underwritten Shares was in line with market practice and was fair and reasonable.

### **Irrevocable Undertaking by the Underwriter**

Pursuant to the Irrevocable Undertaking given by the Underwriter in the Underwriting Agreement, the Underwriter has irrevocably agreed and undertaken to the Company that, among other things, (i) it shall accept and take up all the SR Shares, the aggregate Subscription Price of which shall be paid by way of setting off against the Assigned Loans, which is more particularly described in the following sub-paragraph headed "Information on the Assigned Loans and the Setting Off" below; (ii) it shall not dispose of or transfer, or create any option, charge or other encumbrances in respect of any Existing Shares or any interests therein (so far as applicable) from the date of the Underwriting Agreement and up to and including the Business Day after the Latest Acceptance Date; (iii) it shall procure that excess application in respect of all the Underwritten Shares, with cheques for the full amount payable thereof, shall be lodged with the Registrar by no later than the Latest Acceptance Date; and (iv) the Concert Group will not acquire (except by taking up the SR Shares and the Underwritten Shares pursuant to the terms of the Underwriting Agreement) or dispose of (except for the entering into of legally binding agreement(s) before the bulk-printing of the Circular for the placing down or otherwise disposal of the Shares by the Underwriter after completion of the Rights Issue for the purpose of maintaining sufficient public float requirement of the Company under the Listing Rules) any voting rights of the Company from the date of the Underwriting Agreement and up to completion of the Rights Issue or the termination of the Underwriting Agreement, whichever is earlier.

Accordingly, the Underwriter will be obliged to subscribe for 673,968,954 SR Shares and a maximum of 952,007,200 Underwritten Shares pursuant to its obligations under the Underwriting Agreement.

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## LETTER FROM THE BOARD

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### **Information on the Assigned Loans and the Setting Off**

As at the date of the Underwriting Agreement, the Company was indebted to Mr. Yeung for a principal amount of HK\$135.0 million and Smart Class was indebted to Star Spangle for a total sum of HK\$23,386,199.24. Smart Class is a wholly-owned subsidiary of the Company and Star Spangle is a company beneficially wholly-owned by Mr. Yeung. The Company entered into the Facility Letter with Mr. Yeung in December 2008, and as further amended, for the grant of a term loan facility of up to HK\$290 million. The loan provided by Mr. Yeung under the Facility Letter is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited, repayable on or before 30 October 2012. The indebtedness owing by Smart Class to Star Spangle is unsecured and charged at the interest rate of 4% per annum, with the principal amount and all interest accrued thereon repayable on demand upon Star Spangle serving not less than fourteen days' prior written notice on Smart Class. Pursuant to the terms of the Underwriting Agreement, the Underwriter and the Company have executed, and procured the execution of, the SS Loan Assignment and the Yeung Loan Assignment for the assignment of the Assigned SS Loan (in the amount of HK\$23,386,199.24) from Star Spangle to the Underwriter and the Assigned Yeung Loan (in the amount of HK\$104,667,902.02) from Mr. Yeung to the Underwriter prior to the Prospectus Posting Date. As a result of the execution of the SS Loan Assignment and the Yeung Loan Assignment on 15 December 2011, as at the Latest Practicable Date, the Company became indebted to the Underwriter in the amount of HK\$128,054,101.26, being the aggregate amount of the Assigned SS Loan and the Assigned Yeung Loan. The Assigned SS Loan in the amount of HK\$23,386,199.24 represents the total sum owing by Smart Class to Star Spangle under the SS Loan as at the date of the Underwriting Agreement. The Assigned Yeung Loan in the amount of HK\$104,667,902.02 represents a portion of the principal amount owing by the Company to Mr. Yeung under the Yeung Loan as at the date of the Underwriting Agreement. As at the Latest Practicable Date, as a result of execution of the Yeung Loan Assignment, the outstanding principal amount of the Yeung Loan owing by the Company to Mr. Yeung was HK\$30,332,097.98.

As mentioned above, pursuant to the Underwriting Agreement, the Underwriter has undertaken to subscribe for all the SR Shares which would be provisionally allotted to it under the Rights Issue, amounting to a total of 673,968,954 Rights Shares at a total Subscription Price of HK\$128,054,101.26. Pursuant to the terms of the Underwriting Agreement, the Underwriter and the Company have agreed that the entire amount of the Assigned Loans shall be used to set off against the aggregate Subscription Price of the SR Shares payable by the Underwriter.

However, for the Underwritten Shares undertaken to be subscribed for by the Underwriter pursuant to its obligations under the Underwriting Agreement, in the event that the Underwriter is called upon to subscribe for any of the Underwritten Shares, the Underwriter is obliged to pay the aggregate Subscription Price in respect thereof in cash (less the underwriting commission payable under the Underwriting Agreement) by way of telegraphic transfer or bankers' draft or cashier's order.

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## LETTER FROM THE BOARD

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### Termination of the Underwriting Agreement

The Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination if there occurs, arises, exists, or comes into effect any of the following events or matters:

- (i) the Underwriter shall become aware of the fact that, or shall, in its reasonable opinion, believe that, any warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same represents or is likely to represent (in the reasonable opinion of the Underwriter) a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue;
- (ii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;  
or
- (iii)
  - (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency, epidemic or other nature (whether or not sui generis with any of the foregoing, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
  - (c) any change in the conditions of local, national or international securities or currency markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise);
  - (d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

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## LETTER FROM THE BOARD

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- (e) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which shall or may materially and adversely affect the Group or a material proportion of the shareholders in their capacity as such; or
- (f) any withdrawal of the listing of the Shares or suspension in their trading on the Stock Exchange for more than fourteen consecutive trading days (save for the purposes of clearing the Announcement or any other announcements, circulars or prospectus(es) relating to the Underwriting Agreement and the ancillary agreements thereto) or indication being received from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to in connection with the terms of the Underwriting Agreement or for any other reason,

which event or events is or are in the reasonable opinion of the Underwriter: (1) likely to have a material adverse effect on the business or financial position of the Group as a whole; or (2) likely to have material adverse effect on the success of the Rights Issue; or (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as having been reasonably and properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall, subject to a maximum amount of HK\$200,000 and to the extent agreed by the Company, be borne by the Company. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

The Rights Issue is conditional upon the obligation of the Underwriter under the Underwriting Agreement becoming unconditional. The obligations of the Underwriter under the Underwriting Agreement are conditional upon the following:

- (i) the passing of the requisite resolutions by the Independent Shareholders at the SGM (a) approving, confirming and ratifying (as appropriate), among other things, the Rights Issue and the transactions contemplated thereunder and authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms); and (b) approving the Whitewash Waiver, each in accordance with the bye-laws of the Company, the Listing Rules and the Takeovers Code (if applicable) on or before the Record Date;
- (ii) the Executive granting to the Underwriter the Whitewash Waiver and the satisfaction of all conditions (if any) attached thereto and such other necessary waiver or consent of the Executive for the transactions contemplated under the Rights Issue;
- (iii) the delivery to the Stock Exchange and the filing with and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Prospectus Posting Date of one copy of each of the Prospectus Documents duly certified in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (iv) the delivery and filing of the Prospectus Documents (all having been received or accepted by the Stock Exchange and duly signed by or on behalf of all Directors) with the Registrar of Companies in Bermuda in compliance with the Companies Act prior to, or as soon as reasonably practicable after, the Prospectus Posting Date;
- (v) the posting on the Prospectus Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders and of the Prospectus marked “For information only” to the Excluded Shareholders;



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## LETTER FROM THE BOARD

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- (vi) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, all the Rights Shares in both their nil-paid and fully-paid forms before 9:00 a.m. on the Nil-paid Rights Shares Trading Date, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) and the Listing Committee not having withdrawn or revoked such listing and permission before 9:00 a.m. on the Nil-paid Rights Shares Trading Date;
- (vii) the due execution of the SS Loan Assignment and the Yeung Loan Assignment by the respective parties thereto prior to the Prospectus Posting Date;
- (viii) obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof;
- (ix) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Underwriting Agreement and the representations and warranties given by the Underwriter under the Underwriting Agreement remaining true and correct in all material respects and not misleading;
- (x) the compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true and correct in all material respects and not misleading; and
- (xi) if necessary, the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares on or before the Prospectus Posting Date.

The condition set out in (x) above can be waived by the Underwriter at any time before the Long Stop Date by notice in writing to the Company. Save as aforesaid, all other conditions set out above cannot be waived by any party to the Underwriting Agreement. In the event that all the conditions above have not been satisfied or waived (as appropriate and applicable) on or before the times and dates specified in the Underwriting Agreement (or, if no time or date is specified, the Long Stop Date), all obligations of the Company and the Underwriter shall cease and determine and neither the Company nor the Underwriter shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as having been reasonably and properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall, subject to a maximum amount of HK\$200,000 and to the extent agreed by the Company, be borne by the Company. If the Underwriting Agreement terminates in accordance with its terms, the Rights Issue will not proceed. As at the Latest Practicable Date, conditions (i), (vii) and (xi) have been fulfilled.

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## LETTER FROM THE BOARD

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### WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis from Tuesday, 13 December 2011. Dealings in the Rights Shares in their nil-paid form are expected to take place from Friday, 23 December 2011 to Wednesday, 4 January 2012 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter rights to terminate its obligations under the Underwriting Agreement if certain events happen at any time before the Latest Time for Termination. Please refer to the section headed “Termination of the Underwriting Agreement” in the Prospectus for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Any dealings in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled and/or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form from Friday, 23 December 2011 to Wednesday, 4 January 2012 (both dates inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and other persons contemplating dealings in Shares and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution when dealings in the Shares or the Rights Shares (in their nil-paid form). Any buying or selling of the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and/or waived (as applicable), and any buying or selling of nil-paid Rights Shares, is at each investor’s own risk that the Rights Issue may not become unconditional and may not proceed.

### INFORMATION ON THE COMPANY

#### Principal businesses

As at the Latest Practicable Date, the principal businesses and investments of the Group included the leasing and management of a cruise, travel and entertainment-related business, and the investment project of Ponte 16 which is an integrated casino-entertainment resort and tourist attraction in Macau. In addition, as announced by the Company on 25 August 2011, the Group invested in a joint venture company (the “JV Company”, in which the Company owns an indirect 70% interest), a subsidiary of which is the holder of a value-added telecom operation license and has been authorised to provide sports lottery sales agency services in Jiangxi Province, the PRC via telephone through the provision of technology services platform and related technical support.

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## LETTER FROM THE BOARD

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It is the intention of the Underwriter to continue the existing businesses of the Group and the employment of the employees of the Group after completion of the Rights Issue. The Underwriter has no intention to introduce major changes to the businesses of the Group including redeployment of the fixed assets of the Group upon completion of the Rights Issue.

### Financial information

The detailed financial information of the Group for the two financial years ended 31 December 2009 and 2010 and for the six months ended 30 June 2011 is set out in Appendix I to the Prospectus.

### Results

Set out below is a summary of the audited financial results of the Group for the two financial years ended 31 December 2009 and 2010, and the unaudited financial results of the Group for the six months ended 30 June 2011:

	<b>For the six months ended 30 June 2011 (unaudited) HK\$'000</b>	<b>For the year ended 31 December 2010 (audited) HK\$'000</b>	<b>For the year ended 31 December 2009 (audited) HK\$'000</b>
Turnover			
Cruise leasing and management	34,800	69,600	72,600
Travel	728,250	1,375,302	1,129,639
	<u>763,050</u>	<u>1,444,902</u>	<u>1,202,239</u>
Total turnover			
	763,050	1,444,902	1,202,239
Gross profit	35,373	92,128	87,650
Share of results (loss) of associates	(9,481)	(44,435)	(115,657)
(Loss) before taxation	(41,368)	(79,494)	(172,896)
(Loss) for the year/period	(39,793)	(81,664)	(174,686)
(Loss) attributable to owners of the Company	(37,612)	(80,782)	(173,797)

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## LETTER FROM THE BOARD

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The gross profit margins of the Group's businesses recorded single digit representing approximately 7.3%, 6.4% and 4.6% during the two financial years ended 31 December 2009 and 2010 and for the six months ended 30 June 2011 respectively.

After (i) deducting the administrative expenses (which mainly comprised salaries and other benefits, depreciation charges and other operating expenses in relation to the Group's cruise business) of approximately HK\$136.0 million, HK\$138.6 million and HK\$68.1 million; (ii) sharing the results from the associates relating to Ponte 16; and (iii) deducting the finance costs of approximately HK\$9.3 million, HK\$20.9 million and HK\$11.5 million, the Group recorded net losses attributable to owners of the Company of approximately HK\$173.8 million, HK\$80.8 million and HK\$37.6 million for the two financial years ended 31 December 2009 and 2010 and for the six months ended 30 June 2011 respectively.

In respect of the Group's investment in Ponte 16, due to high depreciation and amortisation charges during the initial stage of its operations, the Group's share of losses of associates relating to Ponte 16 were approximately HK\$115.7 million and HK\$44.4 million for the two financial years ended 31 December 2009 and 2010 respectively. Attributable to various marketing initiatives by Ponte 16 and its strategic location in the historic Inner Harbour District of Macau, such share of losses of associates relating to Ponte 16 has narrowed to approximately HK\$9.5 million for the six months ended 30 June 2011.

In addition, the Group has recognised impairment losses in respect of interest in jointly controlled entity and on certain assets of approximately HK\$18.3 million for the financial year ended 31 December 2009.

### ***Assets and liabilities***

Set out below is a summary on the unaudited consolidated statement of financial position of the Company as at 30 June 2011:

	<b>As at 30 June 2011</b> <b>(unaudited)</b> <i>HK\$'000</i>
Non-current assets	1,292,971
Current assets	<u>137,687</u>
Total assets	<u>1,430,658</u>
Non-current liabilities	826,313
Current liabilities	<u>49,781</u>
Total liabilities	<u>876,094</u>
Total equity attributable to owners of the Company	<u>510,892</u>

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## LETTER FROM THE BOARD

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As at 30 June 2011, the total equity attributable to owners of the Company (on an unaudited basis) was approximately HK\$510.9 million and the Group's net current assets (on an unaudited basis) amounted to approximately HK\$87.9 million. The gearing ratio of the Group as at 30 June 2011 was approximately 76% (being the Group's interest-bearing borrowings over the total equity attributable to owners of the Company).

The unaudited current assets of the Group as at 30 June 2011 mainly comprised cash and cash equivalent of approximately HK\$79.1 million and trade and other receivables of approximately HK\$45.8 million. Of the unaudited non-current assets of the Group as at 30 June 2011, approximately HK\$1,155.8 million was attributable to the Group's interest in its associates (being the investments in Ponte 16).

As at 30 June 2011, the unaudited total liabilities of the Group amounted to approximately HK\$876.1 million, of which approximately HK\$49.8 million was current liabilities and approximately HK\$826.3 million was non-current liabilities. Such non-current liabilities mainly comprised loans payables of approximately HK\$456.3 million, long-term payables of approximately HK\$209.7 million, loan from a Director and controlling Shareholder (being the Yeung Loan) of approximately HK\$105.0 million and amount due to a related company (being the SS Loan) of approximately HK\$24.3 million.

During the past few years, in order to improve the Group's liquidity and cash flows and to sustain the Group as a going concern, Mr. Yeung has been providing a loan facility to the Company under the Facility Letter. As at 30 June 2011, the Company had utilised the loan facility under the Facility Letter in the amount of HK\$105.0 million. As at the Latest Practicable Date, the amount of the Yeung Loan increased to HK\$135.0 million. As mentioned above, the Yeung Loan provided to the Company under the Facility Letter is unsecured, charged interest at the prime rate for Hong Kong dollars loans as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time and is repayable by the Company to Mr. Yeung on or before 30 October 2012. Besides, Mr. Yeung has continued to support the Group by maintaining the SS Loan for the financing of the travel business of the Group and the amount owing by the Group under the SS Loan was approximately HK\$24.3 million as at 30 June 2011. Such amount is unsecured and charged at the interest rate of 4% per annum, the principal amount of which and all interest accrued thereon shall be repaid by Smart Class upon the serving of not less than fourteen days' prior written notice by Star Spangle.

Included in the unaudited balance of loans payables (in the total amount of approximately HK\$456.3 million) as at 30 June 2011 was an amount of approximately HK\$246.0 million owed to a third party financial institution pursuant to a revolving credit facility provided for the purpose of financing the cashflow requirements of Pier 16 – Property Development and its subsidiaries. Such loan carries a floating interest and is repayable on or before 22 October 2012.

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## LETTER FROM THE BOARD

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Of the unaudited loans payables of approximately HK\$456.3 million as at 30 June 2011, apart from the third party interest-bearing loans as discussed above, approximately HK\$152.7 million was the loans due to Maruhan, approximately HK\$39.5 million was the loans due to SBI Macau and approximately HK\$18.1 million was the loans from shareholders of non-controlling interests of certain subsidiaries of the Company. With regard to the unaudited long-term payables of approximately HK\$209.7 million as at 30 June 2011, approximately HK\$142.0 million was related to the Maruhan Put Option and approximately HK\$67.7 million was related to the SBI Macau Put Option. The Maruhan Put Option can be exercised during the period commencing from 29 October 2012 and ending on the day falling six months thereafter and pursuant to the Maruhan Put Option, Maruhan has 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 the shareholder's loans provided by Maruhan to World Fortune as at the completion of such purchase. The SBI Macau Put Option shall only be exercised during the period commencing from 8 August 2013 and ending on the day falling two months thereafter. For further information on the Maruhan Put Option and the SBI Macau Put Option, please refer to the paragraphs headed "3. Audited consolidated financial statements of the Group for the year ended 31 December 2010" in Appendix I to the Prospectus and the subparagraphs (xix) and (xx) under the paragraph headed "9. Other disclosures" in Appendix III to the Circular.

As set out above, given that (i) the Yeung Loan is repayable by the Company to Mr. Yeung on or before 30 October 2012; (ii) the third party interest-bearing loans of a principal amount of HK\$246.0 million will be repayable by the Company on 22 October 2012; and (iii) the loans payables of approximately HK\$152.7 million and long-term payables of approximately HK\$142.0 million relating to the Maruhan Put Option would become mature if the Maruhan Put Option is exercised during the six-month period commencing from 29 October 2012, such loans and payables of the Group would become mature within the coming twelve months and be reclassified as current liabilities. Your attention is also drawn to the paragraphs headed "5. Working capital" and "6. Material adverse change" in Appendix I to the Prospectus. In view of the repayment obligations of the Group within the next twelve months as described above, the Company considers it would be in the interests of the Company and the Shareholders to improve the Group's financial position and put forward the Rights Issue and the transactions contemplated thereunder to the Shareholders. However, Shareholders should note that there would not be any impact on the Group's profit and loss as a result of such reclassification.

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## LETTER FROM THE BOARD

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### **Effect of the Setting Off**

The Rights Issue is fully underwritten by the Underwriter, which is wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family.

Pursuant to the terms of the Underwriting Agreement, the Underwriter and the Company have agreed that the entire amount of the Assigned Loans shall be used to set off against the aggregate Subscription Price of the SR Shares. Upon completion of the Rights Issue, the entire amount of the Assigned Loans will be settled on a dollar-to-dollar basis without any cash outflow of the Group. By way of the Setting Off, the Group can reduce its liabilities by the amount of the Assigned Loans while the equity attributable to the owners of the Company will be increased by the same amount. The Setting Off will not only reduce the gearing ratio of the Group, but also the interest expenses that would otherwise be incurred on the Assigned Loans.

Besides, the Setting Off arrangement can maintain the available facility under the Facility Letter by the amount of the Assigned Yeung Loan. This will increase the financial resources available to the Company. Pursuant to the Facility Letter, the Company is permitted to draw the facility until the earlier of (a) 30 September 2012, being one month before the final repayment date under the Facility Letter; and (b) the date on which the amount of available facility is reduced to zero.

### **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company considers that the Rights Issue will (i) increase the capital base of the Company; (ii) provide funding to the Company to repay certain of its loans payable, fulfill its financial assistance commitment to the JV Company and for the operation of the Group's businesses; and (iii) reduce the liability due to its Director which in turn will enhance the financial position of the Company.

Upon completion of the Rights Issue, it is expected that the financial position of the Group as discussed in the sub-paragraph headed "Financial information" in the above paragraph can be improved and as more particularly described in the sub-paragraph headed "Effect of the Setting Off" under the paragraph headed "Information on the Company" above, the entire amount of the Assigned Loans will be settled and turned into new capital of the Company, thus reducing the gearing of the Group. Moreover, the Subscription Price of each SR Share is the same as the Subscription Price payable by all Qualifying Shareholders who wish to participate in the Rights Issue. As stated in the sub-paragraph headed "The Subscription Price" under the paragraph headed "The Rights Issue" above, the Company notes that it is a common market practice for a listed issuer to set the subscription price of a rights issue at a discount to the market prices of its underlying shares in order to increase the attractiveness of a rights issue. The Board considers that the Subscription Price of HK\$0.19, which is set at a reasonable discount to the market price of the Shares and is equivalent to the unaudited net tangible assets of the Group per Share as at 30 June 2011, is fair and reasonable.

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## LETTER FROM THE BOARD

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The Company has agreed to the Setting Off arrangement under the Underwriting Agreement after having considered the followings:

- (i) the Setting Off arrangement will effectively capitalise the Assigned Loans of HK\$128,054,101.26 into new equity of the Company, thus reducing the gearing of the Group; and at the same time maintaining the availability of the facility under the Facility Letter by the amount of HK\$104,667,902.02 (being the same amount of the Assigned Yeung Loan), thus providing more financial resources of the Company to meet its working capital requirements;
- (ii) although there is no cash inflow from the Underwriter for its subscription of the SR Shares under the Setting Off arrangement, the Underwriter has committed to underwrite the Underwritten Shares at a total subscription amount of HK\$180,881,368 to be settled in cash at the Subscription Price of HK\$0.19 per Rights Share pursuant to the Underwriting Agreement. This underwriting commitment of the Underwriter underpins the certainty of the cash inflow to the Company;
- (iii) if the Underwriter were to subscribe for the SR Shares in cash, instead of by the Setting Off arrangement to effectively capitalise the Assigned Loans into new equity of the Company, it is not certain if the Underwriter would still commit to underwrite the Underwritten Shares. This will cast uncertainty to the Rights Issue in view of the prevailing high volatility of the stock market; and
- (iv) if the Underwriter were to subscribe for the SR Shares in cash and the subscription monies thereof were used to repay other third party loans outstanding instead of the Assigned Loans, the Company considers that there is uncertainty as to whether the Group would be able to secure new third party loans in future in case of any financial needs (for more details, please refer to the sub-paragraph headed “Assets and liabilities” under the paragraph headed “Information on the Company” above) given the difficult market conditions prevailing nowadays.

Based on the aforesaid and in view of the recent market conditions, and given that the Rights Issue will provide the Qualifying Shareholders an opportunity to maintain their respective pro-rata shareholding interests in the Company, the Board considers that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## LETTER FROM THE BOARD

The gross proceeds of the Rights Issue is approximately HK\$308.9 million. After deducting all the expenses incurred and to be incurred by the Company in connection with the Rights Issue, which is expected to be approximately HK\$7.5 million, the net proceeds of the Rights Issue is estimated to be approximately HK\$301.4 million, which will be applied as follows: (i) HK\$128,054,101.26 for settlement of the Assigned Loans (through the Setting Off); (ii) up to HK\$100 million for settlement of part of the third party interest-bearing loans (amounting to approximately HK\$246.0 million as at 30 June 2011) when they fall due on 22 October 2012; (iii) approximately HK\$29.0 million for fulfillment of its commitment to provide financial assistance to the JV Company; and (iv) the remaining balance of approximately HK\$44.4 million for general working capital of the Group. The net price per Rights Share receivable by the Company (being the estimated net proceeds of the Rights Issue of approximately HK\$301.4 million divided by the number of Rights Shares of 1,625,976,154) under the Rights Issue will be approximately HK\$0.185.

### PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

The Company had not conducted any fund raising exercises in the past 12 months immediately preceding the Latest Practicable Date.

### SHAREHOLDINGS STRUCTURE

The table below sets out the shareholdings structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Rights Issue, on the basis of the public information available to the Company on the Latest Practicable Date, after the Directors having made reasonable enquiries and assuming that there is no other changes in the shareholdings structure of the Company since the Latest Practicable Date to the date immediately after completion of the Rights Issue:–

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming the number of issued Shares remains unchanged from the Latest Practicable Date up to the date of completion of the Rights Issue			
			Assuming nil acceptance by the Qualifying Shareholders other than the Underwriter (Note 1)		Assuming 100% acceptance by the Qualifying Shareholders (Note 2)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Concert Group (Note 3)	1,010,953,432	41.45	2,610,477,290	64.22	1,684,922,386	41.45
Maruhan (Note 4)	438,228,000	17.97	438,228,000	10.78	730,380,000	17.97
Other public Shareholders	989,782,801	40.58	989,782,801	24.35	1,649,638,001	40.58
Placees (Note 5)	–	–	26,452,296	0.65	–	–
Total public Shareholders	989,782,801	40.58	1,016,235,097	25.00	1,649,638,001	40.58
<b>Total</b>	<b>2,438,964,233</b>	<b>100.00</b>	<b>4,064,940,387</b>	<b>100.00</b>	<b>4,064,940,387</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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*Notes:*

- 1. Assuming (i) all Qualifying Shareholders (save for the Underwriter which subscribes for the SR Shares provisionally allotted to it under the Rights Issue and pays the aggregate Subscription Price thereof by way of the Setting Off) do not subscribe for any Rights Shares; and (ii) all Underwritten Shares are taken up by the Underwriter pursuant to the underwriting obligations of the Underwriter or by way of the excess application by the Underwriter pursuant to the Irrevocable Undertaking on the basis of the terms of the Placing Agreement as more particularly described below.*
- 2. Assuming all Shareholders are Qualifying Shareholders and they accept their respective provisional allotments of the Rights Shares in full.*
- 3. The Underwriter is wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family. Save for the Underwriter, none of the members of the Concert Group has any shareholding interest in the Company.*
- 4. As at the Latest Practicable Date, the Company had no knowledge of the intention of Maruhan on whether it would accept any of the Rights Shares provisionally allotted to it.*
- 5. Pursuant to the Placing Agreement, the Placing Agent (as defined below) shall ensure that the placees and their ultimate beneficial owners are third parties independent of and not connected or acting in concert with (a) any directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates; and (b) any members of the Concert Group.*

As illustrated above, the percentage of issued Shares held by public Shareholders would fall below the prescribed 25% minimum public float requirement as stipulated under the Listing Rules if there is nil acceptance of the Rights Shares by the Shareholders other than the Underwriter. For the purpose of compliance with the minimum public float requirement under Rule 8.08(1) of the Listing Rules, on 18 November 2011, the Underwriter entered into the Placing Agreement with an independent placing agent (the “**Placing Agent**”), pursuant to which the Underwriter agreed to sell and the Placing Agent agreed to procure placees, on a fully underwritten basis, to purchase such number of Shares to be confirmed by the Underwriter (which shall not exceed a maximum of 26,452,296 Shares) at a price of HK\$0.19 per Placing Share so as to ensure that there will be sufficient minimum public float for the Shares in compliance with Rule 8.08(1) of the Listing Rules at all times immediately after the completion of the Rights Issue. According to the Placing Agreement, the Placing Agent shall ensure that the placees and their ultimate beneficial owners are third parties independent of and not connected or acting in concert with (i) any directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates; and (ii) any members of the Concert Group.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to the Prospectus.

Yours faithfully,  
For and on behalf of the Board of  
**SUCCESS UNIVERSE GROUP LIMITED**  
**Yeung Hoi Sing, Sonny**  
*Chairman*

## 1. SUMMARY OF FINANCIAL INFORMATION

The following is the summary of the consolidated financial information of the Group for the three financial period/years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011.

The audited consolidated financial information of the Group for the three financial period/years ended 31 December 2008, 2009 and 2010 was extracted from the Company's 2008, 2009 and 2010 annual reports respectively. The unaudited consolidated financial information of the Group for the six months ended 30 June 2011 was extracted from the Company's 2011 interim report. The details of such financial information are set out in (i) the annual report of the Company for the fifteen months period ended 31 December 2008 published on 23 April 2009 (pages 45-116); (ii) the annual report of the Company for the financial year ended 31 December 2009 published on 29 April 2010 (pages 40-108); (iii) the annual report of the Company for the financial year ended 31 December 2010 published on 28 April 2011 (pages 42-109); and (iv) the interim report of the Company for the six months ended 30 June 2011 published on 21 September 2011 (pages 4-38). All of the abovementioned annual reports and interim report of the Company have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.successug.com>).

## CONSOLIDATED INCOME STATEMENT

	For the period from 1 October 2007 to 31 December 2008 (audited) <i>HK\$'000</i>	For the year ended 31 December 2009 (audited) <i>HK\$'000</i>		2010 (audited) <i>HK\$'000</i>	For the six months ended 30 June 2011 (unaudited) <i>HK\$'000</i>
<b>Turnover</b>	627,254	1,202,239	1,444,902		763,050
Cost of sales	(492,697)	(1,114,589)	(1,352,774)		(727,677)
<b>Gross profit</b>	134,557	87,650	92,128		35,373
Other revenue and gains	34,817	31,363	44,521		18,716
Other net income	298	–	–		–
Administrative expenses	(194,316)	(136,042)	(138,585)		(68,123)
Other operating expenses	(42,948)	(30,906)	(12,600)		(6,300)

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

	For the period from 1 October 2007 to 31 December 2008 (audited) <i>HK\$'000</i>	For the year ended 31 December 2009 (audited) <i>HK\$'000</i>		2010 (audited) <i>HK\$'000</i>	For the 6 months ended 30 June 2011 (unaudited) <i>HK\$'000</i>
<b>Loss from operations</b>	(67,592)	(47,935)	(14,536)	(20,334)	
Finance costs	(335)	(9,304)	(20,854)	(11,494)	
Share of results of jointly controlled entities	–	–	331	(59)	
Share of results of associates	(170,292)	(115,657)	(44,435)	(9,481)	
<b>Loss before taxation</b>	(238,219)	(172,896)	(79,494)	(41,368)	
Income tax	(859)	(1,790)	(2,170)	1,575	
<b>Loss for the year/period</b>	<u>(239,078)</u>	<u>(174,686)</u>	<u>(81,664)</u>	<u>(39,793)</u>	
<b>Attributable to:</b>					
Owners of the Company	(238,304)	(173,797)	(80,782)	(37,612)	
Non-controlling interests	(774)	(889)	(882)	(2,181)	
	<u>(239,078)</u>	<u>(174,686)</u>	<u>(81,664)</u>	<u>(39,793)</u>	
<b>Loss per share</b>					
Basic	<u>(9.87) HK cents</u>	<u>(7.13) HK cents</u>	<u>(3.31) HK cents</u>	<u>(1.54) HK cents</u>	
Diluted	<u>(9.87) HK cents</u>	<u>(7.13) HK cents</u>	<u>(3.31) HK cents</u>	<u>(1.54) HK cents</u>	

## ASSETS AND LIABILITIES

	As at 31 December			As at
	2008	2009	2010	30 June
	(audited)	(audited)	(audited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	1,418,947	1,345,509	1,475,374	1,430,658
Total liabilities	(487,788)	(671,636)	(881,823)	(876,094)
Non-controlling interests	<u>(46,321)</u>	<u>(46,214)</u>	<u>(45,661)</u>	<u>(43,672)</u>
Total equity attributable to owners of the Company	<u>884,838</u>	<u>627,659</u>	<u>547,890</u>	<u>510,892</u>

## Notes:

1. *The consolidated financial statements of the Group for the financial period/years ended 31 December 2008 and 2009 were audited by CCIF CPA Limited, who resigned on 21 July 2010, and HLB Hodgson Impey Cheng was then appointed to audit the consolidated financial statements of the Group for the financial year ended 31 December 2010. No qualified opinion has been given in the auditors' reports in respect of the three financial period/years ended 31 December 2008, 2009 and 2010.*
2. *There was no extraordinary or exceptional items affecting the consolidated financial statements of the Group for the three financial period/years ended 31 December 2008, 2009 and 2010.*
3. *No dividend was declared for the three financial period/years ended 31 December 2008, 2009 and 2010.*
4. *Save for the adoption of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants, there has been no change in the accounting policies of the Group for the three financial period/years ended 31 December 2008, 2009 and 2010.*

## 2. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2011

Set out below are the unaudited consolidated financial statements of the Group for the six months ended 30 June 2011 published in the Company's 2011 interim report:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Note	Unaudited	
		30/6/2011	30/6/2010
		HK\$'000	HK\$'000
<b>Turnover</b>	4	763,050	782,853
Cost of sales		(727,677)	(739,060)
<b>Gross profit</b>		35,373	43,793
Other revenue and gains	5	18,716	21,339
Administrative expenses		(68,123)	(66,559)
Other operating expenses	6(c)	(6,300)	(6,300)
<b>Loss from operations</b>		(20,334)	(7,727)
Finance costs	6(a)	(11,494)	(10,600)
Share of results of jointly controlled entities		(59)	169
Share of results of associates		(9,481)	(18,563)
<b>Loss before taxation</b>	6	(41,368)	(36,721)
Income tax	7	1,575	(126)
<b>Loss for the period</b>		<u>(39,793)</u>	<u>(36,847)</u>
<b>Attributable to:</b>			
Owners of the Company		(37,612)	(38,040)
Non-controlling interests		(2,181)	1,193
<b>Loss for the period</b>		<u>(39,793)</u>	<u>(36,847)</u>
<b>Loss per share</b>			
– Basic	9	<u>(1.54) HK cents</u>	<u>(1.56) HK cents</u>
– Diluted	9	<u>(1.54) HK cents</u>	<u>(1.56) HK cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2011*

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
<b>Loss for the period</b>	(39,793)	(36,847)
<b>Other comprehensive income</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>806</u>	<u>137</u>
Total other comprehensive income for the period, net of tax	<u>806</u>	<u>137</u>
<b>Total comprehensive loss for the period</b>	<b><u>(38,987)</u></b>	<b><u>(36,710)</u></b>
<b>Attributable to:</b>		
Owners of the Company	(36,998)	(37,978)
Non-controlling interests	<u>(1,989)</u>	<u>1,268</u>
<b>Total comprehensive loss for the period</b>	<b><u>(38,987)</u></b>	<b><u>(36,710)</u></b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

		Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	88,335	91,923
Goodwill	<i>11</i>	6,828	6,828
Intangible assets	<i>12</i>	40,407	38,823
Interest in associates	<i>13</i>	1,155,767	1,171,087
Interest in jointly controlled entities	<i>14</i>	1,634	1,693
		<u>1,292,971</u>	<u>1,310,354</u>
<b>Current assets</b>			
Inventories		2,290	983
Trade and other receivables	<i>15</i>	45,751	47,707
Tax recoverable		2,267	184
Pledged bank deposits	<i>16</i>	8,284	8,104
Cash and cash equivalents	<i>16</i>	79,095	108,042
		<u>137,687</u>	<u>165,020</u>
<b>Current liabilities</b>			
Trade and other payables	<i>17</i>	26,505	22,536
Deferred income		974	948
Profit guarantee liabilities	<i>18</i>	9,100	9,100
Financial guarantee contract	<i>22</i>	12,600	12,600
Bank loans – due within one year	<i>19</i>	585	556
Tax payable		17	1,347
		<u>49,781</u>	<u>47,087</u>
<b>Net current assets</b>		<u>87,906</u>	<u>117,933</u>
<b>Total assets less current liabilities</b>		<u>1,380,877</u>	<u>1,428,287</u>

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

		<b>Unaudited</b>	<b>Audited</b>
		<b>At</b>	<b>At</b>
		<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred income		2,597	3,002
Profit guarantee liabilities	18	14,408	23,508
Loans payables	20	456,307	454,640
Long-term payables	21	209,691	205,126
Amount due to a related company		24,253	23,191
Deferred tax liabilities		29	29
Financial guarantee contract	22	–	6,300
Bank loans – due after one year	19	14,028	13,940
Loan from a director and controlling shareholder		105,000	105,000
		<u>826,313</u>	<u>834,736</u>
<b>Net assets</b>		<u><u>554,564</u></u>	<u><u>593,551</u></u>
<b>Capital and reserves</b>			
Share capital	23	24,390	24,390
Reserves		486,502	523,500
		<u>510,892</u>	<u>547,890</u>
<b>Total equity attributable to owners of the Company</b>		<u>510,892</u>	<u>547,890</u>
<b>Non-controlling interests</b>		<u>43,672</u>	<u>45,661</u>
		<u>554,564</u>	<u>593,551</u>
<b>Total equity</b>		<u><u>554,564</u></u>	<u><u>593,551</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Distributable reserve	Capital redemption reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2010	24,390	908,785	52,333	976	(1,369)	(357,456)	627,659	46,214	673,873
Total comprehensive income/ (loss) for the period	-	-	-	-	62	(38,040)	(37,978)	1,268	(36,710)
At 30 June 2010 (unaudited)	<u>24,390</u>	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>(1,307)</u>	<u>(395,496)</u>	<u>589,681</u>	<u>47,482</u>	<u>637,163</u>
At 1 January 2011	24,390	908,785	52,333	976	(356)	(438,238)	547,890	45,661	593,551
Total comprehensive income/ (loss) for the period	-	-	-	-	614	(37,612)	(36,998)	(1,989)	(38,987)
At 30 June 2011 (unaudited)	<u>24,390</u>	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>258</u>	<u>(475,850)</u>	<u>510,892</u>	<u>43,672</u>	<u>554,564</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	<i>Note</i>	Unaudited	
		For the six months ended	
		30/6/2011	30/6/2010
		HK\$'000	HK\$'000
Net cash used in operating activities		(14,462)	(2,614)
Net cash used in investing activities		(474)	(106,846)
Net cash (used in)/generated from financing activities		<u>(14,508)</u>	<u>117,814</u>
Net (decrease)/increase in cash and cash equivalents		(29,444)	8,354
Cash and cash equivalents at the beginning of the period		108,042	42,308
Effect of foreign exchange rate changes		<u>497</u>	<u>80</u>
Cash and cash equivalents at the end of the period	16	<u><u>79,095</u></u>	<u><u>50,742</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2011*

**1. Organisation and Principal Activity**

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

The principal activity of the Company is investment holding.

**2. Basis of Preparation**

The condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2010 as contained in the Company’s Annual Report 2010 (the “Annual Report 2010”).

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements are denominated in Hong Kong Dollar (“HK\$”). Unless otherwise specifically stated, all amounts are presented in thousand.

### 3. Summary of Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2010, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards (“HKFRSs”) amendments and interpretations described below.

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

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

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

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

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

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>1</sup>
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>4</sup>
HKFRS 11	Joint Arrangements <sup>4</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>4</sup>
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income <sup>3</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 19 (2011)	Employee Benefits <sup>4</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>4</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

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. 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 chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment. The Group has identified the following two reportable segments:

- Cruise leasing and management business: the leasing of cruise and the provision of cruise management services.
- Travel business: sales of air tickets and provision of travel-related services.

*(a) Segment results and assets*

In accordance with HKFRS 8, segment information disclosed in these condensed consolidated financial statements has been prepared in a manner consistent with the information used by the Group's CODM for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Group's CODM monitors the results and assets attributable to each reportable segment on the following bases:

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 condensed consolidated income statement.

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



**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

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

	Cruise leasing and management		Travel		Total	
	Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	34,800	34,800	728,250	748,053	763,050	782,853
Inter-segment revenue	–	–	580	259	580	259
<b>Reportable segment revenue</b>	<b>34,800</b>	<b>34,800</b>	<b>728,830</b>	<b>748,312</b>	<b>763,630</b>	<b>783,112</b>
<b>Reportable segment (loss)/profit</b>	<b>(2,336)</b>	<b>1,131</b>	<b>(5,474)</b>	<b>2,582</b>	<b>(7,810)</b>	<b>3,713</b>
Interest income	6	5	8	2	14	7
Amortisation of intangible assets	–	–	(213)	(155)	(213)	(155)
Depreciation	(3,154)	(3,457)	(720)	(619)	(3,874)	(4,076)
Reversal of impairment loss recognised on other receivable	2,405	3,821	–	–	2,405	3,821
Reversal of impairment loss recognised on intangible assets	–	–	741	3,366	741	3,366
Finance costs	–	–	(851)	(402)	(851)	(402)
	Cruise leasing and management		Travel		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30/6/2011	31/12/2010	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Reportable segment assets</b>	<b>96,090</b>	<b>96,183</b>	<b>98,663</b>	<b>102,192</b>	<b>194,753</b>	<b>198,375</b>

*(b) Reconciliation of reportable segment revenue, (loss)/profit and assets*

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30/6/2011</b>	<b>30/6/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	763,630	783,112
Elimination of inter-segment revenue	(580)	(259)
<b>Consolidated turnover</b>	<u>763,050</u>	<u>782,853</u>
<b>(Loss)/profit</b>		
Reportable segment (loss)/profit	(7,810)	3,713
Share of results of		
jointly controlled entities	(59)	169
Share of results of associates	(9,481)	(18,563)
Unallocated corporate income	10,805	10,652
Depreciation	(718)	(1,061)
Finance costs	(10,643)	(10,198)
Unallocated corporate expenses	(23,462)	(21,433)
<b>Consolidated loss before taxation</b>	<u>(41,368)</u>	<u>(36,721)</u>
	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	194,753	198,375
Interest in associates	1,155,767	1,171,087
Interest in jointly controlled entities	1,634	1,693
Unallocated		
– Tax recoverable	2,267	184
– Corporate assets	76,237	104,035
<b>Consolidated total assets</b>	<u>1,430,658</u>	<u>1,475,374</u>

## 5. Other Revenue and Gains

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other Revenue:</b>		
Interest income on bank deposits	62	13
Total interest income on financial assets not at fair value through profit or loss	62	13
Management fee income	3,473	3,414
Deferred income	1,588	2,024
Other income	4,147	2,401
	<u>9,270</u>	<u>7,852</u>
<b>Other Gains:</b>		
Amortisation of financial guarantee contract	6,300	6,300
Reversal of impairment loss recognised on intangible assets	741	3,366
Reversal of impairment loss recognised on other receivable	2,405	3,821
	<u>9,446</u>	<u>13,487</u>
	<u><u>18,716</u></u>	<u><u>21,339</u></u>

**6. Loss Before Taxation**

Loss before taxation is arrived at after charging/(crediting) as follows:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30/6/2011</b>	<b>30/6/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on other loan	3,475	1,855
Interest on loan from a related company	428	402
Interest on bank loans	423	–
Interest on loan from a director and controlling shareholder	2,603	1,271
Interest on long-term payables	4,565	7,072
	<u>11,494</u>	<u>10,600</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>11,494</u>	<u>10,600</u>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits (including directors' emoluments)	34,049	33,234
Contributions to defined contribution retirement plan	958	931
	<u>35,007</u>	<u>34,165</u>
<b>(c) Other items</b>		
Auditors' remuneration		
– audit services	744	742
– other services	250	250
Depreciation	4,592	5,137
Amortisation of intangible assets	213	155
Operating lease rentals of		
– properties	4,207	4,304
– plant and machinery	319	281
Net exchange gain	(227)	(268)
Impairment losses recognised on interest in associates*	6,300	6,300

\* This amount is included in "other operating expenses" of the condensed consolidated income statement.

## 7. Income Tax in the Condensed Consolidated Income Statement

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
Under provision in respect of prior years	–	17
Other than Hong Kong		
(Credit)/charge for the period	<u>(1,575)</u>	<u>192</u>
	(1,575)	209
Deferred taxation relating to the origination and reversal of temporary differences	<u>–</u>	<u>(83)</u>
Tax (credit)/charge for the period	<u><u>(1,575)</u></u>	<u><u>126</u></u>

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2011 and 2010 as the Group has no estimated assessable profits for the periods.

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

## 8. Dividends

The directors of the Company do not recommend the declaration of any interim dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil).

No dividend payable to owners of the Company attributable to the previous financial year was approved and paid during the period.

## 9. Loss Per Share

### (a) *Basic loss per share*

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$37,612,000 (for the six months ended 30 June 2010: approximately HK\$38,040,000) and on the weighted average number of approximately 2,438,964,000 ordinary shares (for the six months ended 30 June 2010: approximately 2,438,964,000 ordinary shares) in issue during the period.

### (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 period presented.

## 10. Property, Plant and Equipment

	<i>HK\$'000</i>
Carrying amount as at 1 January 2010	78,381
Additions	205
Disposals	(2)
Depreciation	(5,137)
Exchange alignment	35
	<hr/>
Carrying amount as at 30 June 2010 (Unaudited)	73,482
	<hr/> <hr/>
Carrying amount as at 1 January 2011	91,923
Additions	431
Disposals	(81)
Depreciation	(4,592)
Exchange alignment	654
	<hr/>
Carrying amount as at 30 June 2011 (Unaudited)	88,335
	<hr/> <hr/>

## 11. Goodwill

HK\$'000

**Cost****At 1 January 2010, 31 December 2010, 1 January 2011 and  
30 June 2011**8,332**Accumulated impairment losses**

At 1 January 2010

(1,504)

Impairment loss for the year

–

At 31 December 2010 and 1 January 2011

(1,504)

Impairment loss for the period

–**At 30 June 2011**(1,504)**Carrying amount****At 30 June 2011 (unaudited)**6,828

At 31 December 2010

6,828

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cruise management CGU	1,313	1,313
Travel CGU	<u>5,515</u>	<u>5,515</u>
	<u>6,828</u>	<u>6,828</u>

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 management CGU	
	At	At	At	At
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	%	%	%	%
- Growth rate	3	3	Zero	Zero
- Discount rate	10.97	11.65	5	5

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

## 12. Intangible Assets

	Trademark HK\$'000	Client list HK\$'000	Total HK\$'000
<b>Cost</b>			
At 1 January 2010	31,887	8,915	40,802
Exchange alignment	2,053	574	2,627
At 31 December 2010 and 1 January 2011	33,940	9,489	43,429
Exchange alignment	924	258	1,182
<b>At 30 June 2011</b>	<b>34,864</b>	<b>9,747</b>	<b>44,611</b>
<b>Accumulated amortisation and impairment losses</b>			
At 1 January 2010	(3,682)	(4,594)	(8,276)
Charge for the year	-	(339)	(339)
Reversal of impairment loss	3,571	971	4,542
Exchange alignment	(237)	(296)	(533)
At 31 December 2010 and 1 January 2011	(348)	(4,258)	(4,606)
Charge for the period	-	(213)	(213)
Reversal of impairment loss	308	433	741
Exchange alignment	(9)	(117)	(126)
<b>At 30 June 2011</b>	<b>(49)</b>	<b>(4,155)</b>	<b>(4,204)</b>
<b>Carrying amount</b>			
<b>At 30 June 2011 (Unaudited)</b>	<b>34,815</b>	<b>5,592</b>	<b>40,407</b>
At 31 December 2010	33,592	5,231	38,823



***Trademark***

In accordance with HKAS 36 “Impairment of Assets”, the Group completed its interim impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 30 June 2011. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma Appraisals Limited (“Roma”), an independent professional valuer, who has among the staff, fellow members of the Hong Kong Institute of Surveyors, the carrying amount of the trademark is equivalent to approximately HK\$34,815,000. A reversal of impairment loss of equivalent to approximately HK\$308,000 has been recognised for the six months ended 30 June 2011 (for the six months ended 30 June 2010: equivalent to approximately HK\$2,635,000).

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 12.97% (31 December 2010: 13.1%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2010: 3%). 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.

***Client list***

The directors of the Company assessed that the client list having 15 years of useful lives from the date of acquisition. The Group has completed its interim impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 30 June 2011. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, the carrying amount of the client list is equivalent to approximately HK\$5,592,000. A reversal of impairment loss of equivalent to approximately HK\$433,000 has been recognised for the six months ended 30 June 2011 (for the six months ended 30 June 2010: equivalent to approximately HK\$731,000).

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 12.97% (31 December 2010: 13.1%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2010: 3%). 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.

## 13. Interest in Associates

		Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
	<i>Note</i>		
Deemed capital contribution		63,000	63,000
Goodwill	<i>(b)</i>	19,409	19,409
		82,409	82,409
Amounts due from associates	<i>(c)</i>	1,123,758	1,132,778
		1,206,167	1,215,187
<i>Less: impairment loss</i>	<i>(d)</i>	(50,400)	(44,100)
		<u>1,155,767</u>	<u>1,171,087</u>

(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			Principal activity
			Group's effective interest %	Held by the Company %	Held by a subsidiary %	
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 MOP 50,000	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 Limited (“Pier 16 – Property Development”)	Macau	100,000 shares of MOP100 each	49	–	49	Property holding

**(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 “Impairment of Assets”. Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 13(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 different from their fair value.

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

For the period, the additional impairment loss recognised on interest in associates of HK\$6.3 million (for the six months ended 30 June 2010: HK\$6.3 million) was due to the decrease in the carrying amount of the deemed capital contribution to the associates. The deemed capital contribution is referenced to the financial guarantee contract (*note 22*) 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 period. Therefore, at 30 June 2011, the carrying amount of the interest in associates is written down by approximately HK\$50.4 million (31 December 2010: approximately HK\$44.1 million).

Moreover, the Group completed its interim impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 30 June 2011. The Group has engaged Roma to carry out a valuation of the interest in associates as at 30 June 2011 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a discount rate of 15.14% (31 December 2010: 14.97%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 4.66% (31 December 2010: 4.66%) 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.

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets	3,399,242	3,372,507
Liabilities	<u>3,281,780</u>	<u>3,392,167</u>
Equity	<u><u>117,462</u></u>	<u><u>(19,660)</u></u>
	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30/6/2011</b>	<b>30/6/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues	586,787	382,531
Loss	<u><u>(19,350)</u></u>	<u><u>(37,884)</u></u>

**14. Interest in Jointly Controlled Entities**

		<b>Unaudited</b>	<b>Audited</b>
		<b>At</b>	<b>At</b>
		<b>30/6/2011</b>	<b>31/12/2010</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets		284	343
Amount due from a jointly controlled entity	<i>(b)</i>	<u>12,050</u>	<u>12,050</u>
		12,334	12,393
Less: Impairment loss	<i>(c)</i>	<u><u>(10,700)</u></u>	<u><u>(10,700)</u></u>
		<u><u>1,634</u></u>	<u><u>1,693</u></u>

- (a) 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

- (b) The amount due from a jointly controlled entity is unsecured, interest-free and has no fixed terms of repayment.
- (c) 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 of the Company, the amount will not be repaid within twelve months from 30 June 2011 and is therefore classified as non-current assets. As the recoverable amount of the advance is expected to be less than its carrying amount, an impairment loss of HK\$10.7 million has been recognised for the previous year. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.
- (d) The following is summary of aggregate amounts of assets, liabilities, revenues and results of the jointly controlled entities:

	<b>Unaudited</b> At <b>30/6/2011</b> <i>HK\$'000</i>	<b>Audited</b> At <b>31/12/2010</b> <i>HK\$'000</i>
Non-current assets	29,293	29,293
Current assets	901	1,021
Current liabilities	(24,303)	(24,276)
Total equity	<u>5,891</u>	<u>6,038</u>

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30/6/2011</b>	<b>30/6/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income	484	450
Expenses	(630)	(28)
(Loss)/profit before taxation	(146)	422
Taxation	–	–
(Loss)/profit for the period	<u>(146)</u>	<u>422</u>

### 15. Trade and Other Receivables

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	9,300	14,810
31 to 60 days overdue	949	902
61 to 90 days overdue	492	969
Over 90 days overdue	263	295
Trade receivables	11,004	16,976
Other receivables	1,173	1,143
Prepayments and deposits	33,574	29,588
	<u>45,751</u>	<u>47,707</u>

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

The Group normally allows an average credit period of 30 to 60 days to customers of cruise leasing and management business (31 December 2010: 30 to 60 days) and 30 days to customers of travel business (31 December 2010: 30 days).

## 16. Pledged Bank Deposits/Cash and Cash Equivalents

	Unaudited At 30/6/2011 <i>HK\$'000</i>	Audited At 31/12/2010 <i>HK\$'000</i>
Cash and bank balances	45,095	85,042
Non-pledged bank deposits	34,000	23,000
Pledged bank deposits	<u>8,284</u>	<u>8,104</u>
	87,379	116,146
Less: Pledged bank deposits	<u>(8,284)</u>	<u>(8,104)</u>
Cash and cash equivalents in the condensed consolidated statements of cash flows and financial position	<u><u>79,095</u></u>	<u><u>108,042</u></u>

## 17. Trade and Other Payables

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

	Unaudited At 30/6/2011 <i>HK\$'000</i>	Audited At 31/12/2010 <i>HK\$'000</i>
Current	8,664	8,276
31 to 60 days	1,147	787
61 to 90 days	336	187
Over 90 days	<u>614</u>	<u>286</u>
Trade payables	10,761	9,536
Accrued charges and other payables	<u>15,744</u>	<u>13,000</u>
Financial liabilities measured at amortised cost	<u><u>26,505</u></u>	<u><u>22,536</u></u>

All of the trade and other payables are expected to be settled within one year.

## 18. Profit Guarantee Liabilities

HK\$'000

## Carrying amount

At 1 January 2010	41,708
Payment to SBI Macau Holdings Limited (“SBI Macau”) under the profit guarantee	<u>(9,100)</u>
At 31 December 2010 and 1 January 2011	32,608
Payment to SBI Macau under the profit guarantee	<u>(9,100)</u>
<b>At 30 June 2011 (Unaudited)</b>	<b><u><u>23,508</u></u></b>

	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities	9,100	9,100
Non-current liabilities	<u>14,408</u>	<u>23,508</u>
	<b><u><u>23,508</u></u></b>	<b><u><u>32,608</u></u></b>

The profit guarantee liabilities are carried at amortised cost.

## 19. Bank Loans

	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans, secured	<u>14,613</u>	<u>14,496</u>



The maturity of the above borrowings is as follow:

	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount repayable:		
Within one year	585	556
More than one year, but no exceeding two years	621	587
More than two year, but not more than five years	2,089	1,976
More than five years	11,318	11,377
	<u>14,613</u>	<u>14,496</u>
<i>Less: Amounts shown under current liabilities</i>	<u>(585)</u>	<u>(556)</u>
Amounts shown under non-current liabilities	<u><u>14,028</u></u>	<u><u>13,940</u></u>

The non-revolving term loans carry a fixed interest rate and shall be repayable by consecutive monthly installments. The loans are secured by the Group's property located in Canada with carrying amount of equivalent to approximately HK\$21.9 million (31 December 2010: equivalent to approximately HK\$21.6 million).

## 20. Loans Payables

		<b>Unaudited</b>	<b>Audited</b>
		<b>At</b>	<b>At</b>
		<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans from shareholders of non-controlling interests			
– Mrs. Yung Yuen Ping Kwok	<i>(i)</i>	2,824	2,749
– SABC Holdings Ltd.	<i>(ii)</i>	8,134	7,918
– Up Fly Limited	<i>(iii)</i>	7,125	5,749
		<u>18,083</u>	<u>16,416</u>
Loans from Maruhan Corporation (“Maruhan”)	<i>(iv)</i>	152,738	152,738
Loan from SBI Macau	<i>(v)</i>	39,486	39,486
Other loans	<i>(vi)</i>	246,000	246,000
Amounts due after one year		<u><u>456,307</u></u>	<u><u>454,640</u></u>

## Notes:

- (i) Mrs. Yung Yuen Ping Kwok is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (ii) SABC Holdings Ltd. is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (iii) Up Fly Limited (“Up Fly”) is a shareholder of non-controlling interests of a 70% indirectly owned subsidiary of the Company, namely Honour Rich China Development Limited (“Honour Rich”). 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 Limited (“World Fortune”), an indirect subsidiary of the Company to Golden Sun Profits Limited (“Golden Sun”), an indirect subsidiary of the Company, taken up by Maruhan upon the completion of the World Fortune Disposal (as defined in note 5(b)(iii) to the Annual Report 2010) on 29 October 2007 and further shareholder’s loan of approximately HK\$86,270,000 (31 December 2010: approximately HK\$86,270,000) advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders’ Agreement (as defined in note 5(b)(iii) to the Annual Report 2010). The loans are unsecured, interest-free and not expected to be settled within one year.
- (v) As mentioned in note 5(b)(iv) to the Annual Report 2010, pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo Limited (“Favor Jumbo”), an indirect wholly-owned subsidiary of the Company assigned the loan of approximately HK\$39,486,000 due by Golden Sun to SBI Macau. The loan is unsecured, interest-free and not expected to be settled within one year.
- (vi) The other loans carry a floating interest rate at Hong Kong interbank offered rate plus a margin and are secured by 51% of the entire issued share capital from time to time of Favor Jumbo. The loan shall be repayable on or before 36 months after 22 October 2009. According to the loan agreement, the Group shall maintain a consolidated tangible net worth at all times of not less than HK\$400 million.

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

## 21. Long-term Payables

	Unaudited At 30/6/2011 HK\$’000	Audited At 31/12/2010 HK\$’000
Present value of liabilities of		
– Maruhan Put Option	142,035	142,035
– SBI Macau Put Option	67,656	63,091
	<u>209,691</u>	<u>205,126</u>

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

## 22. Financial Guarantee Contract

	<i>HK\$'000</i>	
<b>Carrying amount</b>		
At 1 January 2010		31,500
Amortisation for the year		<u>(12,600)</u>
At 31 December 2010 and 1 January 2011		18,900
Amortisation for the period		<u>(6,300)</u>
<b>At 30 June 2011 (Unaudited)</b>		<b><u>12,600</u></b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities	12,600	12,600
Non-current liabilities	<u>–</u>	<u>6,300</u>
	<b><u>12,600</u></b>	<b><u>18,900</u></b>

At 30 June 2011, the Company had an outstanding corporate guarantee to a bank in respect of syndicated loan facilities of HK\$1,600 million (31 December 2010: HK\$1,600 million) granted to an associate. The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2010: HK\$860 million). The total loan outstanding under the syndicated loan facilities as at 30 June 2011 was HK\$680 million (31 December 2010: HK\$800 million). The contingent liabilities disclosed in note 26.

The financial guarantee contract is carried at amortised cost.

## 23. Share Capital

	Number of shares '000	Nominal value HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
<b>At 1 January 2010, 31 December 2010, 1 January 2011 and 30 June 2011</b>	<b>160,000,000</b>	<b>1,600,000</b>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each		
<b>At 1 January 2010, 31 December 2010, 1 January 2011 and 30 June 2011</b>	<b>2,438,964</b>	<b>24,390</b>

## 24. Related Party Transactions

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

		<b>Unaudited</b>	
		<b>For the six months ended</b>	
		<b>30/6/2011</b>	<b>30/6/2010</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Travel services income received and receivable from an associate		4	234
Cost of sales related to travel services paid and payable to an associate		54	168
Management fee income received and receivable from an associate		3,473	3,414
Interest expenses paid and payable to a related company	<i>(i)</i>	428	402
Interest expenses paid to a director and controlling shareholder	<i>(ii)</i>	<b>2,603</b>	<b>1,271</b>

- (b) The outstanding balances with related parties at 30 June 2011 and 31 December 2010 are as follows:

		<b>Unaudited</b>	<b>Audited</b>
		<b>At</b>	<b>At</b>
		<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from associates	<i>13(c)</i>	<u>1,123,758</u>	<u>1,132,778</u>
Amount due from a jointly controlled entity	<i>14(b)</i>	<u>12,050</u>	<u>12,050</u>
Amount due to a related company	<i>(i)</i>	<u>24,253</u>	<u>23,191</u>
Loan from a director and controlling shareholder	<i>(ii)</i>	<u>105,000</u>	<u>105,000</u>
Included in trade and other receivables:			
– other receivable from a related party	<i>(iii)(a)</i>	5,687	4,310
– prepayment for consultancy services	<i>(iii)(b)</i>	<u>5,781</u>	<u>5,781</u>

*Notes:*

- (i) *The related company is an investment holding company beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”). The amount due to a related company is unsecured, bearing interest at the rate of 4% per annum and not repayable within one year.*
- (ii) *The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The final repayment date of the loan and all other sums owing to Mr. Yeung was further extended to 30 October 2012 by a letter agreement dated 23 June 2010.*

(iii) On 20 September 2010, a wholly-owned subsidiary of the Company entered into a cooperative agreement (the “Cooperative Agreement”) with a then independent third party (the “JV Partner”), who subsequently became a related party of the Company upon formation of a joint venture company of which the Company and the JV Partner indirectly held 70% and 30% interests respectively (the “JV Company”), in order to start developing a new business which intends to provide a technology services platform and technical support to the mobile sports lottery market in China (the “New Business”). Pursuant to the terms of the Cooperative Agreement, the Company has paid the following:

- (a) The amount of receivable is from the JV Partner for his on-lending to the JV Company. The amount is secured by 30% equity interest of the JV Company, interest-free and has no fixed repayment terms.
- (b) The amount is the prepayment for consultancy services in respect of the New Business paid to the JV Partner. The amount is secured by cash which is equivalent to RMB5 million, such secured cash subsequently released after 30 June 2011.

**(c) Key management personnel compensation**

Compensation for key management personnel, including amounts paid to the Company’s directors is as follows:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30/6/2011</b>	<b>30/6/2010</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
Salaries and other short-term employee benefits	2,103	2,201
Retirement benefit scheme contributions	30	30
Total emoluments are included in “staff costs”	2,133	2,231

**25. Commitments**

- (a) At 30 June 2011 and 31 December 2010, the Group and the Company did not have any material capital commitments.
- (b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>At</b>	<b>At</b>
	<b>30/6/2011</b>	<b>31/12/2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	6,446	7,044
In second to fifth years, inclusive	<u>4,028</u>	<u>9,586</u>
	<u><u>10,474</u></u>	<u><u>16,630</u></u>

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.

**26. Contingent Liabilities**

As at 30 June 2011, the Company gave a corporate guarantee for syndicated loan facilities of HK\$1,600 million granted to an associate of the Group (31 December 2010: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2010: HK\$860 million). The total loan outstanding and bank guarantee facility from the syndicated loan facilities at 30 June 2011 were HK\$680 million and HK\$240 million respectively (31 December 2010: HK\$800 million and HK\$240 million respectively).

**27. Pledge of Assets**

As at 30 June 2011, the Group had secured the following assets:

- (a) The Group pledged the time deposits of approximately HK\$8.3 million (31 December 2010: approximately HK\$8.1 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$10.4 million (31 December 2010: approximately HK\$10.2 million) for the operations of the Group;

- (b) World Fortune pledged all (31 December 2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (31 December 2010: 51%) of the entire issued share capital from time to time of Favor Jumbo to a financial institution which is a third party independent of the Company in respect of the revolving credit facility granted to the Company; and
- (d) The Group’s self-occupied properties with carrying amount of equivalent to approximately HK\$21.9 million (31 December 2010: equivalent to approximately HK\$21.6 million) was pledged to a bank to secure bank loans to Jade Travel Ltd., an 80% indirectly owned subsidiary of the Company which was incorporated in Canada.

## **28. Event After the Reporting Period**

Reference was made to the announcement dated 25 August 2011 issued by the Company, Victory Devotion Limited (“Victory Devotion”), a wholly-owned subsidiary of the Company, entered into a supplemental agreement with Up Fly and its ultimate beneficial owner, pursuant to which Victory Devotion agreed to provide further shareholder’s loans to Honour Rich from time to time up to not more than HK\$69,868,000 (the “Maximum Further Contribution”). The subsidiaries of Honour Rich are principally engaged in the provision of technology services platform, technical support and sports lottery sales agency services to the mobile sports lottery market in the People’s Republic of China. The provision of the Maximum Further Contribution constituted a discloseable transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange.

## **29. Seasonality**

The turnover of the Group’s travel business is subject to seasonal fluctuations, with peak demand during the holiday season whereas the Group’s cruise leasing and management business is subject to relatively lower degree of seasonal volatility.



### 3. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2010

Set out below are the audited consolidated financial statements of the Group for the year ended 31 December 2010 together with the comparative figures for the year ended 31 December 2009 and accompanying notes as extracted from the Group's annual report 2010.

#### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2010*

	<i>Notes</i>	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
<b>Turnover</b>	6, 7	1,444,902	1,202,239
Cost of sales		<u>(1,352,774)</u>	<u>(1,114,589)</u>
<b>Gross profit</b>		92,128	87,650
Other revenue and gains	8	44,521	31,363
Administrative expenses		(138,585)	(136,042)
Other operating expenses	9(c)	<u>(12,600)</u>	<u>(30,906)</u>
<b>Loss from operations</b>		(14,536)	(47,935)
Finance costs	9(a)	(20,854)	(9,304)
Share of results of jointly controlled entities		331	–
Share of results of associates		<u>(44,435)</u>	<u>(115,657)</u>
<b>Loss before taxation</b>	9	(79,494)	(172,896)
Income tax	10(a)	<u>(2,170)</u>	<u>(1,790)</u>
<b>Loss for the year</b>		<u><u>(81,664)</u></u>	<u><u>(174,686)</u></u>

		2010	2009
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Attributable to:</b>			
Owners of the Company		(80,782)	(173,797)
Non-controlling interests		<u>(882)</u>	<u>(889)</u>
<b>Loss for the year</b>		<b><u><u>(81,664)</u></u></b>	<b><u><u>(174,686)</u></u></b>
<b>Loss per share</b>			
	<i>15</i>		
– Basic		<b><u><u>(3.31) HK cents</u></u></b>	<b><u><u>(7.13) HK cents</u></u></b>
– Diluted		<b><u><u>(3.31) HK cents</u></u></b>	<b><u><u>(7.13) HK cents</u></u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2010*

	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
<b>Loss for the year</b>	(81,664)	(174,686)
<b>Other comprehensive income/(loss)</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	1,342	3,648
Share of other comprehensive loss of associates	—	(86,248)
<b>Total other comprehensive income/(loss) for the year, net of tax</b>	<u>1,342</u>	<u>(82,600)</u>
<b>Total comprehensive loss for the year</b>	<u><u>(80,322)</u></u>	<u><u>(257,286)</u></u>
<b>Attributable to:</b>		
Owners of the Company	(79,769)	(257,179)
Non-controlling interests	<u>(553)</u>	<u>(107)</u>
<b>Total comprehensive loss for the year</b>	<u><u>(80,322)</u></u>	<u><u>(257,286)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

		At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	91,923	78,381
Goodwill	17	6,828	6,828
Intangible assets	18	38,823	32,526
Interest in associates	20	1,171,087	1,094,945
Interest in jointly controlled entities	21	1,693	1,362
Deposit for acquisition of properties	22	–	2,632
Deposit for acquisition of a company	23	–	60,384
Deferred tax assets	34(b)	–	848
		<u>1,310,354</u>	<u>1,277,906</u>
<b>CURRENT ASSETS</b>			
Inventories	24	983	1,129
Trade and other receivables	25	47,707	15,893
Tax recoverable		184	–
Pledged bank deposits	26	8,104	8,273
Cash and cash equivalents	27	108,042	42,308
		<u>165,020</u>	<u>67,603</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	28	22,536	22,097
Deferred income	29	948	170
Profit guarantee liabilities	30	9,100	9,100
Financial guarantee contract	35	12,600	12,600
Bank loans – due within one year	36	556	–
Tax payable	34(a)	1,347	33
		<u>47,087</u>	<u>44,000</u>
<b>NET CURRENT ASSETS</b>		<u>117,933</u>	<u>23,603</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,428,287</u>	<u>1,301,509</u>

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

		At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000
	<i>Note</i>		
<b>NON-CURRENT LIABILITIES</b>			
Deferred income	29	3,002	–
Profit guarantee liabilities	30	23,508	32,608
Loans payables	31	454,640	313,754
Long-term payables	32	205,126	193,797
Due to a related company	33	23,191	20,994
Deferred tax liabilities	34(b)	29	83
Financial guarantee contract	35	6,300	18,900
Bank loans – due after one year	36	13,940	–
Loan from a director and controlling shareholder	37	105,000	47,500
		<u>834,736</u>	<u>627,636</u>
<b>NET ASSETS</b>		<u><u>593,551</u></u>	<u><u>673,873</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	38	24,390	24,390
Reserves	40	523,500	603,269
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		547,890	627,659
<b>NON-CONTROLLING INTERESTS</b>	40	45,661	46,214
<b>TOTAL EQUITY</b>		<u><u>593,551</u></u>	<u><u>673,873</u></u>

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

		At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	19	1,284,829	1,201,010
<b>CURRENT ASSETS</b>			
Deposits, prepayments and other receivables	25	295	394
Pledged bank deposits	26	7,335	6,892
Cash and cash equivalents	27	67,334	7,788
		<u>74,964</u>	<u>15,074</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	28	52,487	52,264
Financial guarantee contract	35	12,600	12,600
		<u>65,087</u>	<u>64,864</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<u>9,877</u>	<u>(49,790)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,294,706</u>	<u>1,151,220</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans payable	31	246,000	132,000
Financial guarantee contract	35	6,300	18,900
Loan from a director and controlling shareholder	37	105,000	47,500
		<u>357,300</u>	<u>198,400</u>
<b>NET ASSETS</b>		<u>937,406</u>	<u>952,820</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	38	24,390	24,390
Reserves	40	913,016	928,430
<b>TOTAL EQUITY</b>		<u>937,406</u>	<u>952,820</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Distribution reserve	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Accumulated losses			
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 January 2009	24,390	908,785	52,333	976	86,248	(4,235)	(183,659)	884,838	46,321	931,159
Total comprehensive income/ (loss) for the year	-	-	-	-	(86,248)	2,866	(173,797)	(257,179)	(107)	(257,286)
At 31 December 2009	<u>24,390</u>	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>-</u>	<u>(1,369)</u>	<u>(357,456)</u>	<u>627,659</u>	<u>46,214</u>	<u>673,873</u>
At 1 January 2010	24,390	908,785	52,333	976	-	(1,369)	(357,456)	627,659	46,214	673,873
Total comprehensive income/ (loss) for the year	-	-	-	-	-	1,013	(80,782)	(79,769)	(553)	(80,322)
At 31 December 2010	<u>24,390</u>	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>-</u>	<u>(356)</u>	<u>(438,238)</u>	<u>547,890</u>	<u>45,661</u>	<u>593,551</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	<i>Notes</i>	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>			
Loss before taxation	9	(79,494)	(172,896)
Adjustments for:			
Interest income	8	(49)	(170)
Finance costs	9(a)	20,854	9,304
Depreciation	16	10,313	11,428
Amortisation on intangible assets	9(d), 18	339	541
Amortisation on financial guarantee contract	8, 35	(12,600)	(12,600)
Share of results of jointly controlled entities		(331)	–
Share of results of associates		44,435	115,657
Reversal of impairment loss recognised on intangible assets	8, 18	(4,542)	–
Reversal of impairment loss recognised on other receivable	8, 25(b)	(4,943)	(1,387)
Impairment loss recognised on			
– goodwill	9(c), 17	–	895
– intangible assets	9(c), 18	–	6,711
– interest in jointly controlled entities	9(c), 21	–	10,700
– interest in associates	9(c), 20	12,600	12,600
Compensation for termination of contract	8, 23	(7,026)	–
Write back of long-outstanding trade payables	8	(346)	(3,210)
Exchange alignment		1,697	(349)
Loss on disposal of property, plant and equipment	9(d)	2	18
<b>Operating loss before changes in working capital</b>		<b>(19,091)</b>	<b>(22,758)</b>
Decrease in inventories		146	31
(Increase)/decrease in trade and other receivables		(20,072)	17,344
Increase in trade and other payables		15	547
Increase/(decrease) in deferred income		3,780	(1,095)
<b>Cash used in operations</b>		<b>(35,222)</b>	<b>(5,931)</b>
Income tax (paid)/refunded			
– Hong Kong profits tax paid		(228)	(2,212)
– Overseas tax refunded		–	1,541
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(35,450)</b>	<b>(6,602)</b>



**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

	<i>Notes</i>	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
<b>INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment		(20,970)	(3,523)
Proceeds from disposal of property, plant and equipment		–	80
Refund of deposit for acquisition of a company		67,026	–
Increase in amounts due from associates		(134,897)	(189,570)
Increase in amount due from a jointly controlled entity		–	(12,050)
Decrease/(increase) in pledged bank deposits		169	(1,511)
Interest income received		49	170
		<u>                    </u>	<u>                    </u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>                    </u></b> <b>(88,623)</b>	<b><u>                    </u></b> <b>(206,404)</b>
<b>FINANCING ACTIVITIES</b>			
Proceed from loans payables		135,931	144,494
Proceed from bank loans		14,496	–
Payment for profit guarantee liabilities		(9,100)	(3,792)
Loan from a director and controlling shareholder		57,500	47,500
Finance costs		(7,964)	(1,243)
		<u>                    </u>	<u>                    </u>
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b><u>                    </u></b> <b>190,863</b>	<b><u>                    </u></b> <b>186,959</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>66,790</b>	<b>(26,047)</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>42,308</b>	<b>66,675</b>
<b>Effect of foreign exchange rate changes</b>		<b><u>                    </u></b> <b>(1,056)</b>	<b><u>                    </u></b> <b>1,680</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>		<b><u>                    </u></b> <b>108,042</b>	<b><u>                    </u></b> <b>42,308</b>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balance	27	<b><u>                    </u></b> <b>108,042</b>	<b><u>                    </u></b> <b>42,308</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2010*

**1. Organisation and principal activities**

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

The 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. A summary of the significant accounting policies adopted by the Group (as defined hereinafter) is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised HKFRSs, which are first effective or available for early adoption for the current accounting period of the Group (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 (collectively the “Group”) and the Group’s interest in associates and jointly controlled entities made up to 31 December each year.

*(i) Going Concern*

The Group incurred a loss attributable to owners of the Company of approximately HK\$80,782,000 (2009: approximately HK\$173,797,000), operating net cash outflow of approximately HK\$35,450,000 (2009: approximately HK\$6,602,000) and net increase in cash and cash equivalents of approximately HK\$66,790,000 (2009: net decrease of approximately HK\$26,047,000) for the year ended 31 December 2010.

In preparing these consolidated financial statements, the directors of the Company (“Director(s)”) 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.

In order to strengthen the capital base of the Group and to improve the Group’s liquidity and cash flows in the near foreseeable future, and to sustain the Group as a going concern, the Company has entered into a term loan facility agreement of up to HK\$200 million with Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”), a director and the controlling shareholder of the Company, the loan is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK\$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended to 30 October 2012 by a letter agreement dated 23 June 2010. Up to the date of approval of these consolidated financial statements, the Company had utilised the loan facility in the amount of HK\$105.0 million (2009: HK\$47.5 million).

In the opinion of the Directors, taking into account of the loan facility and financial undertaking from 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.

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 basis.

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 financial year are discussed in note 5.

*(c) Subsidiaries and non-controlling interests*

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

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

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

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position and the consolidated statement of 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 the 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(1).

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.

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 associates or the jointly controlled entities, 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 associates or the jointly controlled entities.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associates, 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 entities are stated at cost less impairment losses (*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 units or groups of cash generating units, 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 cash-generating unit of an associate or a jointly controlled entity, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

***(f) Property, plant and equipment***

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

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

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

Freehold land and building	2.5%
Cruise	5%
Leasehold improvements	Over lease terms
Plant and machinery	20%
Furniture, fittings and office equipment	20% – 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.

**(g) Intangible assets (other than goodwill)**

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

Client list	15 years
-------------	----------

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

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



**(h) Operating lease charges**

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

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

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

- For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.
- For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

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

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

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

*(ii) Impairment of other assets*

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

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

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (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.

**(k) Trade and other receivables**

Trade and other receivables are initially recognised at fair value on the trade date and thereafter stated at amortised cost less allowance for impairment of doubtful debts (*see note 2(i)*). In such cases, the receivables are stated at cost less allowance for impairment losses for bad and doubtful debts.

**(l) Trade and other payables**

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

**(m) Cash and cash equivalents**

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

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

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

**(ii) Termination benefits**

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

**(o) Income tax**

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

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

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

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

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

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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

**(i) *Financial guarantees issued***

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

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

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

*(ii) Other provisions and contingent liabilities*

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

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

*(q) Revenue recognition*

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

*(i) Cruise leasing and management fee income*

- Cruise leasing income is recognised on an accrual basis in accordance with the terms of the leasing agreement.
- Cruise management fee income is recognised when the management service is rendered.



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

- Revenue from the sale of air tickets is recognised when the tickets are issued.
- Revenue from the sale of tour packages is recognised when travel arrangements have been booked and confirmed with customers. Deposits from customers are reported as liabilities.
- Revenue from the sale of group tours is recognised at the point of group departure. Deposits from customers are reported as liabilities until the tour departs.
- Other income consists of revenue earned based on volume sales through various on-line ticket processing systems. Other income is recognised when it is measurable and all contractual obligations have been fulfilled.

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

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

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

*(vi)* Services income is recognised when services are provided.

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

*(r) Translation of foreign currencies*

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

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

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

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

*(s) Borrowing costs*

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

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

***(t) Related parties***

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

***(u) Segment reporting***

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

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

### 3. Application of new and revised Hong Kong Financial Reporting Standards

The accounting policies adopted in the consolidated financial statements for the year ended 31 December 2010 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2009 except as described below.

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 January 2010.

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

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

The application of the above new HKFRSs has no material effect on the results and financial position of the Group and of the Company for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment was required.

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 February 2010

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>7</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

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 risk management and fair values

The Group has exposure to credit risk, liquidity risk and market risk (including currency risk and interest rate 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.

**(a) 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 place and the exposures to these credit risks are monitored on an ongoing basis.

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting date, the Group has a certain concentration of credit risk as 0.32% (2009: 2.62%) of the total trade and other receivables was due from the Group's five largest customers.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset 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 35, 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 35.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 25.

**(b) 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 2010				Carrying amount HK\$'000
	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	
Trade and other payables	22,536	–	–	22,536	22,536
Profit guarantee liabilities	9,100	9,100	14,408	32,608	32,608
Loans payables	–	461,823	–	461,823	454,640
Long-term payables	–	262,646	–	262,646	205,126
Due to a related company	–	24,036	–	24,036	23,191
Bank loans	588	621	14,121	15,330	14,496
Loan from a director and controlling shareholder	–	110,250	–	110,250	105,000
	<u>32,224</u>	<u>868,476</u>	<u>28,529</u>	<u>929,229</u>	<u>857,597</u>

	At 31 December 2009				Carrying amount HK\$'000
	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	
Trade and other payables	22,097	–	–	22,097	22,097
Profit guarantee liabilities	9,100	9,100	23,508	41,708	41,708
Loans payables	–	142,268	175,153	317,421	313,754
Long-term payables	–	–	283,138	283,138	193,797
Due to a related company	–	21,834	–	21,834	20,994
Loan from a director and controlling shareholder	–	49,875	–	49,875	47,500
	<u>31,197</u>	<u>223,077</u>	<u>481,799</u>	<u>736,073</u>	<u>639,850</u>

*The Company*

	At 31 December 2010				Carrying amount HK\$'000
	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	
Other payables and accruals	52,487	–	–	52,487	52,487
Loan from a director and controlling shareholder	–	110,250	–	110,250	105,000
Loans payable	–	253,183	–	253,183	246,000
	<u>52,487</u>	<u>363,433</u>	<u>–</u>	<u>415,920</u>	<u>403,487</u>

	At 31 December 2009				Carrying amount HK\$'000
	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	
Other payables and accruals	52,264	–	–	52,264	52,264
Loan from a director and controlling shareholder	–	49,875	–	49,875	47,500
Loan payable	–	–	135,667	135,667	132,000
	<u>52,264</u>	<u>49,875</u>	<u>135,667</u>	<u>237,806</u>	<u>231,764</u>

As at 31 December 2010, it was not probable that the counter parties to the financial guarantee will claim under the contracts. Consequently, the carrying amount of the financial guarantee contract of HK\$18.9 million (2009: HK\$31.5 million) has not been presented above.

	At 31 December 2010		At 31 December 2009	
	HK\$'000	Expiry period	HK\$'000	Expiry period
Guarantee given to bank in respect of banking facilities granted to an associate	<u>860,000</u>	<u>2012</u>	<u>860,000</u>	<u>2012</u>



***(c) Currency risk***

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

***(d) 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 at 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. Other than bank loans, the Company has no significant exposure to interest rate risk. At 31 December 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax by approximately HK\$3,510,000 (2009: approximately HK\$1,795,000). 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 2009.

***(e) Fair values***

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 2010 and 2009.

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

## 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 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 cash-generating units 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) Amortisation on 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.

***(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 2010. 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 2010 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 14.97% (2009: 13.24%). The cash flows beyond the five-year period are extrapolated using a steady 4.66% (2009: 4%) 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\$44.1 million (2009: approximately HK\$31.5 million) which was due to decrease in the carrying amount of the deemed capital contribution to the associates.

(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.

*(iii) Maruhan Put Option*

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

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

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

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 31*) and long-term payables (*note 32*) 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.

(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 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 30 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 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 million received has been recognised as liabilities and classified under profit guarantee liabilities (*note 30*), the loans payables (*note 31*) and long-term payables (*note 32*) 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 is reported to and reviewed by CODM for the purposes of resources allocation and performance assessment.

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

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

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

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

**(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 bases:

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 resources 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, interest in associates, interest in jointly controlled entities and unallocated corporate assets. 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 and 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 and part of other payables borne by the central administration companies.



**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

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

	Cruise leasing and management		Travel		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	69,600	72,600	1,375,302	1,129,639	1,444,902	1,202,239
Inter-segment revenue	–	–	946	788	946	788
<b>Reportable segment revenue</b>	<b>69,600</b>	<b>72,600</b>	<b>1,376,248</b>	<b>1,130,427</b>	<b>1,445,848</b>	<b>1,203,027</b>
<b>Reportable segment profit/(loss)</b>	<b>(1,938)</b>	<b>2,225</b>	<b>8,175</b>	<b>(9,433)</b>	<b>6,237</b>	<b>(7,208)</b>
Interest income	14	3	10	49	24	52
Amortisation on intangible assets	–	–	(339)	(541)	(339)	(541)
Depreciation	(7,052)	(6,994)	(1,391)	(1,435)	(8,443)	(8,429)
Reversal of impairment loss recognised on other receivable	4,943	1,387	–	–	4,943	1,387
Reversal of impairment loss recognised on intangible assets	–	–	4,542	–	4,542	–
Impairment loss recognised on						
– intangible assets	–	–	–	(6,711)	–	(6,711)
– goodwill	–	–	–	(895)	–	(895)
Finance costs	–	–	(921)	(739)	(921)	(739)
<b>Reportable segment assets</b>	<b>96,183</b>	<b>95,954</b>	<b>102,192</b>	<b>68,305</b>	<b>198,375</b>	<b>164,259</b>
<b>Additions to non-current segment assets</b>	<b>2,339</b>	<b>3,118</b>	<b>21,135</b>	<b>397</b>	<b>23,474</b>	<b>3,515</b>
<b>Reportable segment liabilities</b>	<b>3,235</b>	<b>4,287</b>	<b>68,729</b>	<b>45,843</b>	<b>71,964</b>	<b>50,130</b>

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

	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	1,445,848	1,203,027
Elimination of inter-segment revenue	(946)	(788)
<b>Consolidated turnover</b>	<b>1,444,902</b>	<b>1,202,239</b>
<b>Profit/(loss)</b>		
Reportable segment profit/(loss)	6,237	(7,208)
Share of results of jointly controlled entities	331	–
Share of results of associates	(44,435)	(115,657)
Unallocated corporate income	28,354	19,612
Depreciation	(1,870)	(2,999)
Interest income	25	118
Finance costs	(19,933)	(8,565)
Unallocated corporate expenses	(48,203)	(58,197)
<b>Consolidated loss before taxation</b>	<b>(79,494)</b>	<b>(172,896)</b>

	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	198,375	164,259
Interest in associates	1,171,087	1,094,945
Interest in jointly controlled entities	1,693	1,362
Unallocated		
– Deferred tax assets	–	848
– Tax recoverable	184	–
– Corporate assets	104,035	84,095
	<u>1,475,374</u>	<u>1,345,509</u>
<b>Consolidated total assets</b>	<b><u>1,475,374</u></b>	<b><u>1,345,509</u></b>
<b>Liabilities</b>		
Reportable segment liabilities	71,964	50,130
Unallocated		
– Tax payable	1,347	33
– Deferred tax liabilities	29	83
– Corporate liabilities	808,483	621,390
	<u>881,823</u>	<u>671,636</u>
<b>Consolidated total liabilities</b>	<b><u>881,823</u></b>	<b><u>671,636</u></b>

**Other items**

	Cruise leasing and management		Travel		Unallocated		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation on								
intangible assets	-	-	339	541	-	-	339	541
Impairment loss recognised on								
- intangible assets	-	-	-	6,711	-	-	-	6,711
- goodwill	-	-	-	895	-	-	-	895
Depreciation	7,052	6,994	1,391	1,435	1,870	2,999	10,313	11,428
Reversal of impairment								
loss recognised on								
intangible assets	-	-	(4,542)	-	-	-	(4,542)	-
loss recognised on								
other receivable	(4,943)	(1,387)	-	-	-	-	(4,943)	(1,387)
Interest income	(14)	(3)	(10)	(49)	(25)	(118)	(49)	(170)
Finance costs	-	-	921	739	19,933	8,565	20,854	9,304
Additions to non-current assets	2,339	3,118	21,135	397	128	8	23,602	3,523

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

	2010	2009
	HK\$'000	HK\$'000
Sales of air tickets	1,281,477	1,055,558
Travel and related services fee income	93,825	74,081
Cruise leasing and management fee income	69,600	72,600
	<u>1,444,902</u>	<u>1,202,239</u>

**(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, interest in jointly controlled entities, deposit for acquisition of properties and deposit for acquisition of a company.

The geographical location of property, plant and equipment and deposit for acquisition of properties 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 and deposit for acquisition of a company, it is the location of operations of such associates, jointly controlled entities and company.

	Revenue from		Non-current assets	
	external customers		At	At
	2010	2009	31 December 2010	31 December 2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	6,414	3,089	4,500	5,923
Macau	–	–	1,171,087	1,094,945
North America	1,368,888	1,126,550	68,418	44,667
South China Sea, other than in Hong Kong	69,600	72,600	66,349	71,139
People's Republic of China	–	–	–	60,384
	<u>1,444,902</u>	<u>1,202,239</u>	<u>1,310,354</u>	<u>1,277,058</u>

**(e) Major customer**

Revenue of approximately HK\$69.6 million (2009: approximately HK\$72.6 million) is derived from a single external customer. This revenue is attributable to the cruise leasing and management segment. No other single customers contributed 10% or more to the Group's revenue for both 2010 and 2009.

## 7. Turnover

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

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

	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
Cruise leasing and management fee income	<u>69,600</u>	<u>72,600</u>
Travel-related agency services fee income		
– Sales of air tickets	1,281,477	1,055,558
– Travel and related services fee income	<u>93,825</u>	<u>74,081</u>
	<u>1,375,302</u>	<u>1,129,639</u>
	<u><u>1,444,902</u></u>	<u><u>1,202,239</u></u>

## 8. Other revenue and gains

	Note	2010 HK\$'000	2009 HK\$'000
<b>Other revenue</b>			
Interest income on bank deposits		49	170
Total interest income on financial assets not at fair value through profit or loss		49	170
Commission income		46	124
Management fee income from an associate		6,840	6,795
Write back of long-outstanding trade payables		346	3,210
Compensation for termination of contract	23	7,026	–
Amortisation on financial guarantee contract	35	12,600	12,600
Other income		8,129	7,077
		<u>35,036</u>	<u>29,976</u>
<b>Other gains</b>			
Reversal of impairment loss recognised on intangible assets	18	4,542	–
Reversal of impairment loss recognised on other receivable*	25(b)	4,943	1,387
		<u>9,485</u>	<u>1,387</u>
		<u>44,521</u>	<u>31,363</u>

\* This represents impairment recognised 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 year. 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 25(b)).

## 9. Loss before taxation

Loss before taxation is arrived at after charging/(crediting) as follows:

	<i>Note</i>	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
<b>(a) Finance costs</b>			
Interest on loan from a related company	<i>33</i>	816	739
Interest on bank loans	<i>36</i>	105	–
Interest on long-term payables	<i>32</i>	11,329	6,749
Interest on loan from a director and controlling shareholder	<i>37</i>	3,412	1,043
Interest on other loans	<i>31(vi)</i>	<u>5,192</u>	<u>573</u>
Total interest expenses on financial liabilities not at fair value through profit or loss		20,854	9,104
Finance charges		<u>–</u>	<u>200</u>
		<u><u>20,854</u></u>	<u><u>9,304</u></u>
<b>(b) Staff costs</b>			
Salaries, wages and other benefits (including directors' emoluments)		64,549	61,927
Contributions to defined contribution retirement plan		<u>2,311</u>	<u>1,675</u>
		<u><u>66,860</u></u>	<u><u>63,602</u></u>



	<i>Note</i>	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
<b>(c) Other operating expenses</b>			
Impairment loss recognised on			
– goodwill		–	895
– intangible assets		–	6,711
– interest in associates		12,600	12,600
– interest in jointly controlled entity		–	10,700
		<u>12,600</u>	<u>30,906</u>
<b>(d) Other items</b>			
Auditors' remuneration			
– audit services		1,449	1,454
– other services		250	325
Depreciation on owned fixed assets		10,313	11,428
Amortisation on intangible assets		339	541
Loss on disposal of property, plant and equipment		2	18
Operating lease rentals			
– properties		8,963	7,951
– plant and machinery		571	539
Net exchange gain		(687)	(911)
Cost of inventories		<u>23,079</u>	<u>17,870</u>

## 10. Income tax in the Consolidated Income Statement

*(a) Taxation in the consolidated income statement represents:*

	<i>Note</i>	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax			
– Charge for the year		14	1,275
– Under provision in respect of prior years		<u>17</u>	<u>–</u>
		31	1,275
Current tax – Overseas profits tax			
– Charge for the year		1,324	–
– Under provision in respect of prior years		<u>–</u>	<u>31</u>
		1,355	1,306
Deferred taxation relating to the origination and reversal of temporary differences	<i>34(b)</i>	<u>815</u>	<u>484</u>
		<u><u>2,170</u></u>	<u><u>1,790</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the year.

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

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

	<i>Note</i>	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
Loss before taxation		<u>(79,494)</u>	<u>(172,896)</u>
Notional tax on loss before taxation, calculated at the tax rates applicable to loss in the countries concerned		(4,702)	(9,160)
Tax effect of share of results of associates		(7,332)	(19,083)
Tax effect of share of results of jointly controlled entities		55	–
Tax effect of non-deductible expenses		7,578	9,932
Tax effect of non-taxable revenue		(4,248)	(4,300)
Tax effect of unrecognised tax losses		9,552	22,219
Unrecognised temporary differences		730	683
Tax effect on utilisation of previously unrecognised tax losses		537	1,468
Under provision for tax in prior years	<i>10(a)</i>	<u>–</u>	<u>31</u>
Tax charge		<u><u>2,170</u></u>	<u><u>1,790</u></u>

**11. Directors' remuneration**

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

Name	Directors' fees		Salaries, allowances and other benefits		Retirement benefit scheme contributions		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive Directors</i>								
Yeung Hoi Sing, Sonny	-	-	-	-	-	-	-	-
Ma Ho Man, Hoffman	-	-	936	936	12	12	948	948
<i>Non-executive Director</i>								
Choi Kin Pui, Russelle	105	105	-	-	-	-	105	105
<i>Independent Non-executive Directors</i>								
Luk Ka Yee, Patrick	105	105	-	-	-	-	105	105
Yim Kai Pung	105	105	-	-	-	-	105	105
Yeung Mo Sheung, Ann	105	105	-	-	-	-	105	105
	<u>420</u>	<u>420</u>	<u>936</u>	<u>936</u>	<u>12</u>	<u>12</u>	<u>1,368</u>	<u>1,368</u>

**12. Individuals with highest emoluments**

The five individuals with the highest emoluments, one (2009: one) is a Director whose emoluments is disclosed in note 11. The aggregate of the emoluments in respect of the other four (2009: four) individuals are as follows:

	2010	2009
	HK\$'000	HK\$'000
Salaries, allowances and other benefits	3,268	3,169
Retirement benefit scheme contributions	48	48
	<u>3,316</u>	<u>3,217</u>

The emoluments of the four (2009: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2010	2009
Nil – HK\$1,000,000	<u>4</u>	<u>4</u>

### 13. Loss attributable to owners of the company

The loss attributable to owners of the Company includes a loss of approximately HK\$8,812,000 (2009: approximately HK\$7,287,000) which has been dealt with in the financial statements of the Company.

### 14. Dividends

No interim dividend was paid during the year under review (2009: Nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2010 (2009: 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\$80,782,000 (2009: approximately HK\$173,797,000) and on the weighted average number of approximately 2,438,964,000 ordinary shares (2009: 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 <i>HK\$'000</i>	Cruise <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fittings and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Motor yacht <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>								
At 1 January 2009	2,410	93,600	3,692	9,853	5,155	2,450	4,700	121,860
Addition	-	-	181	3,098	244	-	-	3,523
Disposals	-	-	(545)	-	(84)	(126)	-	(755)
Exchange alignment	370	-	473	-	960	144	-	1,947
<b>At 31 December 2009 and 1 January 2010</b>	<b>2,780</b>	<b>93,600</b>	<b>3,801</b>	<b>12,951</b>	<b>6,275</b>	<b>2,468</b>	<b>4,700</b>	<b>126,575</b>
Addition	18,847	-	2,024	2,339	392	-	-	23,602
Disposals	-	-	(30)	-	(20)	(1)	-	(51)
Exchange alignment	167	-	(153)	-	(2,614)	63	-	(2,537)
<b>At 31 December 2010</b>	<b>21,794</b>	<b>93,600</b>	<b>5,642</b>	<b>15,290</b>	<b>4,033</b>	<b>2,530</b>	<b>4,700</b>	<b>147,589</b>
<b>Accumulated depreciation</b>								
At 1 January 2009	5	23,400	2,025	6,437	2,396	868	1,018	36,149
Charge for the year	54	4,680	1,284	2,150	1,523	797	940	11,428
Written back on disposals	-	-	(523)	-	(78)	(56)	-	(657)
Exchange alignment	11	-	382	-	760	121	-	1,274
<b>At 31 December 2009 and 1 January 2010</b>	<b>70</b>	<b>28,080</b>	<b>3,168</b>	<b>8,587</b>	<b>4,601</b>	<b>1,730</b>	<b>1,958</b>	<b>48,194</b>
Charge for the year	125	4,680	571	2,330	1,117	550	940	10,313
Written back on disposals	-	-	(30)	-	(18)	(1)	-	(49)
Exchange alignment	(8)	-	(184)	-	(2,662)	62	-	(2,792)
<b>At 31 December 2010</b>	<b>187</b>	<b>32,760</b>	<b>3,525</b>	<b>10,917</b>	<b>3,038</b>	<b>2,341</b>	<b>2,898</b>	<b>55,666</b>
<b>Carrying amount</b>								
<b>At 31 December 2010</b>	<b>21,607</b>	<b>60,840</b>	<b>2,117</b>	<b>4,373</b>	<b>995</b>	<b>189</b>	<b>1,802</b>	<b>91,923</b>
At 31 December 2009	2,710	65,520	633	4,364	1,674	738	2,742	78,381

The analysis of carrying amount of property is as follows:

	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>
Freehold land and building held outside Hong Kong	<u>21,607</u>	<u>2,710</u>
<b>17. Goodwill</b>		<b>The Group</b> <i>HK\$'000</i>
<b>Cost</b>		
At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010		<u>8,332</u>
<b>Accumulated impairment losses</b>		
At 1 January 2009		(609)
Impairment loss		<u>(895)</u>
At 31 December 2009 and 1 January 2010		(1,504)
Impairment loss		<u>–</u>
<b>At 31 December 2010</b>		<u>(1,504)</u>
<b>Carrying amount</b>		
At 31 December 2010		<u>6,828</u>
At 31 December 2009		<u>6,828</u>

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>
Cruise management CGU	1,313	1,313
Travel CGU	<u>5,515</u>	<u>5,515</u>
	<u><u>6,828</u></u>	<u><u>6,828</u></u>

  

	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>
South China Sea, other than in Hong Kong	1,313	1,313
North America	<u>5,515</u>	<u>5,515</u>
	<u><u>6,828</u></u>	<u><u>6,828</u></u>

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 management CGU	
	2010	2009	2010	2009
	%	%	%	%
- Growth rate	3	4.5	Zero	Zero
- Discount rate	<u>11.65</u>	<u>12.8</u>	<u>5</u>	<u>5</u>

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



Based on the impairment tests performed, the recoverable amount of the both travel CGU and cruise management CGU are higher than their carrying amount based on value in use calculations. Accordingly, no impairment loss is recognised for the year (2009: approximately HK\$895,000 was recognised for the travel CGU).

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 management CGU.

## 18. Intangible assets

### *The Group*

	<i>Note</i>	<b>Trademark</b> <i>HK\$'000</i>	<b>Client list</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost</b>				
At 1 January 2009		27,743	7,756	35,499
Exchange alignment		<u>4,144</u>	<u>1,159</u>	<u>5,303</u>
At 31 December 2009 and 1 January 2010		31,887	8,915	40,802
Exchange alignment		<u>2,053</u>	<u>574</u>	<u>2,627</u>
<b>At 31 December 2010</b>		<b><u>33,940</u></b>	<b><u>9,489</u></b>	<b><u>43,429</u></b>
<b>Accumulated amortisation and impairment losses</b>				
At 1 January 2009		–	(891)	(891)
Charge for the year		–	(541)	(541)
Impairment loss	<i>9(c)</i>	(3,682)	(3,029)	(6,711)
Exchange alignment		<u>–</u>	<u>(133)</u>	<u>(133)</u>
At 31 December 2009 and 1 January 2010		(3,682)	(4,594)	(8,276)
Charge for the year		–	(339)	(339)
Reversal of impairment loss	<i>8</i>	3,571	971	4,542
Exchange alignment		<u>(237)</u>	<u>(296)</u>	<u>(533)</u>
<b>At 31 December 2010</b>		<b><u>(348)</u></b>	<b><u>(4,258)</u></b>	<b><u>(4,606)</u></b>
<b>Carrying amount</b>				
<b>At 31 December 2010</b>		<b><u>33,592</u></b>	<b><u>5,231</u></b>	<b><u>38,823</u></b>
At 31 December 2009		<u>28,205</u>	<u>4,321</u>	<u>32,526</u>

***Trademark***

In accordance with HKAS 36 “Impairment of Assets”, the Group completed its annual impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 31 December 2010. 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 approximately HK\$33,592,000. A reversal of impairment loss of approximately HK\$3,571,000 has been recognised for the year ended 31 December 2010 (2009: impaired approximately HK\$3,682,000).

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 13.1% (2009: 14.3%). The cash flows beyond the five-year period are extrapolated using a steady 3% (2009: 4.5%) 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.

***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 2010. 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 approximately HK\$5,231,000. A reversal of impairment loss of approximately HK\$971,000 has been recognised for the year ended 31 December 2010 (2009: impaired approximately HK\$3,029,000).

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 13.1% (2009: 14.3%), The cash flows beyond the five-year period are extrapolated using a steady 3% (2009: 4.5%) 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

	Note	The Company	
		At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000
Unlisted shares, at cost		40,655	40,655
Deemed capital contributions	35	63,000	63,000
Amounts due from subsidiaries		<u>1,270,512</u>	<u>1,167,491</u>
		1,374,167	1,271,146
Less: impairment loss <sup>#</sup>		<u>(89,338)</u>	<u>(70,136)</u>
		<u><u>1,284,829</u></u>	<u><u>1,201,010</u></u>

<sup>#</sup> After considering the accumulated losses and net liabilities positions of the relevant subsidiaries, the Directors are of the opinion that an additional impairment loss of approximately HK\$19,202,000 (2009: approximately HK\$27,255,000) has been recognised for the year ended 31 December 2010.

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.

## APPENDIX I

## FINANCIAL INFORMATION OF THE GROUP

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

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

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest			Principal activities
			Group's effective interest %	Held by the Company %	Held by subsidiaries %	
Macau Success (Hong Kong) Limited	Hong Kong	10,000,000 shares of HK\$0.01 each	100	100	–	Investment holding
Capture Success Limited	British Virgin Islands/ South China Sea, other than in Hong Kong	100 shares of US\$1 each	55	–	55	Cruise leasing
Favor Jumbo Limited	British Virgin Islands	100 shares of US\$1 each	100	–	100	Investment holding
Golden Sun Profits Limited	British Virgin Islands	20,000 shares of US\$1 each	100	–	100	Investment holding
Hover Management Limited	Hong Kong/South China Sea, other than in Hong Kong	100 shares of HK\$1 each	55	–	55	Provision of cruise management services
Macau Success Management Services Limited	Hong Kong	100 shares of HK\$1 each	100	–	100	Provision of administration services
Travel Success Limited	Hong Kong	500,000 shares of HK\$1 each	100	–	100	Travel agency
World Fortune Limited	Hong Kong	1,000 shares of HK\$1 each	100	–	100	Investment holding
665127 British Columbia Ltd.	Canada	(i) 10,000 common shares without par value; and (ii) 1,400 Class A Preferred shares with CAD0.01 par value (without voting right)	80	–	80	Investment holding
Jade Travel Ltd. ("Jade Travel Ltd. (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

## 20. Interest in associates

	<i>Note</i>	<b>The Group</b>	
		<b>At 31 December 2010</b>	<b>At 31 December 2009</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Deemed capital contribution	<i>35</i>	63,000	63,000
Goodwill	<i>(b)</i>	<u>19,409</u>	<u>19,409</u>
		82,409	82,409
Amounts due from associates	<i>(c)</i>	<u>1,132,778</u>	<u>1,044,036</u>
		1,215,187	1,126,445
Less: impairment loss	<i>(d)</i>	<u>(44,100)</u>	<u>(31,500)</u>
		<u><u>1,171,087</u></u>	<u><u>1,094,945</u></u>

(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			Principal activity
			Group's effective interest %	Held by the Company %	Held by a subsidiary %	
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 – Management Limited	Macau/Hong Kong and Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Hotel operations
Pier 16 – Gaming Promotion, Limited	Macau	1 share of MOP50,000	49	–	49	Provision of gaming promotion services
Pier 16 – Property Development	Macau	100,000 shares of MOP100 each	49	–	49	Property holding

**(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 “Impairment of Assets”. 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 different from their fair value.

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

For the year, the additional impairment loss recognised on interest in associates of HK\$12.6 million (2009: HK\$12.6 million) was due to the decrease in the carrying amount of the deemed capital contribution to the associates. The deemed capital contribution is referenced to the financial guarantee contract (*note 35*) 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\$44.1 million (2009: approximately HK\$31.5 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 2010. The Group has engaged Roma to carry out a valuation of the interest in associates as at 31 December 2010 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 14.97% (2009: 13.24%). The cash flows beyond the five-year period are extrapolated using a steady 4.66% (2009: 4%) 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.

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

	At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000
Assets	3,372,507	3,340,779
Liabilities	<u>3,392,167</u>	<u>3,566,792</u>
Equity	<u>(19,660)</u>	<u>(226,013)</u>
	2010 HK\$'000	2009 HK\$'000
Revenues	782,979	374,031
Loss	<u>(90,683)</u>	<u>(236,035)</u>

**21. Interest in jointly controlled entities**

	The Group	
	At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000
Share of net assets	343	12
Amount due from a jointly controlled entity	<u>12,050</u>	<u>12,050</u>
	12,393	12,062
Impairment loss <sup>#</sup>	<u>(10,700)</u>	<u>(10,700)</u>
	<u>1,693</u>	<u>1,362</u>

<sup>#</sup> The Group has advanced HK\$12 million to the jointly controlled entity to finance the acquisition of certain assets. The advance was unsecured and interest-free. In the opinion of the Directors, the amount will not be repaid within twelve months from the end of the reporting period and is therefore classified as non-current assets. As the recoverable amount of the advance is expected to be less than its carrying amount, an impairment loss of HK\$10.7 million has been recognised for the year ended 31 December 2010 (2009: HK\$10.7 million). The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.

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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:

	<b>At 31 December 2010 HK\$'000</b>	<b>At 31 December 2009 HK\$'000</b>
Non-current assets	29,293	14,647
Current assets	1,021	108
Current liabilities	<u>(24,276)</u>	<u>(12,150)</u>
	<b><u>6,038</u></b>	<b><u>2,605</u></b>
	<b>2010 HK\$'000</b>	<b>2009 HK\$'000</b>
Income	914	136
Expenses	<u>(85)</u>	<u>(87)</u>
Profit before tax	829	49
Taxation	<u>–</u>	<u>(23)</u>
Profit for the year	<b><u>829</u></b>	<b><u>26</u></b>



**22. Deposit for acquisition of properties**

On 28 February 2008, Jade Travel Ltd. (Canada), an 80% indirectly owned subsidiary of the Company, entered into a sale and purchase agreement to purchase the properties located in Richmond Hill, Ontario, Canada for a total consideration of approximately CAD2,364,000 (equivalent to approximately HK\$17,547,000). In July 2010, Jade Travel Ltd. (Canada) has moved in these properties. The acquisition of these properties has been completed during the year and the deposit has then been reclassified as the property, plant and equipment disclosed in note 16 accordingly.

**23. Deposit for acquisition of a company**

This represented a deposit of HK\$60 million paid to 上海永德投資有限公司 (“上海永德”), an independent third party, upon signing of a letter of intent (the “Letter of Intent”) and a confidentiality agreement (the “Confidentiality Agreement”) on 10 January 2008 for the proposed acquisition by an indirect wholly-owned subsidiary of the Company of at least 10% and not more than 51% of the entire issued share capital of 重慶林科物業發展有限公司, a 90% owned subsidiary of 上海永德. A letter agreement has been signed on 30 June 2010 to further extend the long stop date for entering into a formal agreement to 31 December 2010. The Letter of Intent and the Confidentiality Agreement were eventually terminated on 13 December 2010 and the deposit has been refunded with a compensation of approximately HK\$7,026,000 (*note 8*).

**24. Inventories**

	<b>The Group</b>	
	At	At
	<b>31 December</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fuel oil	983	1,129

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

	<b>2010</b> <i>HK\$'000</i>	<b>2009</b> <i>HK\$'000</i>
Carrying amount of inventories use	<u>23,079</u>	<u>17,870</u>

## 25. Trade and other receivables

	<i>Note</i>	The Group		The Company	
		At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>
Trade receivables	(a)	<u>16,976</u>	<u>9,672</u>	<u>–</u>	<u>–</u>
Other receivables		17,576	22,994	–	100
Less: impairment loss recognised on other receivables	(b)	<u>(16,433)</u>	<u>(21,376)</u>	<u>–</u>	<u>–</u>
		<u>1,143</u>	<u>1,618</u>	<u>–</u>	<u>100</u>
Trade and other receivables		18,119	11,290	–	100
Prepayments and deposits		<u>29,588</u>	<u>4,603</u>	<u>295</u>	<u>294</u>
		<u>47,707</u>	<u>15,893</u>	<u>295</u>	<u>394</u>

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

**(a) Trade receivables****(i) Aging analysis**

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

	<b>At 31 December 2010 HK\$'000</b>	<b>At 31 December 2009 HK\$'000</b>
Current	14,810	6,722
31 to 60 days overdue	902	1,280
61 to 90 days overdue	969	1,589
Over 90 days overdue	295	81
	<u>16,976</u>	<u>9,672</u>

The Group normally allows an average credit period of 30 to 60 days to customers of cruise leasing and management business (2009: average credit period of 30 to 60 days) and 30 days to customers of travel business (2009: 30 days). Further details on the Group's credit policy are set out in note 4(a).

**(ii) Impairment of trade receivables**

Impairment loss 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 loss recognised on the trade receivables (2009: 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:

	<b>At 31 December 2010 HK\$'000</b>	<b>At 31 December 2009 HK\$'000</b>
Neither past due nor impaired	<u>14,810</u>	<u>6,722</u>
Past due but not impaired		
31 to 60 days overdue	902	1,280
61 to 90 days overdue	969	1,589
Over 90 days overdue	<u>295</u>	<u>81</u>
	<u>2,166</u>	<u>2,950</u>
	<u><u>16,976</u></u>	<u><u>9,672</u></u>

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*

	<i>Note</i>	<b>The Group</b> <i>HK\$'000</i>
Movement in the impairment loss recognised on other receivables		
At 1 January 2009		22,763
Reversal of impairment loss*	8	<u>(1,387)</u>
At 31 December 2009 and 1 January 2010		21,376
Reversal of impairment loss*	8	<u>(4,943)</u>
<b>At 31 December 2010</b>		<b><u>16,433</u></b>

\* *This represents impairment recognised 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 year. 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.*

**26. Pledged bank deposits**

The amounts are pledged to secure certain banking facilities granted to the Group (*note 46*). The pledged bank deposits carry fixed interest rate of 0.01% to 0.175% per annum (2009: 0.03% to 0.125% per annum).

## 27. Cash and cash equivalents

	The Group		The Company	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	85,042	21,708	67,334	7,788
Non-pledged time bank deposits	23,000	20,600	–	–
Cash and cash equivalents in the consolidated statements of financial position and cash flows	<u>108,042</u>	<u>42,308</u>	<u>67,334</u>	<u>7,788</u>

Deposits with banks carry interest at market rates which is 0.1% to 0.38% per annum for current year (2009: 0.001% to 0.01% per annum).

## 28. Trade and other payables

	The Group		The Company	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	9,536	9,122	–	–
Accrued charges and other payables	13,000	12,975	2,119	2,076
Amounts due to subsidiaries	–	–	50,368	50,188
Financial liabilities measured at amortised cost	<u>22,536</u>	<u>22,097</u>	<u>52,487</u>	<u>52,264</u>

The amounts due to subsidiaries are interest-free, unsecured and have no fixed terms of repayment.

*Aging analysis*

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

	<b>The Group</b>	
	<b>At</b>	<b>At</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	8,276	5,875
31 to 60 days	787	2,490
61 to 90 days	187	311
Over 90 days	286	446
	<u>9,536</u>	<u>9,122</u>
	<u><u>9,536</u></u>	<u><u>9,122</u></u>

**29. Deferred income****The Group**

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

## 30. Profit guarantee liabilities

	<b>The Group</b>	
	<b>At</b>	<b>At</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Carrying amount</b>		
At the beginning of the year	41,708	45,500
Payment to SBI Macau under the profit guarantee	<u>(9,100)</u>	<u>(3,792)</u>
<b>At the end of the year</b>	<b><u>32,608</u></b>	<b><u>41,708</u></b>
Current liabilities	9,100	9,100
Non-current liabilities	<u>23,508</u>	<u>32,608</u>
	<b><u>32,608</u></b>	<b><u>41,708</u></b>

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.



## 31. Loans payables

	Note	The Group		The Company	
		At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000	At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000
Loans from shareholders of non-controlling interests					
– Mrs. Yung Yuen Ping Kwok	(i)	2,749	2,583	–	–
– SABC Holdings Ltd.	(ii)	7,918	7,439	–	–
– Up Fly Limited	(iii)	5,749	–	–	–
		16,416	10,022	–	–
Loan from Maruhan	(iv)	152,738	132,246	–	–
Loan from SBI Macau	(v)	39,486	39,486	–	–
Other loans	(vi)	246,000	132,000	246,000	132,000
		<u>454,640</u>	<u>313,754</u>	<u>246,000</u>	<u>132,000</u>

## Notes:

- (i) Mrs. Yung Yuen Ping Kwok is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (ii) SABC Holdings Ltd. is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (iii) Up Fly Limited is a shareholder of non-controlling interests of a 70% indirectly owned subsidiary of the Company, namely Honour Rich China Development Limited. The loan is unsecured, interest-free and not expected to be settled within one year.
- (iv) The amount represented the shareholder's loan of approximately HK\$66,468,000 due by World Fortune to Golden Sun taken up by Maruhan upon the completion of the World Fortune Disposal on 29 October 2007 and further shareholder's loan of approximately HK\$86,270,000 (2009: approximately HK\$65,778,000) advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders' Agreement. The loans are unsecured, interest-free and not expected to be settled within one year.
- (v) As mentioned in note 5(b)(iv), pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo assigned the loan of approximately HK\$39,486,000 due by Golden Sun to SBI Macau. The loan is unsecured, interest-free and not expected to be settled within one year.
- (vi) The other loans carry a floating interest rate at Hong Kong interbank offered rate plus a margin and are secured by 51% of the entire issued share capital from time to time of Favor Jumbo. The loans shall be repayable on or before 36 months after 22 October 2009. According to the loan agreement, the Group shall maintain a consolidated tangible net worth at all times of not less than HK\$400 million.

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

**32. Long-term payables**

	<b>The Group</b>	
	<b>At 31 December 2010 <i>HK\$'000</i></b>	<b>At 31 December 2009 <i>HK\$'000</i></b>
Present value of liabilities of		
– Maruhan Put Option	142,035	142,035
– SBI Macau Put Option	<u>63,091</u>	<u>51,762</u>
	<u><u>205,126</u></u>	<u><u>193,797</u></u>

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

**33. Due to a related company****The Group**

The related company is an investment holding company beneficially wholly-owned by Mr. Yeung. The loan is unsecured, bearing interest at the rate of 4% per annum and not expected to be settled within one year.

## 34. Income tax in the consolidated statement of financial position

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

	The Group	
	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>
Provision for Hong Kong profits tax for the year	14	1,275
Provision for overseas profits tax for the year	1,324	–
Provisional profits tax paid	(228)	(1,246)
Exchange alignment	47	–
	<u>1,157</u>	<u>29</u>
Balance of profits tax provision relating to prior years		
– Hong Kong	214	(16)
– Overseas	(24)	20
	<u>1,347</u>	<u>33</u>

*(b) Recognised deferred tax (assets)/liabilities*

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

	<i>Note</i>	<b>The Group Accelerated depreciation HK\$'000</b>
At 1 January 2009		(1,107)
Debited to the consolidated income statement	<i>10(a)</i>	484
Exchange alignment		<u>(142)</u>
At 31 December 2009 and 1 January 2010		(765)
Debited to the consolidated income statement	<i>10(a)</i>	815
Exchange alignment		<u>(21)</u>
<b>At 31 December 2010</b>		<b><u>29</u></b>

	<b>The Group</b>	
	<b>At</b>	<b>At</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net deferred tax assets recognised on the consolidated statement of financial position	–	(848)
Net deferred tax liabilities recognised on the consolidated statement of financial position	<u>29</u>	<u>83</u>
	<b><u>29</u></b>	<b><u>(765)</u></b>

*(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 2010, the Group had tax losses of approximately HK\$103 million (2009: approximately HK\$103 million) that are available to carry forward indefinitely for offsetting against future taxable profits.

**35. Financial guarantee contract**

	<i>Note</i>	<b>The Group and the Company</b>	
		<b>At 31 December 2010 HK\$'000</b>	<b>At 31 December 2009 HK\$'000</b>
<b>Carrying amount</b>			
At the beginning of the year		31,500	44,100
Amortisation for the year	8	<u>(12,600)</u>	<u>(12,600)</u>
<b>At the end of the year</b>		<b><u>18,900</u></b>	<b><u>31,500</u></b>
Current liabilities		12,600	12,600
Non-current liabilities		<u>6,300</u>	<u>18,900</u>
		<b><u>18,900</u></b>	<b><u>31,500</u></b>

At 31 December 2010, the Company had an outstanding corporate guarantee to a bank in respect of syndicated loan facilities of HK\$1,600 million (2009: HK\$1,600 million) granted to an associate (*note 42*). The maximum guarantee amount borne by the Company was HK\$860 million (2009: HK\$860 million). The total loan outstanding under the syndicated loan facilities as at 31 December 2010 was HK\$800 million (2009: HK\$1,040 million).

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

The financial guarantee contract is carried at amortised cost.

## 36. Bank loans

	The Group	
	At	At
	31 December	31 December
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans, secured	<u>14,496</u>	<u>–</u>
	At	At
	31 December	31 December
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount repayable:		
Within one year	556	–
More than one year, but no exceeding two years	587	–
More than two years, but not more than five years	1,976	–
More than five years	<u>11,377</u>	<u>–</u>
	14,496	–
<i>Less: Amounts shown under current liabilities</i>	<u>(556)</u>	<u>–</u>
Amounts shown under non-current liabilities	<u>13,940</u>	<u>–</u>

## 37. Loan from a director and controlling shareholder

	<b>The Group and the Company</b>	
	At <b>31 December 2010</b> <i>HK\$'000</i>	At <b>31 December 2009</b> <i>HK\$'000</i>
Loan from Mr. Yeung	<u>105,000</u>	<u>47,500</u>

These represent the loan from Mr. Yeung under the revised loan facility as disclosed in note 2(b)(i). The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to Mr. Yeung under the revised loan facility before 30 October 2012. 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.

## 38. Share capital

	<b>Number of shares</b> <i>'000</i>	<b>Nominal value</b> <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
<b>At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010</b>	<u>160,000,000</u>	<u>1,600,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each		
<b>At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010</b>	<u>2,438,964</u>	<u>24,390</u>

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.

**39. Employee retirement benefits****(a) *Defined contribution retirement plan***

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

**(b) *Share option scheme***

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

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

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



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

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

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

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

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

At the end of the reporting period, no share options had been granted under the Option Scheme since its adoption (2009: Nil).

## 40. Reserves

## The Group

	Attributable to the owners of the Company						Non-controlling interests	Total equity	
	Share premium	Distribution reserve	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Accumulated losses			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2009	908,785	52,333	976	86,248	(4,235)	(183,659)	860,448	46,321	906,769
Total comprehensive income/(loss) for the year	-	-	-	(86,248)	2,866	(173,797)	(257,179)	(107)	(257,286)
At 31 December 2009	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>-</u>	<u>(1,369)</u>	<u>(357,456)</u>	<u>603,269</u>	<u>46,214</u>	<u>649,483</u>
At 1 January 2010	908,785	52,333	976	-	(1,369)	(357,456)	603,269	46,214	649,483
Total comprehensive income/(loss) for the year	-	-	-	-	1,013	(80,782)	(79,769)	(553)	(80,322)
At 31 December 2010	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>-</u>	<u>(356)</u>	<u>(438,238)</u>	<u>523,500</u>	<u>45,661</u>	<u>569,161</u>

***Nature and purpose of reserves******(a) Share premium***

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

***(b) Exchange reserve***

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

***(c) Property revaluation reserve***

The amount represents the Group's share of revaluation surplus of a casino building held by an associate.

**The Company**

	Share premium <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2009	908,785	43,271	952,056
Total comprehensive loss for the year	<u>–</u>	<u>(23,626)</u>	<u>(23,626)</u>
At 31 December 2009 and 1 January 2010	908,785	19,645	928,430
Total comprehensive loss for the year	<u>–</u>	<u>(15,414)</u>	<u>(15,414)</u>
<b>At 31 December 2010</b>	<b><u>908,785</u></b>	<b><u>4,231</u></b>	<b><u>913,016</u></b>

***Distribution of reserves***

At 31 December 2010, the aggregate amount of reserves available for distribution to owners of the Company was approximately HK\$4,231,000 (2009: approximately HK\$19,645,000).

**41. Commitments**

- (a) Capital commitments outstanding at 31 December 2010 not provide for in the consolidated financial statements were as follows:

	The Group		The Company	
	At 31 December 2010	At 31 December 2009	At 31 December 2010	At 31 December 2009
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for				
– acquisition of properties	22	–	14,915	–
– renovation of properties		–	1,560	–
		<u>–</u>	<u>16,475</u>	<u>–</u>
		<b><u>–</u></b>	<b><u>16,475</u></b>	<b><u>–</u></b>

- (b) At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>	At 31 December 2010 <i>HK\$'000</i>	At 31 December 2009 <i>HK\$'000</i>
Within one year	7,044	5,339	–	–
In the second to fifth years, inclusive	<u>9,586</u>	<u>3,339</u>	<u>–</u>	<u>–</u>
	<u><u>16,630</u></u>	<u><u>8,678</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

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.

#### 42. Contingent liabilities

As at 31 December 2010, the Company gave a corporate guarantee for syndicated loan facilities of HK\$1,600 million granted to an associate of the Group (2009: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (2009: HK\$860 million) (*note 35*). The total loan outstanding and bank guarantee facility from the syndicated loan facilities at the end of the reporting period was HK\$800 million and HK\$240 million respectively (2009: HK\$1,040 million and Nil respectively).

#### 43. Events after the reporting period

The Group did not have any significant event after the reporting period.

## 44. Related party transactions

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

		<b>The Group</b>	
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Travel services fee income received and receivable from			
– an associate	<i>(i)</i>	290	95
– key management	<i>(i)</i>	1,236	–
Cost of sales related to travel services paid and payable to an associate	<i>(i)</i>	342	796
Management fee income received and receivable from an associate	<i>(ii)</i>	6,840	6,795
Interest expenses paid and payable to a related company	<i>33</i>	816	739
Interest expenses paid to a director and controlling shareholder	<i>37</i>	<u>3,412</u>	<u>1,043</u>

*Notes:*

- (i) *The travel services 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.*

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

		<b>The Group</b>	
		<b>At</b>	<b>At</b>
		<b>31 December</b>	<b>31 December</b>
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from associates	<i>20(c)</i>	<u>1,132,778</u>	<u>1,044,036</u>
Amount due from a jointly controlled entity	<i>21</i>	<u>12,050</u>	<u>12,050</u>
Due to a related company	<i>33</i>	<u>23,191</u>	<u>20,994</u>
Loan from a director and controlling shareholder	<i>37</i>	<u>105,000</u>	<u>47,500</u>
Included in trade and other receivables			
– Other receivable from a related party	<i>(i)</i>	4,310	–
– Prepayment for consultancy services	<i>(ii)</i>	<u>5,781</u>	<u>–</u>

*Notes:*

On 20 September 2010, a wholly-owned subsidiary of the Company entered into a cooperative agreement (the “Cooperative Agreement”) with an independent third party (the “JV Partner”), who subsequently became a related party of the Company upon formation of a joint venture company of which the Company and the JV Partner indirectly held 70% and 30% interests respectively (the “JV Company”), in order to start developing a new business which intends to provide a technology services platform and technical support to the mobile sports lottery market in China (the “New Business”). Pursuant to the terms of the Cooperative Agreement, the Company has paid the following:

- (i) The amount of receivable is from the JV Partner for his on-lending to the JV Company. The amount is secured by 30% equity interest of the JV Company, interest-free and has no fixed repayment terms.
- (ii) The amount is the prepayment for consultancy services in respect of the New Business paid to the JV Partner. The amount is secured by cash which is equivalent to RMB5 million.

**(c) Key management personnel compensation**

Save as disclosed elsewhere in the consolidated financial statements, the compensation for key management personnel is disclosed as follows:

		<b>The Group</b>	
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other short-term employee benefits		4,624	4,525
Retirement benefit scheme contributions		60	60
Total emoluments are included in "staff costs"	<i>9(b)</i>	4,684	4,585

- (d)** On 1 December 2008, the Company has entered into a term loan facility agreement of up to HK\$200 million with Mr. Yeung, the loan is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK\$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended to 30 October 2012 by a letter agreement dated 23 June 2010.

**45. Capital risk management**

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

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

The Group monitors its capital structure on the basis of debt-to-capital ratio. For this purpose the Group defines debt as total borrowings which are bearing a fixed or variable interest rates such as amount due to a related company (*note 33*), other loans (*note 31(vi)*), bank loans (*note 36*) and loan from a director and controlling shareholder (*note 37*). Capital represents total equity attributable to owners of the Company in the consolidated statement of financial position.

During the year, the Group's strategy, which was unchanged from 2009, was to maintain the debt-to-capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 December 2010, the debt-to-capital ratio is 71% (2009: 32%).

#### **46. Pledge of assets**

As at 31 December 2010, the Group had secured the following assets:

- (a) The Group pledged the time deposits of approximately HK\$8.1 million (2009: approximately HK\$8.3 million) to certain banks for the issuance of several bank guarantees and standby letter of credit facility of approximately HK\$10.2 million (2009: approximately HK\$10.2 million) for the operations of the Group;
- (b) World Fortune pledged all (2009: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (2009: 51%) of the entire issued share capital from time to time of Favor Jumbo to a financial institution which is a third party independent of the Company in respect of the revolving credit facility granted to the Company; and
- (d) The Group's self-occupied properties with carrying amount of approximately HK\$21.6 million (2009: Nil) was pledged to a bank to secure bank loans to Jade Travel Ltd. (Canada).



## 4. INDEBTEDNESS

**Borrowings**

As at the close of business on 31 October 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Prospectus, apart from intra-group liabilities, the Group had outstanding secured and unsecured borrowings of approximately HK\$841.54 million as follow:

	<i>HK\$'000</i>
<b>Secured:</b>	
Bank loans, secured	14,023
	-----
<b>Unsecured:</b>	
Loans payables	456,189
Long-term payables	212,916
Amount due to a related company	23,416
Loan from a director and controlling shareholder	135,000
	-----
	<u>827,521</u>
 <b>Total outstanding secured and unsecured borrowings</b>	 <b><u><u>841,544</u></u></b>

**Guarantee**

As at 31 October 2011, the Company gave a corporate guarantee for syndicated loan facilities of HK\$1,600 million granted to Pier 16 – Property Development held as to 49% by World Fortune. The maximum guarantee amount borne by the Company was HK\$860 million. The total loan outstanding and bank guarantee facility from the syndicated loan facilities as at 31 October 2011 were HK\$620 million and HK\$240 million respectively.

**Pledge of assets**

As at 31 October 2011, the following assets of the Group were pledged:

- a) The Group pledged time deposits of approximately HK\$8.1 million in favour of certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$10.2 million for the operations of the Group;
- b) World Fortune pledged all of its shares in Pier 16 – Property Development in favour of a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development;
- c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% of the entire issued share capital from time to time of Favor Jumbo in favour of a financial institution which was a third party independent of the Company in respect of the revolving credit facility granted to the Company; and
- d) The Group's self-occupied properties with carrying amount equivalent to approximately HK\$21.2 million were pledged in favour of a bank to secure bank loans to Jade Travel Ltd., an 80% indirectly owned subsidiary of the Company incorporated in Canada.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 October 2011, the Group had no debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured, bank borrowings including, bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase or finance lease commitments, mortgages, charges, guarantees or other material contingent liabilities.

**5. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account of its present available financial resources, the loan facility granted by Mr. Yeung to the Company under the Facility Letter and the estimated net cash proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for the next twelve months from the date of the Prospectus in the absence of unforeseen circumstances.

**6. MATERIAL ADVERSE CHANGE**

Reference was made to the paragraph headed “6. Material change” in Appendix I to the Circular, which described, amongst others, certain loans and payables of the Group would become mature within the coming twelve months and be reclassified as current liabilities but there would not be any impact on the Group’s profit and loss as a result of such reclassification. Taking into account of the aforesaid reclassification and the statement of working capital as set out in the paragraph headed “5. Working capital” in this appendix above, the Directors consider that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

**7. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

As at the Latest Practicable Date, the principal businesses of the Group included the leasing and management of a cruise, travel and entertainment-related business, and the investment project of Ponte 16 which is an integrated casino-entertainment resort and tourist attraction in Macau. Looking ahead, the Company will continue to build on the increasing business opportunities from the PRC to further expand its foothold in the PRC and explore new cross-selling opportunities for the Group’s travel and entertainment-related businesses and Ponte 16, the flagship investment project of the Group.

With regard to Ponte 16, the management of the Company views that opening of new resorts has enriched the entertainment scene of Macau as a whole and boosted the overall tourist arrivals for the entire market. While Ponte 16 is set to continue to benefit from the growing momentum of Macau’s gaming industry, the Board believes the combination of its unique positioning and quality services is a winning strategy in the market. As such, the premier resort destination will continue to strengthen its unique global status by exploring new Hollywood elements to enhance its exclusive entertainment offering. Furthermore, Ponte 16 is planning on the development of its Phase 3 project, which will include a shopping arcade that offers an array of shops and restaurants as well as new entertainment facilities. The implementation of the expansion plan on the Phase 3 project of Ponte 16 is still subject to the approval of building plan from the Macau Government which is yet to be confirmed. It is expected that this new phase will further diversify the shopping, dining and entertainment experiences to be offered by Ponte 16 and serve as another revenue contributor for the Group.

For the travel business of the Group, the business environment for its North American operations may remain relatively challenging in the second half of 2011 as concerns over the shed momentum of the economic recovery and the European sovereign debt crisis may have a discouraging impact on consumer sentiment in the market. Although the uncertainties over the economic outlook may affect demands for outbound tours from North America, the Board believes that the Chinese economy will lead to opportunities in inbound tours from the PRC. The granting of “Approved Destination Status” to Canada by the PRC’s authorities has further opened up opportunities. For the cruise business, the Group expects the business will continue to provide a relatively steady income but may remain subject to challenge in the year to come due the volatility of fuel cost.

In light of the rapid growth potential of the PRC’s lottery industry, which has a compound annual growth rate of lottery sales revenue of approximately 25% in the last ten years and a growth of approximately 34% in the first nine months for the year of 2011 to approximately RMB157.8 billion as compared to that of 2010, the Group believes that there will be ample opportunities for players who possess well-connected networks and sound business strategy. In an attempt to seize the enormous growth opportunities in the PRC’s burgeoning lottery industry as referred to in the announcement of the Company dated 25 August 2011, the Group has embarked on a new business to provide a technology services platform and technical support as well as sports lottery sales agency services to the PRC’s mobile sports lottery market through the subsidiaries of a 70%-owned joint venture company. The Group believes that the mobile sports lottery business will be another growth driver for the Group.

**1. UNAUDITED PRO FORMA STATEMENT ON ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement on adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2011.

The unaudited pro forma statement on adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 30 June 2011 or at any future date.

The following unaudited pro forma statement on adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2011 and adjusted to reflect the effect of the Rights Issue:

<b>Unaudited consolidated net tangible assets of the Group as at 30 June 2011</b>	<b>Estimated proceeds less related expenses from the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group upon completion of the Rights Issue</b>	<b>Unaudited consolidated net tangible assets of the Group per Share as at 30 June 2011 prior to the completion of the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share upon completion of the Rights Issue</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Note (c)</i>	<i>Note (d)</i>
463,657	301,435	765,092	HK\$0.19	HK\$0.19

*Notes:*

- (a) The unaudited consolidated net tangible assets of the Group as at 30 June 2011 is calculated based on the capital and reserves attributable to the owners of the Company as at 30 June 2011 of approximately HK\$510,892,000 after deducting goodwill of approximately HK\$6,828,000 and intangible assets of approximately HK\$40,407,000 as at 30 June 2011 as extracted from the interim report of the Company for six months ended 30 June 2011.*
- (b) The estimated proceeds less related expenses from the Rights Issue of approximately HK\$301,435,000 are calculated based on 1,625,976,154 Rights Shares to be issued at the Subscription Price of HK\$0.19 per Rights Share after deducting estimated expenses of approximately HK\$7,500,000.*
- (c) The number of Shares used for the calculation of this amount is 2,438,964,233, representing the Shares in issue as at 30 June 2011.*
- (d) The number of Shares used for the calculation of this amount is 4,064,940,387 which is the total number of Shares in issue after completion of the Rights Issue, representing the 2,438,964,233 Shares in issue as at 30 June 2011 and 1,625,976,154 Shares to be issued pursuant to the Rights Issue.*
- (e) No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 June 2011.*

**2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT ON  
ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the text of a report prepared for the sole purpose of inclusion in this prospectus, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.



Chartered Accountants  
Certified Public Accountants

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

21 December 2011

The Board of Directors  
**Success Universe Group Limited**  
Suite 1601-2 & 8-10, 16/F.  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement on adjusted consolidated net tangible assets (the “Unaudited Pro Forma Consolidated Net Tangible Assets”) of Success Universe Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the rights issue of the Company on the basis of two rights shares for every three shares held on the record date at HK\$0.19 per rights share (the “Rights Issue”) might have affected the financial information of the Company presented, for inclusion in Appendix II to the prospectus of the Company dated 21 December 2011 (the “Prospectus”).

The basis of preparation of the Unaudited Pro Forma Consolidated Net Tangible Assets is set out on pages II-1 to II-2 to the Prospectus.

**Respective responsibilities of directors of the Company and reporting accountants**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Consolidated Net Tangible Assets in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Consolidated Net Tangible Assets and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Consolidated Net Tangible Assets beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Consolidated Net Tangible Assets with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Consolidated Net Tangible Assets has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Consolidated Net Tangible Assets as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Consolidated Net Tangible Assets is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 or any future date.



**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Consolidated Net Tangible Assets has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Consolidated Net Tangible Assets as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully

**HLB Hodgson Impey Cheng**

Chartered Accountants

Certified Public Accountants

Hong Kong

## 1. RESPONSIBILITY STATEMENT

The Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue were and will be as follows:

<b>Number of Shares</b>		<b>Nominal value</b> <i>HK\$</i>
<i>Authorised:</i>		
<u>160,000,000,000</u>	Shares	<u>1,600,000,000.00</u>
<i>Issued and fully-paid:</i>		
2,438,964,233	Shares in issue as at the Latest Practicable Date	24,389,642.33
1,625,976,154	Rights Shares to be issued pursuant to the Rights Issue	16,259,761.54
<u>4,064,940,387</u>	Shares in issue following completion of the Rights Issue	<u>40,649,403.87</u>

All the existing Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, issued and fully-paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save for the share capital injection to an indirect 70% owned subsidiary of the Company of an aggregate amount of HK\$10,000,000 for its share capital paid-up during the period from 1 January 2011 to the Latest Practicable Date, there had been no alteration to the capital of any member of the Group since 31 December 2010 and up to the Latest Practicable Date.

The Company had not issued any new Shares since 31 December 2010 and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company did not have any outstanding warrants, options or other securities convertible into or giving rights to the holders thereof to subscribe for the Shares.

As at the Latest Practicable Date, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

### **3. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT**

<b>Name</b>	<b>Address</b>
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***Executive Directors***

Mr. Yeung Hoi Sing, Sonny

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

Dr. Ma Ho Man, Hoffman

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

<b>Name</b>	<b>Address</b>
<b><i>Non-executive Director</i></b>	
Mr. Choi Kin Pui, Russelle	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
<b><i>Independent non-executive Directors</i></b>	
Mr. Luk Ka Yee, Patrick	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Mr. Yim Kai Pung	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Ms. Yeung Mo Sheung, Ann	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
<b><i>Senior management</i></b>	
Ms. Chiu Nam Ying, Agnes	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Mr. Wong Chi Keung, Alvin	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

**Executive Directors**

**Mr. Yeung Hoi Sing, Sonny**, aged 57, joined the Group in 2003. He is an executive Director and the Chairman of the Company as well as a director of the subsidiaries of the Company. He is also the chairman of the remuneration committee (the “**Remuneration Committee**”) and the executive committee (the “**Executive Committee**”) of the Company. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He has been a member of the National Committee of the Chinese People’s Political Consultative Conference, the PRC since 1993 and has over 27 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 SFO as well as a participant of 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 the Underwriter. Mr. Yeung is the uncle of Dr. Ma Ho Man, Hoffman, an executive Director and the Deputy Chairman of the Company.

**Dr. Ma Ho Man, Hoffman**, aged 38, joined the Group in 2005. He is an executive Director and the Deputy Chairman of the Company as well as a director of the subsidiaries of the Company. Dr. Ma is also a member of the Executive Committee. He is responsible for implementing the Company’s strategies regarding the business development of the Group as well as managing the Group’s business and operations. Dr. Ma joined Success Securities in 2000. He has been a director of Success Securities since November 2008 and is responsible for overseeing its marketing affairs. Dr. Ma is currently an executive director and the chairman of See Corporation Limited, a company whose issued shares are listed on the main board of the Stock Exchange. He has over 14 years of experience in the financial industry and years of managerial experience. He was awarded Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctorate of Management by Lincoln University in 2009 and 2010 respectively. Dr. Ma is the nephew of Mr. Yeung.

**Non-executive Director**

**Mr. Choi Kin Pui, Russelle**, aged 57, joined the Group in 2003. He is a non-executive Director as well as a member of the audit committee of the Company (the “**Audit Committee**”) and the Remuneration Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 17 years of management experience in the telecommunication industry in Hong Kong and the United States of America (the “**US**”). Mr. Choi established Elephant Talk Limited in 1994, a wholly-owned subsidiary of an American corporation, Elephant Talk Communications Inc. (“**ETCI**”), whose securities are quoted on the Over-The-Counter Bulletin Board in the US and engages in the provision of telecommunications services in Hong Kong and the US. Mr. Choi was a director of ETCI from 2002 to 2008 as well as the president and the chief executive officer of ETCI from 2002 to 2006 and was responsible for the planning of the overall strategy of ETCI. He also served as the chairman of ET Network Services Limited, a Hong Kong company engaged in the provision of internet access and outsourcing services in the PRC and Hong Kong.

**Independent non-executive Directors**

**Mr. Luk Ka Yee, Patrick**, aged 50, joined the Group in 2003. He is an independent non-executive Director as well as a member of the Audit Committee and the Remuneration Committee. Mr. Luk obtained a Degree of Bachelor of Arts with principal subjects in Law and Politics 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.

**Mr. Yim Kai Pung**, aged 46, joined the Group in 2004. He is an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Yim holds a Bachelor degree of Accountancy with honours from City University of Hong Kong in 1993 and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 20 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC. Mr. Yim is presently the sole proprietor of David Yim & Co., Certified Public Accountants, and a director as well as the managing director of CCTH CPA Limited. He is currently an independent non-executive director of Greens Holdings Ltd., a company whose issued shares are listed on the main board of the Stock Exchange. Mr. Yim was a director (who was first appointed as an executive director and then redesignated as a non-executive director) of Sanyuan Group Limited, a company previously listed on the main board of the Stock Exchange.

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

### **Senior Management**

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

**Mr. Wong Chi Keung, Alvin**, aged 49, joined the Group in 2008. He is the financial controller of the Group as well as the qualified accountant of the Company, and is responsible for financial and accounting matters of the Group. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and an associate member of The Chartered Institute of Management Accountants. He is currently an independent non-executive director as well as the chairman of both the audit committee and the remuneration committee of ITC Properties Group Limited, a company whose issued shares are listed on the main board of the Stock Exchange. He has over 23 years of experience in accounting and corporate finance gained in property development, construction and manufacturing companies.

**4. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Principal place of business in Hong Kong</b>	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
<b>Authorised representatives in Hong Kong</b>	Dr. Ma Ho Man, Hoffman Ms. Chiu Nam Ying, Agnes Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
<b>Company secretary</b>	Ms. Chiu Nam Ying, Agnes
<b>Underwriter of the Rights Issue</b>	Silver Rich Macau Development Limited <i>Registered office:</i> P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands  <i>Correspondence address:</i> Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong



**Financial adviser to the Company**

Optima Capital Limited  
Suite 1501, 15th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

**Legal advisers to the Company**

*As to Bermuda law:*  
Conyers Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*As to Hong Kong law:*  
Iu, Lai & Li  
20/F., Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

**Auditors**

HLB Hodgson Impey Cheng (“**HLB**”)  
*Chartered Accountants*  
*Certified Public Accountants*  
31/F., Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

**Principal share registrar and transfer agent  
in Bermuda**

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

**Branch share registrar and transfer office  
in Hong Kong**

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

**Principal bankers**

Chong Hing Bank Limited  
Chong Hing Bank Centre  
24 Des Voeux Road Central  
Hong Kong

Fubon Bank (Hong Kong) Limited  
38 Des Voeux Road Central  
Hong Kong

Royal Bank of Canada  
260 East Beaver Creek Road  
Richmond Hill, Ontario  
Canada, L4B 3M3

The Bank of East Asia, Limited  
10 Des Voeux Road Central  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

**Stock code**

00487

**Website**

[www.successug.com](http://www.successug.com)

## 5. DISCLOSURE OF INTERESTS

(i) **Interests and short positions of Directors in the shares, underlying shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

*Interest in the Shares*

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

*Notes:*

1. Mr. Yeung was deemed to have corporate interest in 2,636,929,586 Shares comprising: (i) 1,010,953,432 Existing Shares held by the Underwriter; (ii) 673,968,954 SR Shares to be accepted by the Underwriter in respect of its entitlement to the Rights Shares as a Qualifying Shareholder under the Rights Issue; and (iii) 952,007,200 excess Rights Shares which might be allotted to the Underwriter pursuant to the Irrevocable Undertaking or 952,007,200 Underwritten Shares which might be taken up by the Underwriter pursuant to the underwriting obligation under the Underwriting Agreement, details of which are set out in the section headed “Letter from the Board” in the Prospectus. Mr. Yeung was deemed to be interested in these Shares by virtue of his family members being the eligible beneficiaries of the discretionary trust holding the Underwriter.
2. The approximate percentage of shareholding was calculated based on 2,636,929,586 Shares interested or deemed to be interested by Mr. Yeung in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.
3. Mr. Yeung was deemed to have a short position in these Shares pursuant to the Placing Agreement and the approximate percentage of shareholding was calculated based on his short position in 26,452,296 Shares as at the Latest Practicable Date in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

Mr. Yeung is a director of the Underwriter, which has an interest in the Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and the chief executive of the Company 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) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(ii) Interests and short positions in the Shares and underlying Shares discloseable under the provisions of Divisions 2 and 3 of Part XV of the SFO and interests of substantial shareholders in other members of the Group**

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

***Interest in the Shares***

Name of substantial Shareholders	Long position/ Short position	Capacity	Number of Shares interested or deemed to be interested	Approximate percentage of shareholding %
The Underwriter	Long position	Beneficial owner	2,636,929,586	64.87 (Note 4)
	Short position	Beneficial owner	26,452,296	0.65 (Note 5)
Fiducia Suisse SA (Note 1)	Long position	Trustee	2,636,929,586	64.87 (Note 4)
	Short position	Trustee	26,452,296	0.65 (Note 5)
Mr. David Henry Christopher Hill (Note 1)	Long position	Interest of controlled corporation	2,636,929,586	64.87 (Note 4)
	Short position	Interest of controlled corporation	26,452,296	0.65 (Note 5)
Mrs. Rebecca Ann Hill (Note 2)	Long position	Interest of spouse	2,636,929,586	64.87 (Note 4)
	Short position	Interest of spouse	26,452,296	0.65 (Note 5)
Ms. Liu Siu Lam, Marian (Note 3)	Long position	Interest of spouse	2,636,929,586	64.87 (Note 4)
	Short position	Interest of spouse	26,452,296	0.65 (Note 5)
Maruhan	Long position	Beneficial owner	438,228,000	17.97

## Notes:

1. The entire issued share capital of the Underwriter is held by Fiducia Suisse SA (formerly known as KF Suisse SA), which is a trustee of a discretionary trust, the beneficiaries of which are the Yeung Family. Fiducia Suisse SA is wholly-owned by Mr. David Henry Christopher Hill. Accordingly, each of Fiducia Suisse SA and Mr. David Henry Christopher Hill was deemed to be interested in 2,636,929,586 Shares, which comprised: (i) 1,010,953,432 Existing Shares held by the Underwriter; (ii) 673,968,954 SR Shares to be accepted by the Underwriter in respect of its entitlement to the Rights Shares as a Qualifying Shareholder under the Rights Issue; and (iii) 952,007,200 excess Rights Shares which might be allotted to the Underwriter pursuant to the Irrevocable Undertaking or 952,007,200 Underwritten Shares which might be taken up by the Underwriter pursuant to the underwriting obligation under the Underwriting Agreement, details of which are set out in the section headed "Letter from the Board" in the Prospectus.
2. Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 2,636,929,586 Shares in which Mr. David Henry Christopher Hill had a deemed interest.
3. Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung, was deemed to be interested in 2,636,929,586 Shares in which Mr. Yeung had a deemed interest.
4. The approximate percentage of shareholding was calculated based on 2,636,929,586 Shares interested or deemed to be interested by the relevant person in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.
5. The short position in Shares was arisen pursuant to the Placing Agreement and the approximate percentage of shareholding was calculated based on the short position in 26,452,296 Shares held by the relevant person as at the Latest Practicable Date in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.

**Long positions in other members of the Group**

Name of non wholly-owned subsidiaries of the Company	Name of substantial shareholders	Number of issued shares held	Percentage of the total issued share capital of the non wholly-owned subsidiaries of the Company %
665127 British Columbia Ltd.	SABC Holdings Ltd.	1,400	14
Capture Success Limited	Summit Global International Limited	21	21
Capture Success Limited	Mantovana Holdings Limited	15	15
Honour Rich China Development Limited	Up Fly Limited	3	30
World Fortune	Maruhan	102	10.2

Save as disclosed above, so far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, 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 or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital.

## **6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

Save for the SS Loan, the SS Loan Assignment, the Facility Letter, the Yeung Loan Assignment and the Underwriting Agreement, no contract or arrangement in which any of the Directors was materially interested and which was significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

## **7. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

## **8. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) had been entered into by the members of the Group within the two years preceding the Latest Practicable Date and are or may be material:

- (i) the confirmation and acknowledgement dated 18 May 2010 entered into between Golden Sun, Maruhan, the Company and World Fortune, to confirm and acknowledge the provision of financing to World Fortune pursuant to the shareholders' agreement dated 29 October 2007 made between the aforesaid parties, as amended and supplemented by a supplemental agreement dated 10 July 2008;

- (ii) the cooperative agreement dated 20 September 2010 (the “**Cooperative Agreement**”) entered into between Victory Devotion Limited (“**Victory Devotion**”, a wholly-owned subsidiary of the Company), Mr. Wu Hong (“**Mr. Wu**”) and 上海唐路科技有限公司 (“**上海唐路科技**”, an entity controlled by Mr. Wu), in relation to the formation of companies and the cooperative arrangements for the intended provision of technology services platform and technical support to the mobile sports lottery market in the PRC (the “**New Business**”);
- (iii) the deed of share mortgage dated 20 September 2010 executed by Ms. Yuen Tung Me (“**Ms. Yuen**”) as chargor in favour of Victory Devotion as chargee in relation to the mortgage of certain shares held by Ms. Yuen in a company whose shares are listed on the Stock Exchange as security for, inter alia, repayment of the amount advanced to Mr. Wu regarding the consultancy services fee for the New Business as mentioned in the Cooperative Agreement;
- (iv) the deed of share mortgage dated 30 September 2010 executed by Up Fly Limited (“**Up Fly**”, a company wholly-owned by Mr. Wu), as mortgagor in favour of Victory Devotion as mortgagee in relation to the mortgage of all shares held by Up Fly in Honour Rich China Development Limited (“**Honour Rich**”, a subsidiary of the Company);
- (v) two letters of confirmation dated 14 December 2010 from Pier 16 – Property Development, Pier 16 – Management Limited, Early Success Limited, Pier 16 – Entertainment Group Corporation Limited, Pier 16 – Resort Hotel Management Limited, Pier 16 – PR Marketing Limited, Pier 16 – Antique Collections Limited and Pier 16 – Property Consultancy Services Limited, all being associates of the Company, Sociedade de Jogos de Macau S.A., the Company, SJM – Investment Limited, World Fortune and Vast Base Limited to BNP Paribas Hong Kong Branch and Banco Weng Hang, S.A. both to confirm (i) their consent to, and the agreement with, all the contents of the facility agreement dated 28 June 2007 regarding the syndicated loan facility of HK\$1,600 million granted by a syndicate of lenders to Pier 16 – Property Development (the “**Syndicated Loan Facility**”), as supplemented by, inter alia, a supplemental agreement dated 14 December 2010; and (ii) that all security documents in relation to the Syndicated Loan Facility remained in full force and effect;
- (vi) the supplemental agreement dated 18 March 2011 (the “**Supplemental Agreement I**”) entered into between Victory Devotion, Mr. Wu and 上海唐路科技 in respect of, inter alia, the extension of certain dates concerning the pledge and the consultancy services fee respectively as mentioned in the Cooperative Agreement;

- (vii) the second supplemental agreement dated 25 August 2011 entered into between Victory Devotion, Mr. Wu and Up Fly in relation to, inter alia, the provision of further shareholders' loans by Victory Devotion to Honour Rich, details of which have been set out in the announcement of the Company dated 25 August 2011;
- (viii) the letter of confirmation dated 25 August 2011 from 上海唐路科技 to Victory Devotion and Mr. Wu to confirm its withdrawal from the Cooperative Agreement, as supplemented by the Supplemental Agreement I, without any compensation;
- (ix) the letter of agreement dated 19 October 2011 made between Smart Class and Star Spangle confirming the agreement for, inter alia, the novation of the SS Loan from Smart Class to the Company and the assignment of the SS Loan by Star Spangle to the Underwriter pursuant to the Underwriting Agreement;
- (x) the Underwriting Agreement (including the Irrevocable Undertaking);
- (xi) the Yeung Loan Assignment; and
- (xii) the SS Loan Assignment.

## **9. LITIGATION**

As at the Latest Practicable Date, none of the member of the Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

## **10. CONSENT OF EXPERT**

The following is the qualification of the professional adviser who has given opinion or advice contained in the Prospectus:

<b>Name</b>	<b>Qualification</b>
HLB	Chartered Accountants, Certified Public Accountants, Hong Kong

HLB has given and has not withdrawn its written consent to the issue of the Prospectus with the inclusion of its report and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, HLB did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.



**11. EXPENSES**

The expenses in connection with the Rights Issue, including, among other things, the underwriting commission to the Underwriter and the relevant professional fees and expenses, and the fees for the application for listing of the Rights Shares are estimated to amount to approximately HK\$7.5 million and will be payable by the Company.

**12. DOCUMENTS DELIVERED AND TO BE DELIVERED TO THE REGISTRARS OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Consent of expert” above in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has been, or will as soon as reasonably practicable after the Prospectus Posting Date, be filed with the Registrar of Companies in Bermuda in compliance with the Companies Act.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of the Prospectus up to and including 9 January 2012:

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” of the Prospectus;
- (iii) the report from HLB on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to the Prospectus;
- (iv) the material contracts as referred to in the paragraph headed “Material contracts” above in this appendix;
- (v) the written consent given by HLB as referred to in the paragraph headed “Consent of expert” above in this appendix;
- (vi) the annual reports of the Company for the two years ended 31 December 2009 and 2010;
- (vii) the interim report of the Company for the six months ended 30 June 2011; and
- (viii) the Circular.

**14. MISCELLANEOUS**

In the event of inconsistency, the English texts of the Prospectus and the Application Forms shall prevail over the Chinese texts thereof.