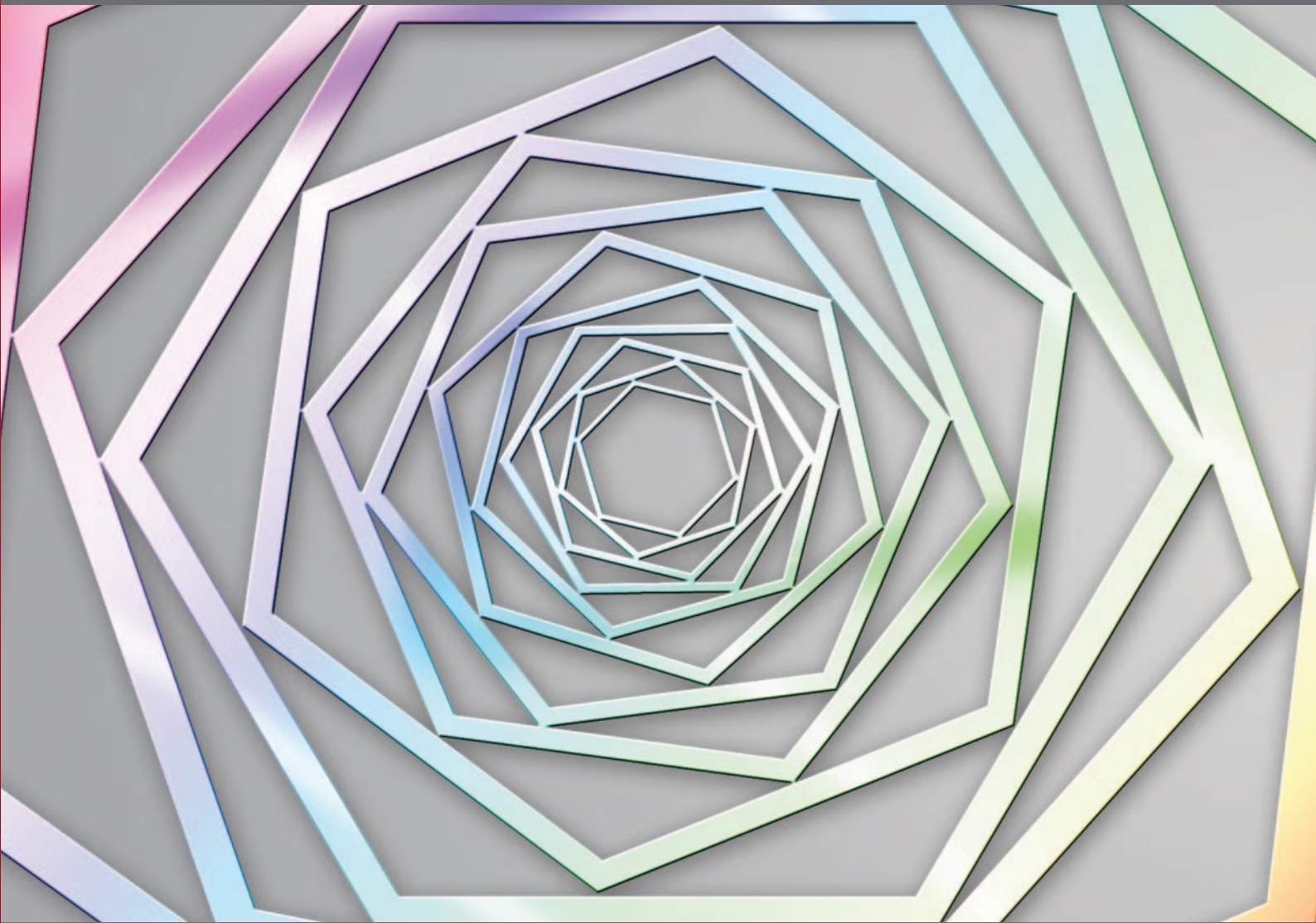


**ENM** 安寧控股有限公司  
*ENM Holdings Limited* (Stock Code : 0128)



# 2010

Annual Report

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# CHAIRMAN'S STATEMENT

I am pleased to present the annual results of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010.

## FINANCIAL RESULTS

Turnover for the year was HK\$289,058,000 (2009: HK\$231,526,000), an increase of 25% on the year before. The increase was driven by the growth in the fashion retail business.

The Group's profit attributable to shareholders for the year was HK\$48,051,000 (2009: HK\$30,612,000, as restated), an increase of 57% as compared with previous year. Such increase was mainly attributable to the turnaround result of the fashion retail business benefiting from the blooming domestic retail market.

## BUSINESS REVIEW

### RETAIL FASHION - SWANK

#### ***Hong Kong***

The year 2010 Swank celebrated her 55 years in fashion industry with one of the best performance in a decade.

Gradual recovery of the global economy, favourable long cold spell of winter and influx of mainland tourists, the key revenue contributor, Swank's performance improved significantly during the year. Turnover increased by 27% as compared to last year. A HK\$15,507,000 profit before tax was recorded for the year which represented a tremendous improvement as compared to 2009, only HK\$912,000 profit before tax.

Given the robust economy with increasing spending power, more merchandises were offered to customers at regular price. The shortening of "on-sale" period also contributed to the improvement in gross profit margin and thus, the profitability.

With the return of Brioni, one of the finest men's classic wear in the world and the revamped multi-label shops in Landmark, the Central, Swank continued to focus on top-tier fashion development. Expansion of existing brands portfolio and exploration of great potential brands will continue to be the core principle of Swank.

#### ***Beijing***

Swank Beijing keeps on to move forward on its maturing path with continuing improvement in turnover and relief of operating loss from RMB11,000,000 to RMB3,800,000. Tight and ever changing import regulations remained an obstacle to our PRC operation. Management will study and exercise cautious measurement in due course in order to catch up the great potential and expanding luxury market in China.

Management remains optimistic on its Beijing operation in the long term.

## RESORT AND RECREATIONAL CLUB OPERATIONS

### ***Hong Kong Hilltop Country Club (“Hilltop”)***

Hilltop is one of Hong Kong’s earliest private clubs. Situated in Tsuen Wan with a total site area of over 400,000 square feet, it is ideally suited recreational and outdoor activities, conferences and dining.

During 2010, Hilltop has expanded scope of services to accommodate members banqueting and conferencing needs, and has taken proactive measures to control costs. As a result, revenue for 2010 increased by 18% while there was a significant reduction in operating loss.

### ***VivaSha Club Resort (“VivaSha”)***

Located in the Putao district of Shanghai with gross floor area of 41,000 square meters, VivaSha is a complex of clubhouse, convention center and 298 hotel rooms, and is operated by Shanghai Landis Hospitality Management Ltd., a 35%-owned associate of the Company.

Owing to the post-effect of Shanghai World Expo 2010, the number of group tours visiting Shanghai reduced rapidly in the last quarter of 2010, causing a lower than expected occupancy rate in the hotel section. Nevertheless, the overall performance of VivaSha was satisfactory in 2010. Simultaneously, VivaSha’s management continues to focus on broadening the customer base of the club membership and conference package business as to increase the revenue in 2011.

## STOCK AND BOND INVESTMENTS

The Company has maintained a portfolio of equities and bonds in last few years for long-term and short-term investment. Certain equities and bonds were held for dividend and interest income and other equities for capital gain. Since all equities and bonds are required to be marked to market or carried at their fair values, all gains/losses, in addition to dividend and effective interest income, have been reflected in the consolidated income statement. For the year ended 31 December 2010, the total return from the portfolio, including unrealised gains/losses, was HK\$61,908,000.

### ***Skyjoy Assets Management Limited (“Skyjoy”)***

The Group through its wholly owned subsidiary, Cosy Good Limited (“Cosy Good”), completed the subscription of HK\$100,000,000 12% Convertible Bonds issued by Skyjoy on 9 July 2010. The maturity date of the bonds is the fifth anniversary from the issue date and the conversion period is from the expiry of three years from the issue date up to maturity. If Cosy Good converts the bonds in full, 900 shares of US\$1.00 each, representing 9% of the issued share capital of Skyjoy on a fully diluted basis, will be issued to Cosy Good. The bonds were designated as financial assets at fair value through profit or loss. The Group intended to hold the bonds for long-term investment purposes.

Skyjoy is the beneficial owner of a commercial real estate project in Shijiazhuang, Hebei Province, PRC through its wholly owned subsidiary, Shijiazhuang Lerthai Property Development Company Limited (“Shijiazhuang Lerthai”).

Shijiazhuang Lerthai owns a site at Qiaodong District, city centre of Shijiazhuang, PRC with area of approximately 62,000 square meters for the development of Lerthai Commercial Plaza (勒泰中心) (the “Project”). The Project will be developed into a mixed use development with retail shops, loft apartment, services apartment, office, leisure hotel, 5-star hotel and basement car park. The total gross floor area is approximately 623,000 square meters (including basement area of 227,000 square meters). The Project is scheduled to be completed in 2013.

## CHAIRMAN'S STATEMENT

### TELECOMMUNICATIONS

Market conditions continued to be difficult, virtually all major markets were affected by various regulatory issues. More importantly, the original business model was no longer viable due to the continuing reduction of the total accounting rate. In view of the problems encountered and the changing market environment, the Board of Directors has resolved to cease the telecommunications operations. Accordingly, the telecommunications operations were classified as discontinued operations. Focus will now be on the collection of outstanding payment from international telecommunications carriers arose in previous years.

### OTHER INVESTMENTS

#### ***Genovate Biotechnology Company Limited (“Genovate”)***

Genovate is a fully integrated specialty pharmaceutical company that encompasses new drug development and new formulation capabilities, clinical trials for local and international pharmaceutical companies, drug manufacturing, drug marketing and distribution in Taiwan and the region. The Group has 14.1% shareholdings in Genovate.

In December 2010, QPS, LLC, a US-based leading full-service Contract Research Organisation (“CRO”), acquired majority interest of Qualitix Clinical Research, the CRO arm of Genovate. This strategic alliance will allow Genovate to have a stronger international preclinical and clinical network in expedition of its new drug development. After a successful phase I trial, two new formulation drugs – GranPatch and PMR have been heading to efficacy study. Progress for listing on GreTai Securities Market is according to planned schedule.

#### ***Beijing Smartdot Technologies Co. Ltd. (“Smartdot”)***

Smartdot is engaged in the development of office automation software and solution projects in the PRC. The Group has 8.95% shareholdings in Smartdot.

Smartdot's business has recovered from the negative impact of the Financial Tsunami in late 2008. Smartdot showed satisfactory improvement in both revenue and net profit in 2010.

#### ***SinoPay.com Holdings Limited (“SinoPay”)***

The Group through its investment in SinoPay, has an effective interest of approximately 0.29% in China UnionPay Merchant Services Co., Ltd. (“China UMS”), which is a subsidiary of China UnionPay and mainly engages in the bankcard acquiring and e-payment business in the PRC with dominant market position.

China UMS has informed all its foreign shareholders (including SinoPay) that it is having difficulties to obtain a third party payment license, which is an official license for China UMS to continue its daily operation and future development, with its existing foreign ownership structure. Under this circumstance, SinoPay has agreed to dispose its shareholdings in China UMS at a reasonable return. The disposal of shares is in progress.

## **MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS**

On 7 February 2010, Cosy Good Limited (“Cosy Good”), a wholly owned subsidiary of the Company, entered into the subscription agreement to subscribe the guaranteed secured convertible bonds (the “Bonds”) at the amount of HK\$100,000,000 in Skyjoy Assets Management Limited (“Skyjoy”). The maturity date of the Bonds is the fifth anniversary from the issue date and the conversion period is from the expiry of three years from the issue date up to maturity. If Cosy Good converts the Bonds in full, 900 shares of US\$1.00 each, representing 9% of the issued share capital of Skyjoy on a fully diluted basis, will be issued to Cosy Good. The transaction constituted a discloseable transaction for the Company, details of which are set out in the Company’s announcement dated 7 February 2010. The transaction was completed on 9 July 2010.

Save as disclosed above, the Group had no other material acquisition and disposal of investments during the year ended 31 December 2010 and up to the date of this report.

## **LIQUIDITY AND FINANCIAL POSITION**

At 31 December 2010, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$356,525,000 (2009: HK\$416,598,000). At 31 December 2010, total borrowings amounted to HK\$25,056,000 (2009: HK\$27,268,000) with HK\$20,455,000 (2009: HK\$21,731,000) repayment falling due within one year. The Group’s gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 2.5% at the year end date (2009: 2.8%, as restated). The current ratio at 31 December 2010 was 11.6 times (2009: 12.9 times).

At 31 December 2010, the Group’s borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars and exchange differences were reflected in the audited financial statements. Other than the fixed interest rate of 5% for the finance lease arrangement, all borrowings of the Group are either interest free or on a floating rate basis.

The Group’s imported purchases are mainly denominated in Euro, Yen and United States dollars. The Group will from time to time review its foreign exchange position and market conditions to determine if any hedging is required.

## **PLEDGE OF ASSETS**

Pledges of the Group’s fixed deposits of HK\$11,342,000 (2009: HK\$10,342,000) were given to banks to secure general banking facilities to the extent of HK\$21,342,000 as at 31 December 2010 (2009: HK\$20,342,000).

## **EMPLOYEE AND REMUNERATION POLICIES**

At the date of this report, the Group employed 249 staff. The Group’s remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus, external training support, and a performance based share option scheme.

## CHAIRMAN'S STATEMENT

### FUTURE OUTLOOK

#### RETAIL FASHION

Surging rental cost, emerging sovereign debt problems in Euro Zone and the uncertainty of Japan's disaster is envisaged to be challenges to the retail sector in Hong Kong and China. Notwithstanding all these negative impacts/uncertainty, we are cautiously optimistic toward the overall performance of Swank in the coming year. Effort to combat the rising overheads, stringent cost control and improvement in operating efficiency would be the major measurements in future. Moreover, through the revamp of shops beginning with Ocean Centre this Autumn and Pacific Place shop next year, a more solid and vivid identity will be established to retain our loyal customers and more importantly, to attract a wider customer base.

During the year, the Group has set up a new division for developing its private label. The brand has a long history in Hong Kong and is a well known brand among high-end menswear both as to price, style and quality.

#### RESORT AND RECREATIONAL CLUB OPERATIONS

For long term revenue growth and profitability, Hilltop is studying a club enrichment plan to improve existing facilities and introduce new elements to attract new members. At the same time, Hilltop is also under discussion with a potential collaborator to bring in new commercial theme to the club. Management will consider all other options to bring the club back to long term profitability.

#### INVESTMENTS

The Group continues to look for investment opportunities with good potential in order to enhance the Group's value and profitability. Year 2011 is a challenging year for equities and bonds investments due to difficult investment environment of uncertainties in North Africa and in the aftermath of Japan's earthquake. The Group's strong financial and net cash position also provide the flexibility to capitalise on investment opportunities when the circumstance arises.

### APPRECIATION

In March 2011, the Company appointed Mr. Victor Yiu Keung CHIANG, the Chief Financial Officer of the Group, as an Executive Director of the Company. Mr. Chiang has extensive accounting and financial management experience.

Further, I welcome Ms. Regina Wai Man LAM who assumed the roles of Chief Operating Officer of the Group and Joint Managing Director of Swank in November 2010. The Group will benefit from Ms. Lam's extensive experience and knowledge in the high fashion business.

I would like to take this opportunity to express my appreciation to the management team and staff for their dedication and contribution to the Group. I would also like to thank all our shareholders, business partners and customers for all their ongoing trust and support.

**Joseph Wing Kong LEUNG**

*Chairman and Acting Chief Executive Officer*

Hong Kong, 28 March 2011

# BIOGRAPHIES OF DIRECTORS

## EXECUTIVE DIRECTORS

**Mr. Joseph Wing Kong LEUNG**, 64, is the Chairman and the Acting Chief Executive Officer of the Group. Mr. Leung joined the Group in December 2000 as an Executive Director and has been the Chairman since March 2001. He is also the Chairman of the Remuneration Committee and the Investment Committee of the Company, and a director of all subsidiaries of the Company. Mr. Leung has over 40 years of experience in finance and management in property development. Mr. Leung is currently a governor of the board of Chinachem Charitable Foundation Limited, and an executive director, the chairman of investment and treasury committee and a member of executive committee of Chinachem Group. He is also the chairman of Genovate Biotechnology Company Limited, a company whose shares are listed on the Emerging Stock Market in Taiwan, an independent non-executive director of Cheuk Nang (Holdings) Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, a supervisor of Yang Ming Marine Transport Corporation, a company whose shares are listed on Taiwan Stock Exchange Corporation, and a supervisor of UnionPay Merchant Services Company Limited. He is a Vice President and a member of the executive committee of The Real Estate Developers Association of Hong Kong and a fellow of the Hong Kong Institute of Real Estate Administration. Mr. Leung is a director of each of Diamond Leaf Limited and Solution Bridge Limited, which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Future Ordinance.

**Mr. Raymond Siu Wing CHAN**, 46, joined the Group in December 2008. Mr. Chan is also a member of the Investment Committee of the Company and a director of certain subsidiaries of the Company. Mr. Chan has over 20 years of experience in the field of accounting, taxation, finance and trust. Mr. Chan is currently the Chief Operating Officer of the Chinachem Group and an independent non-executive director of Phoenitron Holdings Limited (formerly known as Cardlink Technology Group Limited), a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Certified Practising Accountant of CPA Australia, and a founding member of the Macau Society of Certified Practising Accountants. Mr. Chan holds a Bachelor of Economics degree from the University of Sydney. Mr. Chan is a director of each of Diamond Leaf Limited and Solution Bridge Limited, which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Future Ordinance.

Mr. Chan was an independent non-executive director of each of Karce International Holdings Company Limited and Prosperity Investment Holdings Limited, both companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Chan was also an independent non-executive director of Pan Asia Mining Limited, a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.



## BIOGRAPHIES OF DIRECTORS

### EXECUTIVE DIRECTORS (CONTINUED)

**Mr. Victor Yiu Keung CHIANG**, 46, joined the Group in November 2003 and has been a Director of the Company since March 2011. Mr. Chiang is also the Chief Financial Officer of the Group and a director of certain subsidiaries of the Company. He is responsible for overseeing the financial management of the Group. He has over 18 years' experience in professional accountancy practice and financial management experience with listed companies. Mr. Chiang is an associate member of the Institute of Chartered Accountants in England & Wales, and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a Certified Public Accountant practising in Hong Kong. Mr. Chiang holds a bachelor's degree in business administration from the Chinese University of Hong Kong.

**Mr. Derek Wai Choi LEUNG**, 60, joined the Group in December 2000. Mr. Leung is also a member of the Investment Committee of the Company and a director of certain subsidiaries of the Company. Mr. Leung currently holds a senior position with responsibility for investments in the Chinachem Group. He had been in the banking industry for 16 years and in charge of the treasury and capital markets division of a wholly owned banking subsidiary of one of the largest banks in the world for about ten years. Mr. Leung is a member of The Institute of Chartered Accountants of Scotland. Mr. Leung holds a BSc (Engineering) degree.

**Mr. Wing Tung YEUNG**, 56, joined the Group as Executive Vice President in October 2001 and has been a Director of the Company since November 2002. Mr. Yeung is also a member of the Investment Committee of the Company and a director of certain subsidiaries of the Company. He is responsible for the investments of the Group. Prior to joining the Group, Mr. Yeung was the Personal Assistant to the Managing Director of a listed company in Hong Kong for more than ten years, in charge of project investments and developments in Hong Kong, PRC and South East Asia. He had also worked in an American Bank as Manager of Commercial Banking and an international audit firm as auditor. Mr. Yeung obtained his MBA from Indiana University, USA in 1978 and passed the board examination of the American Institute of Certified Public Accountants in the same year.

### NON-EXECUTIVE DIRECTOR

**Mr. Raymond Shing Loong WONG**, 61, joined the Group in December 2008. Mr. Wong is also a member of the Audit Committee of the Company. Mr. Wong currently holds a senior position with responsibility for budgeting and planning in the Chinachem Group. He has engaged in financial posts in financial institutions, wholesale, investment, manufacturing and retail companies since early eighties. Mr. Wong has over 10 years of experience in the finance and administration in listed companies. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wong holds a MBA degree from the Chinese University of Hong Kong and a BSc (Engineering) degree from the University of Hong Kong.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Cecil Sze Tsung CHAO**, 74, joined the Group in September 2004. Dr. Chao is also a member of the Audit Committee and the Remuneration Committee of the Company. Dr. Chao is the founder and executive chairman of Cheuk Nang (Holdings) Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Dr. Chao obtained a Bachelor of architecture degree, with honours, from The University of Durham, England and subsequently worked in the field of property, investment, finance, and architectural design for over forty years. He also worked for Hong Kong Government Building Department and Architectural Office and was a director of The Real Estate Developers Association of Hong Kong for consecutive 30 years. Dr. Chao is a Hong Kong registered architect and a member of the Royal Institute of British Architect. He holds a Honorary Doctor Degree (Ph. D.) from the U.S. Morrison University. Dr. Chao is awarded 2004's World Outstanding Chinese.

**Dr. Jen CHEN**, 56, joined the Group in February 2003. Dr. Chen is also a member of the Audit Committee of the Company. Dr. Chen is currently a director and general manager of Genovate Biotechnology Company Limited, a company whose shares are listed on the Emerging Stock Market in Taiwan. Prior to this appointment, Dr. Chen was a vice president of Asian Operation in Genelabs Technologies, Inc. in the USA and had worked in Novartis Pharmaceuticals Corporation for eight years in areas of new drug discovery and research. Dr. Chen has extensive experience and professional knowledge in the biopharmaceutical industry and is the author or co-author of more than 30 papers and 10 patents in the field. Dr. Chen holds a Ph.D. (Chemistry) from the University of Rochester in New York, USA.

**Mr. David Kwok Kwei LO**, 52, joined the Group in June 2010. Mr. Lo holds the degrees of Bachelor of Laws and Bachelor of Jurisprudence from the University of New South Wales, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1984. He has been a member of The Law Society of Hong Kong since 1987. He has been practicing as a solicitor in Hong Kong for over 20 years and is a partner in a law firm, David Lo & Partners. Mr. Lo is currently an independent non-executive director of Man Yue Technology Holdings Limited (formerly known as Man Yue International Holdings Limited), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, and a non-executive director of eSun Holdings Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

**Mr. Ian Grant ROBINSON**, 71, joined the Group in September 2004. Mr. Robinson is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Robinson heads up Robinson Management Limited, a consulting and management company. Prior to setting up his own firm in 1995, he was a Senior Partner of Ernst and Young, one of the largest international accounting firms. Mr. Robinson has been based in Hong Kong since 1980, servicing the Asian region, and has accounting experience in major countries around the world. Mr. Robinson is currently an independent director and the chairman of the audit committee of L&L Energy, Inc., a company whose shares are listed on NASDAQ, an independent director and the chairman of the audit committee of China Medicine Corporation, a company whose shares are quoted on the OTC Bulletin Board of the USA, and the non-executive chairman of Revonergy Inc., a company whose shares are quoted on the OTC Bulletin Board of the USA. He is also a member of the supervisory board and the chairman of the audit committee of the Hong Kong Housing Society. Mr. Robinson is a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants.

## BIOGRAPHIES OF DIRECTORS

### INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

**Mr. Chi Keung WONG**, 56, joined the Group in June 2010. Mr. Wong is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Wong has over 33 years of experience in finance, accounting and management. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia, and an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a Responsible Officer for asset management, advising on securities and advising on corporate finance for Greater China Capital Limited (formerly known as Sinox Fund Management Limited) under the Securities and Futures Ordinance of Hong Kong. Mr. Wong holds a master's degree in business administration from the University of Adelaide in Australia.

Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, for over ten years.

Mr. Wong is currently an independent non-executive director and a member of the audit committee of each of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, First Natural Foods Holdings Limited (provisional liquidators appointed), FU JI Food and Catering Services Holdings Limited (provisional liquidators appointed), Golden Eagle Retail Group Limited, Ngai Lik Industrial Holdings Limited, PacMOS Technologies Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited and TPV Technology Limited, all of these companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Wong was an independent non-executive director of each of Great Wall Motor Company Limited and International Entertainment Corporation, both companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Notes:

- 1) Directors' emoluments are determined by the Board with reference to the Group's remuneration policy. The details of the emoluments of the Directors on a named basis are disclosed in note 13 to the financial statements.
- 2) None of the Directors, except Mr. Victor Yiu Keung CHIANG and Mr. Wing Tung YEUNG, has signed a service contract with the Company. The Directors have not been appointed for a specified term but their directorships with the Company are subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association of the Company.
- 3) Save as disclosed above, none of the Directors (i) holds any other position with the Company or any of its subsidiaries; (ii) held a directorship in any other listed public companies in the past three years; and (iii) has any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

## BIOGRAPHIES OF SENIOR MANAGEMENT

**Mr. David Kin Hay HONG**, 63, joined the Group in October 2003. Mr. Hong is the Managing Director of The Swank Shop Limited (“Swank”), a fashion retail subsidiary of the Company. Mr. Hong joined Swank in 1974 after his graduation from business studies in England. He had been in charge of the manufacturing arm in the first few years and moved on to the retail business unit in the early 1980’s. Mr. Hong has headed Swank since 1991. He has valuable experience in the high-end fashion retailing.

Mr. Hong was awarded by the French President with the titles of *Chevalier de l’Ordre National du Merite* in July 1996 and *Chevalier de la Legion d’Honneur* in June 2003.

**Ms. Regina Wai Man LAM**, 47, joined the Group in November 2010. Ms. Lam is the Chief Operating Officer of the Group and the Joint Managing Director of Swank, Ms. Lam has extensive international experience of the brand development and management, and franchise operation in the high-end fashion industry. Before joining the Group, Ms. Lam was the managing director of LVMH Fashion Division “Emilio Pucci” – Asia Pacific with responsibility for the brand and overall development in Asia Pacific. Ms. Lam holds a Bachelor of Arts from York University, Canada.

**Mr. Tony Kwok Wing LAM**, 53, joined the Group in October 2003. Mr. Lam is the Managing Director of Cesare Di Pino Company Limited, a high-end apparel development subsidiary of the Company and Mr. Lam continues to be the General Manager of The Swank Shop (Beijing) Limited. Prior to his current roles, Mr. Lam was the Head of Sales and Marketing of Swank. Mr. Lam has extensive experience of brand building and retail management. Before joining the Group, Mr. Lam held various key roles in a number of well-known multinational corporations. Mr. Lam holds a Higher Diploma in Communication from Hong Kong Baptist College (now known as Hong Kong Baptist University).

**Ms. Pui Man CHENG**, 38, joined the Group in September 1999. Ms. Cheng is the Company Secretary of the Group. Prior to her current role, Ms. Cheng was a financial controller of the Company until June 2001. Before joining the Group, Ms. Cheng worked in the audit and assurance department of an international accounting firm. Ms. Cheng is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She is also a member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Cheng holds a Bachelor of Business Administration.

**Mr. Kenneth Sai Lai WONG**, 49, joined the Group as Vice President of Investments in July 2001. Prior to this appointment, Mr. Wong was the Vice President of Commercial Banking Business of the former First Pacific Bank, and Corporate Banking Officer of a major US bank where he gained international finance exposure in Chicago and New York. Before joining the banking industry, Mr. Wong had worked for an international accounting firm in performing project investment evaluation and feasibility study. Mr. Wong is currently a director of Genovate Biotechnology Company Limited, a company whose shares are listed on the Emerging Stock Market in Taiwan. Mr. Wong holds a Bachelor of Social Sciences Degree from the University of Hong Kong.

# REPORT OF THE DIRECTORS

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

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and securities trading. The principal activities of the subsidiaries comprise the wholesale and retail of fashion wear and accessories, resort and recreational club operations, investment holding and securities trading.

In December 2010, the Board of Directors resolved to cease the telecommunications operations. Accordingly, the telecommunications operations were classified as discontinued operations.

## RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 32 to 115.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2010.

## SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 117.

This summary does not form part of the audited financial statements.

## PROPERTY, PLANT AND EQUIPMENT

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

## INVESTMENT PROPERTIES

Details of movements in the investment properties of the Company and the Group during the year are set out in note 17 to the financial statements.

Particulars of the investment properties are set out on page 116.

## **DEBENTURES**

Particulars of the club debentures of the Group are set out in note 32 to the financial statements.

## **SHARE CAPITAL AND SHARE OPTIONS**

There were no movements in either the Company's authorised or issued share capital during the year. There were no movements in the Company's share options during the year.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **RESERVES**

Details of movements in the reserves of the Company and the Group during the year are set out in note 36(b) to the financial statements and in the consolidated statement of changes in equity on page 38, respectively.

## **DISTRIBUTABLE RESERVES**

As at 31 December 2010, the Company had no reserves available for distribution as calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance.

## **MAJOR CUSTOMERS AND SUPPLIERS**

The five largest customers accounted for less than 10% of the Group's total turnover for the year. The five largest suppliers and the largest supplier accounted for approximately 49% and 15% of the Group's total purchases for the year, respectively.

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

## REPORT OF THE DIRECTORS

### DIRECTORS

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

#### EXECUTIVE DIRECTORS:

Mr. Joseph Wing Kong LEUNG (*Chairman and Acting Chief Executive Officer*)

Mr. Raymond Siu Wing CHAN

Mr. Victor Yiu Keung CHIANG (appointed by the Board on 14 March 2011)

Mr. Derek Wai Choi LEUNG

Mr. Wing Tung YEUNG

#### NON-EXECUTIVE DIRECTORS:

Mr. Raymond Shing Loong WONG

Mr. Raymond Wai Pun LAU (retired on 17 June 2010)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Cecil Sze Tsung CHAO

Dr. Jen CHEN

Mr. David Kwok Kwei LO (elected by shareholders on 17 June 2010)

Mr. Ian Grant ROBINSON

Mr. Chi Keung WONG (elected by shareholders on 17 June 2010)

In accordance with Article 92 of the Company's Articles of Association, Mr. Victor Yiu Keung CHIANG, having been appointed to the Board since the date of the last annual general meeting, will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with Article 101 of the Company's Articles of Association, Dr. Jen CHEN, Mr. Joseph Wing Kong LEUNG and Mr. Ian Grant ROBINSON will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 7 to 11.

### DIRECTORS' SERVICE CONTRACTS

Each of Mr. Victor Yiu Keung CHIANG and Mr. Wing Tung YEUNG has entered into a service contract with the Company which is determinable by either party by not less than three months' notice.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2010, the interest or short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

### *Long position in ordinary shares of HK\$0.01 each of the Company:*

<b>Name of Director</b>	<b>Number of shares held through a controlled corporation</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Joseph Wing Kong LEUNG	<u>200,000</u>	<u>0.012%</u>

Save as disclosed above, as at 31 December 2010, none of the Directors and chief executives 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## SHARE OPTION SCHEME

Details of the Company's share option scheme are disclosed in note 37 to the financial statements.



## REPORT OF THE DIRECTORS

### EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of the merit, qualifications and competence of the employees.

The emoluments of the Directors of the Company are determined by the Board with reference to the Group's remuneration policy.

The Company has adopted a share option scheme to provide incentives to Executive Directors and employees. The details of the share option scheme are set out in note 37 to the financial statements.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

*Long positions in ordinary shares of HK\$0.01 each of the Company:*

<b>Name</b>	<b>Direct Interests</b>	<b>Indirect Interests</b>	<b>Number of shares held</b>	<b>Percentage of the Company's issued share capital</b>
Diamond Leaf Limited	162,216,503	—	162,216,503	9.8%
Solution Bridge Limited	408,757,642	—	408,757,642	24.8%
Ms Nina KUNG (deceased) (Note)	—	570,974,145	570,974,145	34.6%

Note: The interest disclosed under Ms. Nina KUNG (deceased) represents her deemed interest in the shares of the Company by virtue of her interests in Diamond Leaf Limited and Solution Bridge Limited.

Save as disclosed above, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2010 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## CONNECTED TRANSACTIONS

The Company and the Group have entered into the following connected transactions during the year and up to the date of this report:

### (A) TENANCY AGREEMENT FOR A SHOP

On 20 January 2009, The Swank Shop Limited (“Swank”), a wholly owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the “Shop Tenancy Agreement”) with Ying Ho Company Limited, Cheong Ming Investment Company Limited, Dorfolk Investments Limited, Kwong Fook Investors & Developers Limited, The World Realty Limited, On Lee Investment Company Limited, Yau Fook Hong Company Limited, and Tsing Lung Investment Company Limited, (collectively the “Landlords”), as landlords, to lease Shop Nos. 222 & 223 on 2/F (Level 3), Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong (the “Shop Premises”) for three years from 1 January 2009 to 31 December 2011 at a monthly rent equal to 10% of the monthly gross sales turnover from the Shop Premises.

The Landlords are companies controlled by the estate of Ms. Nina KUNG, a controlling shareholder of the Company; therefore, the Shop Tenancy Agreement was a continuing connected transaction for the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The details of the Shop Tenancy Agreement are set out in the Company’s announcement dated 20 January 2009 (“Announcement I”).

### (B) TENANCY AGREEMENT FOR OFFICE PREMISES

On 5 October 2009, the Company, as tenant, entered into a tenancy agreement (the “Office Tenancy Agreement”) with the Landlords to lease Suites 3301 to 3303 on 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for three years from 1 December 2009 to 30 November 2012 at a monthly rent of HK\$221,298.

The Landlords are companies controlled by the estate of Ms. Nina KUNG, a controlling shareholder of the Company; therefore, the Office Tenancy Agreement was a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The details of the Office Tenancy Agreement are set out in the Company’s announcement dated 5 October 2009 (“Announcement II”).

## REPORT OF THE DIRECTORS

### (C) ACQUISITION OF TRADEMARKS

On 30 March 2010, Swank entered into an agreement relating to assignment of trademarks “CESARE DI PINO” (the “Trademark Agreement”) with, inter alia, Cesare Di Pino Company Limited (now known as Contessa Co. Limited) (the “Vendor”) to acquire from the Vendor 9 trademarks all comprising the words “CESARE DI PINO” at a total cash consideration of HK\$1,700,000.

The Vendor is a company wholly owned by Mr. David Kin Hay HONG (“Mr. Hong”) and his two sisters. As Mr. Hong is also a director of Swank, the Trademark Agreement was a connected transaction for the Company under Chapter 14A of the Listing Rules.

The details of the Trademark Agreement are set out in the Company’s announcement dated 30 March 2010.

The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions mentioned in paragraphs (A) and (B) above (the “Continuing Connected Transactions”) and have confirmed that the Continuing Connected Transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms or on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditor of the Company to report on the Continuing Connected Transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in writing to the Board of Directors that nothing has come to its attention that causes it to believe that the Continuing Connected Transactions

- (i) have not been approved by the Board of Directors of the Company;
- (ii) were not entered into in accordance with the relevant agreements governing the transactions; and
- (iii) have exceeded the respective annual caps for the financial year ended 31 December 2010 as disclosed in Announcement I and Announcement II respectively.

The Company confirms that it has complied with the disclosure requirements, where appropriate, in accordance with Chapter 14A of the Listing Rules.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **AUDITOR**

RSM Nelson Wheeler was first appointed as auditor of the Company in 2009 to fill the vacancy following the resignation of Ernst & Young.

RSM Nelson Wheeler retires and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Joseph Wing Kong LEUNG**

*Chairman and Acting Chief Executive Officer*

Hong Kong, 28 March 2011

# CORPORATE GOVERNANCE REPORT

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

## CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code Provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2010, except for the deviation from Code Provision A.2.1 and Code Provision A.4.1 of the CG Code.

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Joseph Wing Kong LEUNG took up the position of the Acting Chief Executive Officer in addition to his role of being the Chairman upon the retirement of former chief executive officer in June 2009. The Board believes that the balance of power and authority is ensured through supervision of the full Board and the Board committees. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

Under Code Provision A.4.1 of the CG Code, Non-executive Directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive and Independent Non-executive Directors of the Company is appointed for a specific term. However, all of the Non-executive and Independent Non-executive Directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

## BOARD OF DIRECTORS

### (A) BOARD COMPOSITION

The Board currently comprises five Executive Directors, one Non-executive Director and five Independent Non-executive Directors, serving the important function of guiding the management.

The Board members during the year ended 31 December 2010 and up to date of this report are:

#### **Executive Directors**

Mr. Joseph Wing Kong LEUNG (*Chairman and Acting Chief Executive Officer*)

Mr. Raymond Siu Wing CHAN

Mr. Victor Yiu Keung CHIANG (appointed by the Board on 14 March 2011)

Mr. Derek Wai Choi LEUNG

Mr. Wing Tung YEUNG

#### **Non-executive Directors**

Mr. Raymond Shing Loong WONG

Mr. Raymond Wai Pun LAU (retired on 17 June 2010)

#### **Independent Non-executive Directors**

Dr. Cecil Sze Tsung CHAO

Dr. Jen CHEN

Mr. David Kwok Kwei LO (elected by shareholders on 17 June 2010)

Mr. Ian Grant ROBINSON

Mr. Chi Keung WONG (elected by shareholders on 17 June 2010)

## **BOARD OF DIRECTORS (CONTINUED)**

### **(A) BOARD COMPOSITION (Continued)**

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience, which can meet the requirements of the business of the Group. The Directors' biographical information is set out on pages 7 to 10.

The composition of the Board, by category of Directors, including names of Chairman, Executive Directors, Non-executive Directors and Independent Non-executive Directors, is disclosed in all corporate communications.

To the best knowledge of the Directors, there is no financial, business, family or other material relationship among the Directors. All of them are free to exercise their independent judgment.

### **(B) CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Mr. Joseph Wing Kong LEUNG serves as the Chairman and the Acting Chief Executive Officer. He has assumed the responsibility of managing the Board and running the Group's business operation.

The division of responsibility between the Chairman and the Chief Executive Officer is clearly defined.

The Chairman is also responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Mr. Joseph Wing Kong LEUNG took up the position of the Acting Chief Executive Officer in addition to his role of being the Chairman upon the retirement of former chief executive officer in June 2009. The Board believes that the balance of power and authority is ensured through the supervision of the full Board and the Board committees. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

### **(C) INDEPENDENT NON-EXECUTIVE DIRECTORS**

During the year ended 31 December 2010, the Board, at all times, met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent.

## CORPORATE GOVERNANCE REPORT

### BOARD OF DIRECTORS (CONTINUED)

#### (D) APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board as a whole is responsible for the selection and approval of candidates for appointment to the Board, and does not therefore establish a nomination committee. The Board has reviewed the composition of the Board, and considered and approved the appointment of Mr. Victor Yiu Keung CHIANG, the Chief Financial Officer of the Group, as an Executive Director with effective from 14 March 2011.

At the annual general meeting of the Company held on 17 June 2010 (the "2010 AGM"), Mr. David Kwok Kwei LO and Mr. Chi Keung WONG were elected as Independent Non-executive Directors by the shareholders of the Company. Mr. Raymond Wai Pun LAU retired as a Non-executive Director at the 2010 AGM.

None of the existing Non-executive and Independent Non-executive Directors of the Company is appointed for a specific term. However, all of the Non-executive and Independent Non-executive Directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

In accordance with Article 92 of the Company's Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 101 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

#### (E) RESPONSIBILITIES OF DIRECTORS

The Directors fully appreciate their role and duties as Directors of the Company.

New Directors will be given an introduction to the Group's major business activities, induction into their responsibilities and duties, and other regulatory requirements.

The Company Secretary is responsible for keeping all Directors updated on the Listing Rules and other relevant regulatory requirements.

#### (F) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry of all Directors, all Directors have complied with the required standards set out in the Model Code during the year ended 31 December 2010.

## BOARD OF DIRECTORS (CONTINUED)

### (G) BOARD MEETINGS

The Board held four regular Board meetings during the year ended 31 December 2010. The attendance record of each Director is set out below:

	<b>Attendance</b>
<b>Executive Directors</b>	
Mr. Joseph Wing Kong LEUNG ( <i>Chairman and Acting Chief Executive Officer</i> )	4/4
Mr. Raymond Siu Wing CHAN	4/4
Mr. Victor Yiu Keung CHIANG (appointed by the Board on 14 March 2011)	N/A
Mr. Derek Wai Choi LEUNG	4/4
Mr. Wing Tung YEUNG	4/4
<b>Non-executive Directors</b>	
Mr. Raymond Shing Loong WONG	4/4
Mr. Raymond Wai Pun LAU (retired on 17 June 2010)	1/1
<b>Independent Non-executive Directors</b>	
Dr. Cecil Sze Tsung CHAO	1/4
Dr. Jen CHEN	4/4
Mr. David Kwok Kwei LO (elected by shareholders on 17 June 2010)	2/3
Mr. Ian Grant ROBINSON	4/4
Mr. Chi Keung WONG (elected by shareholders on 17 June 2010)	3/3

The Directors can attend Board meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association.

The Directors are consulted to include matters for discussion in the agenda of Board meetings.

The Company gives notice of regular Board meetings at least 14 days in advance and reasonable notice for all other Board meetings.

The agenda and accompanying board papers are circulated not less than three days before Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings.

The Directors have full access to the advice and services of the Company Secretary, who is responsible for providing Directors with board papers and related materials and ensuring that Board procedures, and all applicable rules and regulations, are followed.



## CORPORATE GOVERNANCE REPORT

### BOARD OF DIRECTORS (CONTINUED)

#### (G) BOARD MEETINGS (Continued)

The Company Secretary is responsible for taking minutes of Board meetings. The minutes would be sent to all Directors within a reasonable time after each meeting and generally be made available for inspection by Directors. The minutes record the matters discussed and decisions resolved at Board meetings.

Should a potential conflict of interest involving a substantial shareholder or director arise, the matter is discussed in an actual Board meeting, as opposed to being dealt with by written resolution. Independent non-executive Directors are present at Board meetings dealing with conflict issues.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company established the Remuneration Committee in April 2002. The terms of reference of the Remuneration Committee are aligned with the Code Provisions of the CG Code and are available on the Company's website.

The Remuneration Committee currently comprises one Executive Director, namely, Mr. Joseph Wing Kong LEUNG and three Independent Non-executive Directors, namely, Dr Cecil Sze Tsung CHAO, Mr. Ian Grant ROBINSON, and Mr. Chi Keung WONG. The majority of the members of the Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Joseph Wing Kong LEUNG.

The principal duties of the Remuneration Committee include (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management; (ii) determining the specific remuneration packages of all Executive Directors and senior management; and (iii) reviewing and making recommendations on compensation-related issues. No Director is involved in deciding his own remuneration.

The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer about their proposals relating to remuneration of other Directors and senior management.

The Remuneration Committee is provided with sufficient resources to discharge its duties and can take independent professional advice at the Company's expenses if considered necessary.

The Remuneration Committee held two meetings during the year ended 31 December 2010. The attendance record of each Director is set out below:

	<b>Attendance</b>
Mr. Joseph Wing Kong LEUNG	2/2
Dr. Cecil Sze Tsung CHAO	0/2
Mr. Ian Grant ROBINSON	2/2
Mr. Chi Keung WONG (Note 1)	N/A

Note 1 Mr. Chi Keung WONG was appointed as a member of the Remuneration Committee on 10 December 2010.

During the year ended 31 December 2010, the Remuneration Committee reviewed and approved the fees and remuneration for Directors and senior management, as well as discussed the Group's remuneration policy.

## **ACCOUNTABILITY AND AUDIT**

### **(A) FINANCIAL REPORTING**

The Board is responsible for presenting a balanced, clear and comprehensive, assessment of the Group's performance, position and prospects in all corporate communications.

The Directors shall have full access Management for enquiries and to obtain information on the Group when necessary. The Directors are able to obtain independent professional advice at the Company's expenses whenever deemed necessary by the Directors.

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The statement of the auditor of the Company about its responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 30 and 31.

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

### **(B) INTERNAL CONTROLS**

The Board has overall responsibilities for maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets.

During the year ended 31 December 2010, the Board has conducted a review on the Group's internal control handbook covering all material controls, including financial, operational, compliance controls, and risk management functions. The Board considered that the internal control systems of the Group are adequate and effective.

The Board has also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget, and considered that they are adequate.

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (CONTINUED)

#### (C) AUDIT COMMITTEE

The Company established the Audit Committee in January 1999. The terms of reference of the Audit Committee are aligned with the Code Provisions of the CG Code and are available on the Company's website.

The Audit Committee currently comprises one Non-executive Director, namely, Mr. Raymond Shing Loong WONG, and four Independent Non-executive Directors, namely, Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN, Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG. The majority of the members of the Audit Committee are Independent Non-executive Directors. The Audit Committee is chaired by Mr. Ian Grant ROBINSON.

None of the five Audit Committee members is a former partner of the Company's existing auditor one year before joining the Company.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, and oversight of the relationship with the auditor of the Company.

The Audit Committee is provided with sufficient resources to discharge its duties and can take independent professional advice at the Company's expenses if considered necessary.

The Audit Committee held two meetings during the year ended 31 December 2010. The attendance record of each Director is set out below:

	<b>Attendance</b>
Mr. Ian Grant ROBINSON	2/2
Dr. Cecil Sze Tsung CHAO	0/2
Dr. Jen CHEN	2/2
Mr. Chi Keung WONG (Note 2)	N/A
Mr. Raymond Shing Loong WONG	2/2
Mr. Raymond Wai Pun LAU (retired on 17 June 2010)	1/1

Note 2 Mr. Chi Keung WONG was appointed as a member of the Audit Committee on 10 December 2010.

## ACCOUNTABILITY AND AUDIT (CONTINUED)

### (C) AUDIT COMMITTEE (Continued)

During the year ended 31 December 2010, the Audit Committee's work included:

- (i) Reviewing the Group's interim and annual financial statements;
- (ii) Reviewing the non-audit services provided by the external auditors; and
- (iii) Recommending to the Board of the reappointment of external auditors.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Company Secretary is responsible for taking minutes of Audit Committee meetings and the minutes would be sent to all committee members within a reasonable time after each meeting.

### (D) AUDITORS' REMUNERATION

The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditor, RSM Nelson Wheeler and other RSM network firms for the year ended 31 December 2010 were:

	<i>HK\$'000</i>
Audit services	873
Non-audit services:	
Taxation services	150
Other assurance services	137
Other reporting services	36
	<hr/>
	1,196
	<hr/> <hr/>

## CORPORATE GOVERNANCE REPORT

### DELEGATION BY THE BOARD

#### (A) MANAGEMENT FUNCTIONS

The Board, led by the Chairman, is responsible for formulating overall group strategies and overseeing the management's performance. Management is responsible for the day-to-day operations of the Group under the leadership of the Acting Chief Executive Officer.

Matters reserved for Board decision include:

- (i) Formulation of long-term strategy;
- (ii) Approving public announcements;
- (iii) Approving material bank facilities;
- (iv) Committing to material acquisitions and disposals;
- (v) Committing to material connected transactions; and
- (vi) Reviewing internal control system.

#### (B) BOARD COMMITTEES

The Board has established three Board Committees, including two corporate governance related committees (being the Audit Committee and the Remuneration Committee) and the Investment Committee. All Board Committees have specific written terms of reference clearly defining their authorities and duties. Board Committees report regularly to the Board on their work and findings.

## COMMUNICATION WITH SHAREHOLDERS

### (A) EFFECTIVE COMMUNICATION

In order to develop and maintain continuing relationships with the shareholders of the Company, the Company establishes various communication channels to facilitate and enhance communication:

- (i) interim and annual reports are sent to shareholders of the Company;
- (ii) the annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board;
- (iii) updated and key information of the Group is available on the Company's website; and
- (iv) the Company's website offers a communication channel between the Company and its shareholders.

The Chairman and the Directors are available at annual general meetings to answer questions raised by shareholders of the Company. To facilitate enforcement of shareholders' rights, separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

The Company gives notice to shareholders in the case of annual general meeting at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings.

The Chairman of the Board, the Directors, the chairmen of Board Committees and the Company's Auditor attended the 2010 AGM to answer questions at the meeting.

### (B) VOTING BY POLL

An explanation of the detailed procedures of conducting a poll is provided to shareholders at the commencement of every general meetings, to ensure that shareholders are familiar with such procedures.

The Company has complied with the requirements of the Listing Rules and the Company's Articles of Association in respect of voting by poll and other related matters.

# INDEPENDENT AUDITOR'S REPORT

## RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

### **TO THE SHAREHOLDERS OF ENM HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 115, which comprise the consolidated and Company statements of financial position as at 31 December 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

**RSM Nelson Wheeler**  
Certified Public Accountants  
Hong Kong

28 March 2011



# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Note	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000 (Restated)
<b>Continuing operations</b>			
<b>Revenue</b>	7	<b>289,058</b>	231,526
Cost of sales		<b>(128,922)</b>	(106,586)
<b>Gross profit</b>		<b>160,136</b>	124,940
Other income	8	<b>6,477</b>	6,084
Selling and distribution costs		<b>(95,573)</b>	(84,718)
Administrative expenses		<b>(65,677)</b>	(60,791)
Other operating income, net	12	<b>55,307</b>	64,652
<b>Profit from operations</b>		<b>60,670</b>	50,167
Fair value gains/(losses) on investment properties, net		<b>(6,400)</b>	5,000
Deficits write-back/(deficits) on revaluation of resort and recreational club properties		<b>2,098</b>	(14,865)
Finance costs	9	<b>(1,133)</b>	(930)
Share of profits/(losses) of an associate		<b>1,390</b>	(549)
<b>Profit before tax</b>		<b>56,625</b>	38,823
Income tax expense	10	<b>—</b>	—
<b>Profit for the year from continuing operations</b>		<b>56,625</b>	38,823
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	11	<b>(8,613)</b>	(8,233)
<b>Profit for the year</b>	12	<b>48,012</b>	30,590

	Note	2010 HK\$'000	2009 HK\$'000 (Restated)
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
Profit from continuing operations		56,625	38,823
Loss from discontinued operation		(8,574)	(8,211)
Profit attributable to owners of the Company	14	48,051	30,612
<b>Non-controlling interests</b>			
Loss from discontinued operation attributable to non-controlling interests		(39)	(22)
		48,012	30,590
<b>Earnings per share</b>			
From continuing and discontinued operations			
– basic	15(a)	2.91 cents	1.85 cents
– diluted	15(a)	N/A	N/A
From continuing operations			
– basic	15(b)	3.43 cents	2.35 cents
– diluted	15(b)	N/A	N/A

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i> (Restated)
<b>Profit for the year</b>	<b>48,012</b>	30,590
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	<b>1,654</b>	161
Fair value changes of available-for-sale debt investments	<b>2,599</b>	4,313
Release of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	<b>(1,706)</b>	(1,469)
<b>Other comprehensive income for the year, net of tax</b>	<b>2,547</b>	3,005
<b>Total comprehensive income for the year</b>	<b>50,559</b>	33,595
<b>Attributable to:</b>		
Owners of the Company	<b>50,525</b>	33,617
Non-controlling interests	<b>34</b>	(22)
	<b>50,559</b>	33,595

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	<i>Note</i>	<b>At 31 December 2010 HK\$'000</b>	At 31 December 2009 HK\$'000 (Restated)	At 1 January 2009 HK\$'000 (Restated)
<b>Non-current assets</b>				
Property, plant and equipment	16	<b>108,860</b>	103,855	109,764
Investment properties	17	<b>98,200</b>	100,700	95,700
Intangible assets	18	<b>1,636</b>	—	—
Interest in an associate	20	<b>21,932</b>	21,423	20,683
Financial assets at fair value through profit or loss	21	<b>109,843</b>	—	—
Available-for-sale equity investments	22	<b>30,842</b>	39,420	39,434
Available-for-sale debt investments - convertible bonds	23	<b>15,201</b>	24,615	24,746
Available-for-sale debt investments - notes receivables	24	<b>21,509</b>	—	—
Held-to-maturity investments		<b>—</b>	—	13,578
Total non-current assets		<b>408,023</b>	290,013	303,905
<b>Current assets</b>				
Inventories	25	<b>47,181</b>	53,490	44,676
Trade and other receivables	26	<b>31,807</b>	40,362	36,618
Note receivables	27	<b>—</b>	27,230	—
Financial assets at fair value through profit or loss	21	<b>221,832</b>	198,076	102,707
Available-for-sale equity investments	22	<b>8,578</b>	—	—
Option derivatives - convertible bonds	23	<b>1,510</b>	4,170	2,812
Pledged bank deposits	28	<b>11,342</b>	10,342	342
Time deposits	28	<b>257,969</b>	363,514	475,622
Cash and bank balances	28	<b>98,556</b>	53,084	28,810
Total current assets		<b>678,775</b>	750,268	691,587
<b>Current liabilities</b>				
Trade and other payables	29	<b>37,929</b>	36,606	31,172
Interest-bearing bank and other borrowings	30	<b>19,152</b>	16,011	7,317
Current portion of debentures	32	<b>1,303</b>	293	402
Other loans	33	<b>—</b>	5,427	5,427
Total current liabilities		<b>58,384</b>	58,337	44,318
<b>Net current assets</b>		<b>620,391</b>	691,931	647,269
<b>Total assets less current liabilities</b>		<b>1,028,414</b>	981,944	951,174

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2010

	<i>Note</i>	<b>At 31 December 2010 HK\$'000</b>	At 31 December 2009 HK\$'000 (Restated)	At 1 January 2009 HK\$'000 (Restated)
<b>Total assets less current liabilities</b>		<b>1,028,414</b>	981,944	951,174
<b>Non-current liabilities</b>				
Debentures	32	<b>4,597</b>	5,514	5,185
Interest-bearing bank and other borrowings	30	<b>4</b>	23	23
Deferred revenue		<b>13,667</b>	16,820	19,974
Total non-current liabilities		<b>18,268</b>	22,357	25,182
<b>NET ASSETS</b>		<b>1,010,146</b>	959,587	925,992
<b>Capital and reserves</b>				
Issued capital	35	<b>16,507</b>	16,507	16,507
Reserves	36	<b>992,772</b>	942,247	908,630
Equity attributable to owners of the Company		<b>1,009,279</b>	958,754	925,137
Non-controlling interests		<b>867</b>	833	855
<b>TOTAL EQUITY</b>		<b>1,010,146</b>	959,587	925,992

Approved by the Board of Directors on 28 March 2011

**Joseph Wing Kong LEUNG**  
*Chairman and Acting Chief Executive Officer*

**Derek Wai Choi LEUNG**  
*Executive Director*

# STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	4,789	6,571
Investment properties	17	97,700	95,000
Interests in subsidiaries	19	393,699	289,305
Available-for-sale debt investments - convertible bonds	23	15,201	24,615
Available-for-sale debt investments - notes receivables	24	21,509	—
		<hr/>	<hr/>
Total non-current assets		532,898	415,491
		<hr/>	<hr/>
<b>Current assets</b>			
Prepayments, deposits and other receivables	26	5,191	7,175
Note receivables	27	—	27,230
Financial assets at fair value through profit or loss	21	212,040	187,481
Option derivatives - convertible bonds	23	1,510	4,170
Pledged bank deposits	28	10,342	10,342
Time deposits	28	257,969	362,150
Cash and bank balances	28	46,720	21,828
		<hr/>	<hr/>
Total current assets		533,772	620,376
		<hr/>	<hr/>
<b>Current liabilities</b>			
Accruals and other payables		6,314	6,254
Due to a subsidiary	19	57,799	66,454
		<hr/>	<hr/>
Total current liabilities		64,113	72,708
		<hr/>	<hr/>
<b>Net current assets</b>		469,659	547,668
		<hr/>	<hr/>
<b>NET ASSETS</b>		1,002,557	963,159
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Issued capital	35	16,507	16,507
Reserves	36	986,050	946,652
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		1,002,557	963,159
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of Directors on 28 March 2011

**Joseph Wing Kong LEUNG**  
Chairman and Acting Chief Executive Officer

**Derek Wai Choi LEUNG**  
Executive Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

## Attributable to owners of the Company

	Issued capital	Share premium account	Capital redemption reserve	Special reserve	Property revaluation reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Note 36(c)(i))	(Note 36(c)(ii))	(Note 36(c)(iii))	(Note 36(c)(iv))	(Note 36(c)(v))	(Note 36(c)(vi))				
At 1 January 2009, as previously reported	16,507	1,189,721	478	808,822	2,659	2,316	8,927	(1,130,207)	899,223	855	900,078
Effect of changes in accounting policies (note 2)	—	—	—	—	(2,659)	—	—	28,573	25,914	—	25,914
At 1 January 2009, as restated	16,507	1,189,721	478	808,822	—	2,316	8,927	(1,101,634)	925,137	855	925,992
Total comprehensive income and changes in equity for the year	—	—	—	—	—	2,844	161	30,612	33,617	(22)	33,595
At 31 December 2009, as restated	16,507	1,189,721	478	808,822	—	5,160	9,088	(1,071,022)	958,754	833	959,587
At 1 January 2010, as previously reported	16,507	1,189,721	478	808,822	—	5,160	9,088	(1,084,413)	945,363	833	946,196
Effects of changes in accounting policies (note 2)	—	—	—	—	—	—	—	13,391	13,391	—	13,391
At 1 January 2010, as restated	16,507	1,189,721	478	808,822	—	5,160	9,088	(1,071,022)	958,754	833	959,587
Total comprehensive income and changes in equity for the year	—	—	—	—	—	893	1,581	48,051	50,525	34	50,559
At 31 December 2010	16,507	1,189,721	478	808,822	—	6,053	10,669	(1,022,971)	1,009,279	867	1,010,146

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	<b>48,012</b>	30,590
Adjustments for:		
Depreciation	<b>14,216</b>	9,035
Amortisation of intangible assets	<b>64</b>	—
Amortisation of deferred revenue	<b>(3,162)</b>	(3,177)
Finance costs	<b>1,133</b>	930
Dividend income from listed equity investments	<b>(5,661)</b>	(7,895)
Dividend income from an unlisted fund investment	<b>(84)</b>	(84)
Charge for inventories allowances	<b>3,958</b>	6,927
Interest income from:		
Financial assets at fair value through profit or loss	<b>(7,097)</b>	—
Other financial assets	<b>(6,078)</b>	(9,512)
Share of losses/(profits) of an associate	<b>(1,390)</b>	549
Fair value losses/(gains) on investment properties, net	<b>6,400</b>	(5,000)
Deficits/(deficits write-back) on revaluation of resort and recreational club properties	<b>(2,098)</b>	14,865
Write-back of accrued payables	<b>(659)</b>	(1,008)
Write-back of other loans	<b>(5,427)</b>	—
Impairment of trade receivables, net	<b>30</b>	30
Losses on disposal of property, plant and equipment	<b>125</b>	3
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	<b>(36,732)</b>	(54,146)
Option derivatives - convertible bonds	<b>1,233</b>	(2,875)
Gains on disposal of financial assets at fair value through profit or loss, net	<b>(9,470)</b>	(8,546)
Gain on disposal of held-to-maturity investments	<b>—</b>	(1,440)
Gain on disposal of available-for-sale equity investment	<b>—</b>	(56)
Gain on disposal of available-for-sales debt investments	<b>(612)</b>	(1,249)
Foreign exchange gains, net	<b>(3,319)</b>	(350)
Operating loss before working capital changes	<b>(6,618)</b>	(32,409)



## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2010

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000 (Restated)
Operating loss before working capital changes	<b>(6,618)</b>	(32,409)
Decrease/(increase) in inventories	<b>2,351</b>	(15,741)
Decrease/(increase) in trade and other receivables	<b>8,198</b>	(6,991)
Increase in trade and other payables	<b>1,988</b>	6,459
<b>Cash generated from/(used in) operations</b>	<b>5,919</b>	(48,682)
Interest received	<b>3,426</b>	8,245
Dividends received from listed investments	<b>5,618</b>	4,974
Dividends received from an unlisted fund investment	<b>84</b>	99
Purchases of financial assets at fair value through profit or loss	<b>(40,424)</b>	(65,634)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>60,377</b>	31,397
<b>Net cash generated from/(used in) operating activities</b>	<b>35,000</b>	(69,601)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	<b>(17,103)</b>	(17,942)
Acquisition of intangible assets	<b>(1,700)</b>	—
Purchases of available-for-sale debt investments	<b>(19,978)</b>	—
Subscription of unlisted convertible bonds designated as financial assets at fair value through profit or loss upon initial recognition	<b>(100,000)</b>	—
Instalment proceeds received from disposal of partial interest in an associate	<b>—</b>	5,430
Repayment from/(advances to) an associate, net	<b>791</b>	(1,290)
Proceeds from disposal of property, plant and equipment	<b>101</b>	4
Proceeds from disposal of available-for-sale equity investment	<b>—</b>	70
Proceeds from disposal of available-for-sale debt investments	<b>13,584</b>	8,730
Proceeds from disposal of held-to-maturity investments	<b>—</b>	15,550
Repayment/(purchases) of note receivables	<b>27,230</b>	(27,230)
Increase in pledged bank deposits	<b>(1,000)</b>	(10,000)
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired	<b>332,228</b>	(272,146)
<b>Net cash generated from/(used in) investing activities</b>	<b>234,153</b>	(298,824)

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000 (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans raised	<b>74,516</b>	58,181
Repayment of bank loans	<b>(71,350)</b>	(49,441)
New issue of debentures	<b>240</b>	60
Redemption of debentures	<b>(300)</b>	—
Capital element of finance lease rental payments	<b>(47)</b>	(105)
Interest paid	<b>(971)</b>	(746)
Interest element of finance lease rental payments	<b>(5)</b>	(14)
<b>Net cash generated from financing activities</b>	<b>2,083</b>	7,935
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>271,236</b>	(360,490)
Effect of foreign exchange rate changes, net	<b>919</b>	510
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>83,431</b>	443,411
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>355,586</b>	83,431
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>98,556</b>	53,084
Non-pledged time deposits with original maturity of less than three months when acquired	<b>257,030</b>	30,347
	<b>355,586</b>	83,431

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

## 1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Suites 3301-03, 33/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

### Classification of Land Leases

Amendments to HKAS 17 "Leases" deleted the guidance in HKAS 17 that when the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. In accordance with the amendments to HKAS 17, a leasehold land is classified as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership to the Group.

Before the amendments, the leasehold land was classified as operating lease and included in prepaid land premiums carried at cost less accumulated amortisation. Following the adoption of the amendments to HKAS 17, the Group has reclassified its interest in leasehold land to finance leases which are included in resort and recreational club properties under "Property, plant and equipment" and are carried at fair value less subsequent depreciation and impairment losses. The difference between the net carrying amount and the valuation at end of each reporting period is recognised in the property revaluation reserve.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

### Classification of Land Leases (continued)

Amendments to HKAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	<b>At 31 December 2010 HK\$'000</b>	At 31 December 2009 HK\$'000	At 1 January 2009 HK\$'000
Increase in Property, plant and equipment	<b>14,000</b>	16,300	28,900
Decrease in Prepaid land premiums	<b>(2,832)</b>	(2,909)	(2,986)
Decrease in Accumulated losses	<b>(14,869)</b>	(13,391)	(28,573)
Decrease in Property revaluation reserves	<b>3,701</b>	—	2,659
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
		<b>2010 HK\$'000</b>	2009 HK\$'000
Increase in deficits write-back/(deficits) on revaluation of resort and recreational club properties		<b>1,833</b>	(14,600)
Decrease in other operating income, net		<b>(355)</b>	(582)
		<u>          </u>	<u>          </u>
Increase/(decrease) in profit for the year		<b>1,478</b>	(15,182)
Decrease in losses/(gains) on property revaluation recognised in other comprehensive income		<b>(3,701)</b>	2,659
		<u>          </u>	<u>          </u>
Decrease in total comprehensive income for the year		<b>(2,223)</b>	(12,523)
		<u><u>          </u></u>	<u><u>          </u></u>
Increase/(decrease) in earnings per share from continuing and discontinued operations		<b>0.09 cents</b>	(0.92 cents)
		<u><u>          </u></u>	<u><u>          </u></u>

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, resort and recreational club properties, certain available-for-sale equity and debt investments, derivative financial instruments and financial assets at fair value through profit or loss, which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated exchange fluctuation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

#### (b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated income statement as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated income statement. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (aa) below. Impairment losses of goodwill are recognised in consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Business combination and goodwill (continued)

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

#### (c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated income statement.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated exchange fluctuation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position the investments in associates are stated at cost less allowance for impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

##### (ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in consolidated income statement.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in the consolidation income statement, any exchange component of that gain or loss is recognised in the consolidated income statement.

##### (iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange fluctuation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Property, plant and equipment

Resort and recreational club properties are carried at fair value, based on periodic valuations by an external independent valuer, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the consolidated income statement during the period in which they are incurred.

Revaluation increases of resort and recreational club properties are recognised in consolidated income statement to the extent that the increases reverse revaluation decreases of the same asset previously recognised in consolidated income statement. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive loss. All other decreases are recognised in the consolidated income statement. On the subsequent sale or retirement of a revalued resort and recreational club properties, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits/accumulated losses.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Resort and recreational club properties	Over the remaining lease terms
Leasehold improvements	Over the shorter of the remaining lease terms and 5 to 6 years
Furniture, fixtures and equipment	2 to 7 years
Communications equipment	6 years
Motor vehicles	3 to 5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in the consolidated income statement for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in the consolidated income statement.

#### (g) Leases

##### (i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

##### (ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the shorter of the lease term and their estimated useful lives.

#### (h) Trademarks

Trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 20 years.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis or the actual basis and comprises invoiced value of purchases, and where appropriate, freight, insurance and delivery charges. 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.

#### (j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in the consolidated income statement.

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

#### (k) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. The net gains or losses, including gains or losses arising from changes in fair value and interest income from these investments, are recognised in the consolidated income statement.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Investments (continued)

##### (ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in the consolidated income statement. Interest calculated using the effective interest method is recognised in the consolidated income statement.

Impairment losses recognised in the consolidated income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the consolidation income statement. Impairment losses recognised in the consolidated income statement for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in the consolidated income statement if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

#### (l) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount of the receivables and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the consolidated income statement.

Impairment losses are reversed in subsequent periods and recognised in the consolidated income statement when an increase in recoverable amount of the receivables can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which 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.

#### (n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

#### (o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### (p) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- the amount initially recognised less cumulative amortisation recognised in the consolidated income statement on a straight-line basis over the terms of the guarantee contracts.

#### (q) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### (r) Equity instruments

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (s) Derivative financial instruments

Derivatives are initially recognised and subsequently measured at fair value.

Changes in the fair value of derivatives are recognised in the consolidated income statement as they arise.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with changes in fair value recognised in the consolidated income statement.

#### (t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

##### (i) Wholesale and retail of fashion wear and accessories

Revenue from the sale of fashion wear and accessories is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

##### (ii) Telecommunications operations

###### *Provision of telecommunications services*

Revenue from the provision of telecommunications services, comprising proprietary services and carrier operations, is recognised when the services are rendered on the basis of traffic statistics agreed with international telecommunications carriers to the extent of the amounts expected to be received.

##### (iii) Resort and recreational club operations

Entrance fee income is recognised when the application for club membership is accepted and no significant uncertainty as to collectability exists. Annual subscription fee income is recognised over the relevant period of the membership. Revenue from the provision of resort and club facilities, catering and other services is recognised when goods are delivered or services are rendered.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (t) Revenue recognition (continued)

(iv) Dividend income

Dividend income is recognised when the shareholders' right to receive payment are established.

(v) Interest income

Interest income for interest-bearing financial instruments, including financial assets at fair value through profit or loss, is recognised on a time-proportion basis using the effective interest method.

(vi) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(vii) Consultancy, management and other services

Revenue from the provision of consultancy, management and other services is recognised when the relevant services are rendered.

(viii) Financial guarantee contracts

Revenue from financial guarantee contracts issued is recognised on a straight-line basis over the terms of the guarantee contracts.

#### (u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the consolidation income statement represents contributions payable by the Group to the funds.

Subsidiaries incorporated in the People's Republic of China ("PRC") participate in the retirement schemes operated by the local authorities for the Group's employee in the PRC. Contributions to these schemes are charged to the consolidation income statement when incurred.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Employee benefits (continued)

##### (iii) 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.

#### (v) Share-based payments

The Company operates a share option scheme and issues equity-settled share-based payments to eligible employees (including executive directors). Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

#### (w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (x) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in the consolidation income statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (y) Related parties

A party is related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

#### (z) Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (aa) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except resort and recreational club properties, investment properties, deferred tax assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the consolidation income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (bb) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

#### (cc) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

## 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on certain of its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it does not transfer substantially all the risks and rewards of ownership of these properties which are leased out on operating leases.

(b) Distinction between investment properties and owner-occupied properties

Investment property is a property held to earn rentals or for capital appreciation or both. The Group determines whether a property qualifies as an investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgement.

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of available-for-sale equity investments

The Group determines whether the unlisted equity investments are impaired at least semi-annually and based on the financial information available from the unlisted equity investments. Details are set out in note 22 to the financial statements.

(b) Allowances for inventories

Allowances for inventories are made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates which are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to serve industry cycles. The Group will reassess the estimates by the end of each reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

#### Key sources of estimation uncertainty (continued)

(c) Fair values of properties

The Group appointed independent professional valuers to assess the fair values of the resort and recreational club properties and investment properties. In determining the fair values, the valuers have utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(d) Fair values of convertible bonds

As disclosed in notes 21 and 23 to the financial statements, the fair values of the investments in convertible bonds classified as financial assets at fair value through profit or loss and available-for-sale debt investments at the end of the reporting period were determined with reference to the valuation performed by independent professional valuers using option pricing models. Application of option pricing models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the derivative component, the expected volatility of the share prices of the issuer and the potential dilution in the share prices of the issuer. Where the estimation on these factors is different from those previously estimated, such differences will impact the fair value gain or loss of the convertible bonds in the period in which such determination is made.

## 5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its purchases transactions, note receivables and bank deposits are principally denominated in US dollar, Euro dollar and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2010, if the Hong Kong dollar had strengthen/weakened 0.5% against the US dollar with all other variables held constant, consolidated profit after tax for the year would have been HK\$1,441,000 lower/higher (2009: HK\$2,025,200), arising mainly as a result of the net foreign exchange gain/loss on note receivables, bank deposits and trade payables denominated in US dollar.

At 31 December 2010, if the Hong Kong dollar had strengthen/weakened 5% against the Euro dollar with all other variables held constant, consolidated profit after tax for the year would have been HK\$260,000 higher/lower (2009: HK\$329,000), arising mainly as a result of the foreign exchange gain/loss on trade payables denominated in Euro dollar.

At 31 December 2010, if the Hong Kong dollar had strengthen/weakened 5% against the Renminbi with all other variables held constant, consolidated profit after tax for the year would have been HK\$877,000 lower/higher (2009: N/A), arising mainly as a result of the foreign exchange gain/loss on bank deposits denominated in Renminbi.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Price risk

The Group's listed investments classified as financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

The Group's listed investments are primarily listed on The Stock Exchange of Hong Kong Limited. The market equity index for The Stock Exchange of Hong Kong Limited, at the close of business of the nearest trading day in the year to the end of the reporting period, and its highest and lowest points during the year were as follows:

	<b>31 December 2010</b>	<b>High/low 2010</b>	31 December 2009	High/low 2009
Hong Kong - Hang Seng Index	<b>23,035</b>	<b>24,989/ 18,972</b>	21,873	23,100/ 11,345

At 31 December 2010, if the share prices of the investments listed on The Stock Exchange of Hong Kong Limited increase/decrease by 5%, consolidated profit after tax for the year would have been HK\$10,277,000 higher/lower (2009: HK\$9,617,000), arising as a result of the fair value gain/loss of these investments.

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk

The carrying amounts of the bank deposits, trade and other receivables, note receivables, investments and derivative financial instruments included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with a credit worthy history.

The credit risk on bank deposits is limited because the counterparties are banks with sound credit standing.

The Group mitigates credit risk by conducting credit analysis on potential debt investments and obtaining collateral and guarantees. The Group's debt and option derivative investments include: (i) listed and unlisted debt investments with quoted market prices. These debt investments are mainly issued or guaranteed by listed companies or their group companies with sound financial position or good credit standing; and (ii) unlisted convertible bonds issued by Skyjoy Assets Management Limited ("Skyjoy") (note 21(b)) in the principal amount of HK\$100,000,000. Major collateral obtained by the Group includes, among other things, (a) share mortgage over the entire equity interests in Skyjoy and its subsidiary; and (b) share mortgage over the entire equity interests in Tangshan Yuan Yang City Real Estate Development Company Limited (唐山遠洋城房地產開發有限公司). Skyjoy's subsidiary is principally engaged in property development in the PRC and owns a piece of land with a site area of approximately 62,000 square meters in the centre of Shijiazhuang, PRC. Tangshan Yuan Yang City Real Estate Development Co Ltd (唐山遠洋城房地產開發有限公司) is principally engaged in property development in the PRC and owns a shopping mall in Tangshan, PRC. Management continuously monitors the market value of the collateral and performs impairment assessments when applicable.

The credit risk on listed investments is limited because the counterparties are well-established securities broker firms in Hong Kong.

Other than concentration of credit risk on unlisted convertible bonds issued by Skyjoy, the Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings.

The maturity analysis of the Group's financial liabilities, based on the contractual undiscounted payments, is as follows:

	<b>Less than 1 year/ on demand/ no fixed terms HK\$'000</b>	<b>Between 1 and 2 years HK\$'000</b>	<b>Between 2 and 5 years HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 31 December 2010</b>				
Trade payables and financial liabilities included in other payables	<b>26,272</b>	—	—	<b>26,272</b>
Interest-bearing bank and other borrowings	<b>19,153</b>	<b>4</b>	—	<b>19,157</b>
Debentures	<b>1,347</b>	<b>2,630</b>	<b>2,220</b>	<b>6,197</b>
	<b>46,772</b>	<b>2,634</b>	<b>2,220</b>	<b>51,626</b>

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Liquidity risk (continued)

	Less than 1 year/ on demand/ no fixed terms <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 31 December 2009</b>				
Trade payables and financial liabilities included in other payables	24,448	—	—	24,448
Interest-bearing bank and other borrowings	16,016	20	4	16,040
Debentures	300	1,347	4,610	6,257
Other loans	5,427	—	—	5,427
	<u>46,191</u>	<u>1,367</u>	<u>4,614</u>	<u>52,172</u>

### (e) Interest rate risk

The Group's exposure to interest-rate risk arises from its short-term bank deposits and interest-bearing bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

The Group's convertible bonds and note receivables bear interests at fixed interest rate and therefore are subject to fair value interest rate risk.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

At 31 December 2010, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been HK\$1,189,000 higher/lower (2009: HK\$1,863,000), arising mainly as a result of the net of increase/decrease in the interest income from bank deposits and interest expense on short term bank borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (f) Categories of financial instruments at 31 December

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
<b>Financial assets:</b>		
Financial assets at fair value through profit or loss		
– held for trading (including option derivatives)	<b>223,342</b>	202,246
– designated as such upon initial recognition	<b>109,843</b>	—
Loans and receivables (including cash and cash equivalents and time deposits)	<b>397,395</b>	488,994
Available-for-sale financial assets	<b>76,130</b>	64,035
	<b>806,710</b>	755,275
<b>Financial liabilities</b>		
Financial liabilities at amortised costs	<b>51,328</b>	51,716

#### (g) Fair values

Except as disclosed in note 22 to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (g) Fair values (continued)

Disclosures of level in fair value hierarchy at 31 December 2010:

	Fair value measurement using:			Total 2010 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at fair value through profit or loss				
Equity and debt investments	219,248	—	—	219,248
Fund investments	2,584	—	—	2,584
Convertible bonds	—	—	109,843	109,843
Derivatives	—	1,510	—	1,510
Available-for-sale financial assets				
Debt investments	21,509	15,201	—	36,710
<b>Total</b>	<b>243,341</b>	<b>16,711</b>	<b>109,843</b>	<b>369,895</b>

	Level 1	Level 2	Level 3	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Equity investments	195,511	—	—	195,511
Fund investments	2,565	—	—	2,565
Derivatives	—	4,170	—	4,170
Available-for-sale financial assets				
Debt investments	—	24,615	—	24,615
<b>Total</b>	<b>198,076</b>	<b>28,785</b>	<b>—</b>	<b>226,861</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (g) Fair values (continued)

Reconciliation of assets measured at fair value based on level 3:

Financial assets at fair value through profit or loss:

	<b>Unlisted convertible bonds</b> <i>HK\$'000</i>
At 1 January 2009, 31 December 2009 and 1 January 2010	—
Purchases	100,000
Total gains recognised in consolidated income statement	<u>9,843</u>
At 31 December 2010	<b><u><u>109,843</u></u></b>

## 6. SEGMENT INFORMATION

The Group has four reportable segments as follows:

Wholesale and retail of fashion wear and accessories	The trading of fashion wear and accessories
Telecommunications operations	The provision of telecommunications services and the marketing and distribution of network cards and accessories (discontinued operation)
Resort and recreational club operations	The provision of resort and recreational facilities and catering services
Investments and treasury	Treasury operations and the holding and trading of investments for short term and long term investment returns

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements.

Segment profits or losses do not include the following:

- Unallocated corporate administrative expenses;
- Share of profits/(losses) of an associate;
- Fair value gains/(losses) on investment properties, net;
- Deficits write-back/(deficits) on revaluation of resort and recreational properties;
- Finance costs; and
- Income tax expense.

Segment assets do not include interest in an associate. Segment liabilities do not include interest-bearing bank and other borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 6. SEGMENT INFORMATION (CONTINUED)

Information about reportable segment profit or loss, assets and liabilities:

	<b>Wholesale and retail of fashion wear and accessories</b> <i>HK\$'000</i>	<b>(Discontinued operation) Telecommunications operations</b> <i>HK\$'000</i>	<b>Resort and recreational club operations</b> <i>HK\$'000</i>	<b>Investments and treasury</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2010</b>					
Revenue from external customers	<b>261,400</b>	—	<b>15,835</b>	<b>11,823</b>	<b>289,058</b>
Segment profit/(loss)	<b>11,980</b>	<b>(8,613)</b>	<b>4,062</b>	<b>48,742</b>	<b>56,171</b>
<i>Segment profit/(loss) includes:</i>					
Fair value gains on financial assets at fair value through profit or loss, net	—	—	—	<b>35,499</b>	<b>35,499</b>
Gains on disposal of financial assets at fair value through profit or loss, net	—	—	—	<b>9,470</b>	<b>9,470</b>
Gain on disposal of available-for-sale debt investments	—	—	—	<b>612</b>	<b>612</b>
Interest income from:					
– Financial assets at fair value through profit or loss	—	—	—	<b>7,097</b>	<b>7,097</b>
– Other financial assets	—	—	—	<b>6,078</b>	<b>6,078</b>
Write-back of other loans	—	—	<b>5,427</b>	—	<b>5,427</b>
Write-back of accrued payables	—	<b>332</b>	<b>327</b>	—	<b>659</b>
Depreciation and amortisation	<b>9,205</b>	<b>27</b>	<b>3,634</b>	<b>1,414</b>	<b>14,280</b>
Charge for inventories allowances	<b>3,958</b>	—	—	—	<b>3,958</b>
Impairment of trade receivables, net	—	—	<b>30</b>	—	<b>30</b>

## 6. SEGMENT INFORMATION (CONTINUED)

	Wholesale and retail of fashion wear and accessories <i>HK\$'000</i>	(Discontinued operation) Telecommunications operations <i>HK\$'000</i>	Resort and recreational club operations <i>HK\$'000</i>	Investments and treasury <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2010</b>					
<i>Other segment information:</i>					
Share of profits of an associate	—	—	1,390	—	1,390
Additions to property, plant and equipment	15,384	—	1,487	232	17,103
Additions to intangible assets	1,700	—	—	—	1,700
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>As at 31 December 2010</b>					
Segment assets	134,549	2,200	173,221	754,896	1,064,866
Segment liabilities	(24,292)	(517)	(25,625)	(7,062)	(57,496)
Interest in an associate	—	—	21,932	—	21,932
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 6. SEGMENT INFORMATION (CONTINUED)

Information about reportable segment profit or loss, assets and liabilities:

	Wholesale and retail of fashion wear and accessories <i>HK\$'000</i>	(Discontinued operation) Telecom- munications operations <i>HK\$'000</i>	Resort and recreational club operations <i>HK\$'000</i> (Restated)	Investments and treasury <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
<b>Year ended 31 December 2009</b>					
Revenue from external customers	200,591	—	13,444	17,491	231,526
Segment profit/(loss)	(10,709)	(8,233)	(4,947)	70,237	46,348
<i>Segment profit/(loss) includes:</i>					
Fair value gains on financial assets at fair value through profit or loss, net	—	—	—	57,021	57,021
Gains on disposal of financial assets at fair value through profit or loss, net	—	—	—	8,546	8,546
Gain on disposal of available- for-sale debt investments	—	—	—	1,249	1,249
Gain on disposal of held- to-maturity investments	—	—	—	1,440	1,440
Interest income from other financial assets	—	—	—	9,512	9,512
Write-back of accrued payables	—	1,008	—	—	1,008
Depreciation and amortisation	5,128	27	3,685	195	9,035
Charge for inventories allowances	6,927	—	—	—	6,927
Impairment of trade receivables, net	—	—	30	—	30

## 6. SEGMENT INFORMATION (CONTINUED)

	Wholesale and retail of fashion wear and accessories <i>HK\$'000</i>	(Discontinued operation) Telecom- munications operations <i>HK\$'000</i>	Resort and recreational club operations <i>HK\$'000</i> (Restated)	Investments and treasury <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
<b>Year ended 31 December 2009</b>					
<i>Other segment information:</i>					
Share of losses of an associate	—	—	(549)	—	(549)
Additions to property, plant and equipment	13,195	—	631	4,172	17,998
	<u>13,195</u>	<u>—</u>	<u>631</u>	<u>4,172</u>	<u>17,998</u>
<b>As at 31 December 2009</b>					
Segment assets	109,601	16,459	178,820	713,978	1,018,858
Segment liabilities	(21,257)	(1,204)	(35,172)	(7,027)	(64,660)
Interest in an associate	—	—	21,423	—	21,423
	<u>—</u>	<u>—</u>	<u>21,423</u>	<u>—</u>	<u>21,423</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 6. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000 (Restated)
<b>Profit or loss</b>		
Total profit or loss of reportable segments	<b>56,171</b>	46,348
Unallocated corporate administrative expenses	<b>(4,114)</b>	(4,414)
Share of profits/(losses) of an associate	<b>1,390</b>	(549)
Fair value gains/(losses) on investment properties, net	<b>(6,400)</b>	5,000
Deficits write-back/(deficits) on revaluation of resort and recreational properties	<b>2,098</b>	(14,865)
Finance costs	<b>(1,133)</b>	(930)
Elimination of discontinued operation	<b>8,613</b>	8,233
Consolidated profit for the year from continuing operations	<b>56,625</b>	38,823
<b>Assets</b>		
Total assets of reportable segments	<b>1,064,866</b>	1,018,858
Interest in an associate	<b>21,932</b>	21,423
Consolidated total assets	<b>1,086,798</b>	1,040,281
<b>Liabilities</b>		
Total liabilities of reportable segments	<b>(57,496)</b>	(64,660)
Interest-bearing bank and other borrowings	<b>(19,156)</b>	(16,034)
Consolidated total liabilities	<b>(76,652)</b>	(80,694)

## 6. SEGMENT INFORMATION (CONTINUED)

### Geographical information:

	Revenue		Non-current assets	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000 (Restated)
Hong Kong	275,295	227,578	229,543	134,310
Mainland China	11,307	3,948	114,259	128,903
Other Asia Pacific regions	2,456	—	64,221	26,800
Discontinued operation	—	—	—	—
Consolidated total	<b>289,058</b>	231,526	<b>408,023</b>	290,013

In presenting the geographical information, revenue is based on the locations of the customers; non-current assets are based on the locations of the assets.

## 7. REVENUE

An analysis of revenue (which is also the Group's turnover) is as follows:

	2010 HK\$'000	2009 HK\$'000
Wholesale and retail of fashion wear and accessories	261,400	200,591
Resort and recreational club operations	15,835	13,444
Dividend income from listed equity investments	5,661	7,895
Dividend income from an unlisted fund investment	84	84
Interest income	6,078	9,512
	<b>289,058</b>	231,526

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 8. OTHER INCOME

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Rental income	<b>1,953</b>	1,051
Management fees	<b>999</b>	1,044
Others	<b>3,525</b>	3,989
	<hr/> <b>6,477</b> <hr/>	<hr/> 6,084 <hr/>

### 9. FINANCE COSTS

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Interest on bank loans and overdrafts	<b>971</b>	746
Interest on a finance lease	<b>5</b>	16
Accretion of interest on debentures	<b>157</b>	168
	<hr/> <b>1,133</b> <hr/>	<hr/> 930 <hr/>

## 10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2010 (2009: Nil) as the Company and its subsidiaries (including continuing and discontinued operations) either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

A reconciliation of the income tax expense and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies and a reconciliation of the weighted average rate to the effective tax rate, are as follows:

	2010		2009	
	HK\$'000	%	HK\$'000 (Restated)	%
Profit before tax from continuing and discontinued operations	<b>48,012</b>		30,590	
Tax at the weighted average tax rate	<b>7,590</b>	<b>15.8</b>	4,481	14.6
Tax effect of income that is not taxable	<b>(3,838)</b>	<b>(8.0)</b>	(3,854)	(12.6)
Tax effect of expenses that are not deductible	<b>5,661</b>	<b>11.8</b>	5,560	18.2
Tax effect of utilisation of tax losses not previously recognised	<b>(13,726)</b>	<b>(28.6)</b>	(11,405)	(37.3)
Tax effect of tax losses not recognised	<b>4,313</b>	<b>9.0</b>	5,218	17.1
Income tax expense at effective tax rate	<b>—</b>	<b>—</b>	—	—

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 11. DISCONTINUED OPERATION

In December 2010, the Group decided to discontinue the telecommunication operations which constitute a major line of business. The related telecommunicated equipments are ceased to be used.

The results of the discontinued operation for the year ended, which have been included in consolidated income statement, are as follows:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Revenue	—	—
Administrative expenses	<b>(8,785)</b>	(9,449)
Other operating income, net	<b>172</b>	1,216
	<hr/>	<hr/>
Loss before tax	<b>(8,613)</b>	(8,233)
Income tax expense ( <i>note 10</i> )	—	—
	<hr/>	<hr/>
Loss for the year	<b>(8,613)</b>	(8,233)
	<hr/> <hr/>	<hr/> <hr/>

During the year, the net cash used in operating activities amounted to HK\$9,832,000 (2009: HK\$9,570,000).

## 12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000 (Restated)
Cost of inventories sold <sup>#</sup>	<b>128,690</b>	106,386
Depreciation*	<b>14,216</b>	9,035
Amortisation of intangible assets*	<b>64</b>	—
Auditor's remuneration for audit services	<b>928</b>	815
Other operating lease charges for land and buildings (included contingent rentals of HK\$8,659,000 (2009: HK\$2,727,000))	<b>55,001</b>	49,532
Charge for inventories allowances	<b>3,958</b>	6,927
Gains from financial assets at fair value through profit or loss, net*: Held-for-trading (including option derivatives)		
Fair value gains, net	<b>(32,753)</b>	(57,021)
Gains on disposal, net	<b>(9,470)</b>	(8,546)
	<b>(42,223)</b>	(65,567)
Designated as such upon initial recognition		
Interest income	<b>(7,097)</b>	—
Fair value gains, net	<b>(2,746)</b>	—
	<b>(9,843)</b>	—
Fair value losses/(gains) on investment properties, net	<b>6,400</b>	(5,000)
Gain on disposal of available-for-sales debt investments*	<b>(612)</b>	(1,249)
Gain on disposal of held-to-maturity investments*	—	(1,440)
Gain on disposal of available-for-sale equity investments*	—	(56)
Losses on disposal of property, plant and equipment*	<b>125</b>	3
Employee benefits expense (including directors' emoluments ( <i>note 13</i> )): Salaries, wages and other benefits	<b>64,225</b>	58,923
Pension scheme contributions under defined contribution schemes	<b>2,367</b>	2,273
	<b>66,592</b>	61,196
Amortisation of deferred revenue	<b>(3,162)</b>	(3,177)
Write-back of accrued payables*	<b>(659)</b>	(1,008)
Write-back of other loans*	<b>(5,427)</b>	—
Rental income	<b>(1,953)</b>	(1,051)
Exchange gains, net*	<b>(11,120)</b>	(5,586)
Impairment of trade receivables, net	<b>30</b>	30
Deficits/(deficits write-back) on revaluation of resort and recreational club properties	<b>(2,098)</b>	14,865

\* These amounts are included in "Other operating income, net" from continuing and discontinued operations.

<sup>#</sup> Cost of inventories sold included charge for inventories allowances of HK\$3,958,000 (2009: HK\$6,927,000).



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

	Fees HK\$'000	Salaries allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Mr. Joseph Wing Kong LEUNG	83	1,380	115	12	1,590
Mr. Raymond Siu Wing CHAN	41	600	50	12	703
Mr. Derek Wai Choi LEUNG	41	—	—	—	41
Mr. Wing Tung YEUNG	41	1,766	148	12	1,967
<b>Non-executive directors:</b>					
Mr. Raymond Wai Pun LAU (note i)	9	—	—	—	9
Mr. Raymond Shing Loong WONG	41	—	—	—	41
<b>Independent non-executive directors:</b>					
Dr. Cecil Sze Tsung CHAO	41	—	—	—	41
Dr. Jen CHEN	41	—	—	—	41
Mr. David Kwok Kwei LO (note ii)	32	—	—	—	32
Mr. Ian Grant ROBINSON	240	—	—	—	240
Mr. Chi Keung WONG (note ii)	32	—	—	—	32
Total for 2010	<b>642</b>	<b>3,746</b>	<b>313</b>	<b>36</b>	<b>4,737</b>

### 13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

	Fees HK\$'000	Salaries allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Mr. Joseph Wing Kong LEUNG	40	834	70	12	956
Mr. James C. NG ( <i>note iii</i> )	8	1,682	—	—	1,690
Mr. Raymond Siu Wing CHAN	20	300	25	6	351
Mr. Derek Wai Choi LEUNG	20	—	—	—	20
Mr. Wing Tung YEUNG	20	1,740	145	12	1,917
<b>Non-executive directors:</b>					
Mr. Raymond Wai Pun LAU	20	—	—	—	20
Mr. Raymond Shing Loong WONG	20	—	—	—	20
<b>Independent non-executive directors:</b>					
Dr. Cecil Sze Tsung CHAO	20	—	—	—	20
Dr. Jen CHEN	20	—	—	—	20
Mr. Ian Grant ROBINSON	240	—	—	—	240
Total for 2009	<u>428</u>	<u>4,556</u>	<u>240</u>	<u>30</u>	<u>5,254</u>

Notes:

- (i) Retired on 17 June 2010.
- (ii) Elected on 17 June 2010.
- (iii) Retired on 3 June 2009.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2009: Nil).

The five highest paid individuals in the Group during the year included two (2009: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2009: three) individuals are set out below:

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	<b>4,394</b>	4,356
Performance related bonuses	<b>167</b>	163
Pension scheme contributions	<b>36</b>	36
	<hr/> <b>4,597</b> <hr/>	<hr/> 4,555 <hr/>

The emoluments fell within the following bands:

	<b>Number of individuals</b>	
	<b>2010</b>	2009
HK\$1,000,001 to HK\$1,500,000	<b>2</b>	2
HK\$1,500,001 to HK\$2,500,000	<b>1</b>	1
	<hr/> <b>3</b> <hr/>	<hr/> 3 <hr/>

No share options or any other forms of share-based payments were granted to the directors and highest paid individuals during the year (2009: Nil).

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

## 14. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the year attributable to owners of the Company included a profit of approximately HK\$38,505,000 (2009: HK\$42,459,000) which has been dealt with in the financial statements of the Company.

## 15. EARNINGS PER SHARE

### (a) From continuing and discontinued operations

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$48,051,000 (2009: HK\$30,612,000, as restated) and the weighted average number of ordinary shares of 1,650,658,676 (2009: 1,650,658,676) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2009 and 2010.

### (b) From continuing operations

The calculation of basic earnings per share from continuing operations attributable to owners of the Company is based on the profit for the year from continuing operations attributable to owners of the Company of HK\$56,625,000 (2009: HK\$38,823,000) and the denominator used is the same as that detailed above for basic earnings per share.

No diluted earnings per share from continuing operations are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2009 and 2010.

### (c) From discontinued operation

Basic loss per share from the discontinued operation is HK\$0.52 cents per share (2009: HK\$0.50 cents per share) based on the loss for the year from discontinued operation attributable to the owners of the Company of approximately HK\$8,574,000 (2009: HK\$8,211,000) and the denominators used are the same as those detailed above for basic earnings per share.

No diluted loss per share from the discontinued operation are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2009 and 2010.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 16. PROPERTY, PLANT AND EQUIPMENT

#### Group

	<b>Resort and recreational club properties HK\$'000 (Restated)</b>	<b>Leasehold improvements HK\$'000</b>	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Com- munications equipment HK\$'000</b>	<b>Motor vehicles HK\$'000</b>	<b>Total HK\$'000 (Restated)</b>
<b>Cost or valuation:</b>						
At 1 January 2009	101,000	5,020	38,590	34,522	3,522	182,654
Additions	353	3,243	14,402	—	—	17,998
Disposals	—	(1,338)	(12,294)	(32,492)	(181)	(46,305)
Deficits on revaluation	(14,865)	—	—	—	—	(14,865)
Elimination of accumulated depreciation	(2,888)	—	—	—	—	(2,888)
Exchange realignment	—	—	68	1,990	31	2,089
	<u>83,600</u>	<u>6,925</u>	<u>40,766</u>	<u>4,020</u>	<u>3,372</u>	<u>138,683</u>
At 31 December 2009 and 1 January 2010	<b>83,600</b>	<b>6,925</b>	<b>40,766</b>	<b>4,020</b>	<b>3,372</b>	<b>138,683</b>
Additions	<b>296</b>	<b>143</b>	<b>16,664</b>	<b>—</b>	<b>—</b>	<b>17,103</b>
Disposals	<b>—</b>	<b>—</b>	<b>(2,287)</b>	<b>—</b>	<b>—</b>	<b>(2,287)</b>
Deficits write-back on revaluation	<b>2,098</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,098</b>
Elimination of accumulated depreciation	<b>(2,694)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,694)</b>
Exchange realignment	<b>—</b>	<b>18</b>	<b>301</b>	<b>—</b>	<b>30</b>	<b>349</b>
	<u>83,300</u>	<u>7,086</u>	<u>55,444</u>	<u>4,020</u>	<u>3,402</u>	<u>153,252</u>
At 31 December 2010	<b>83,300</b>	<b>7,086</b>	<b>55,444</b>	<b>4,020</b>	<b>3,402</b>	<b>153,252</b>

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Group

	<b>Resort and recreational club properties HK\$'000 (Restated)</b>	<b>Leasehold improvements HK\$'000</b>	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Com- munications equipment HK\$'000</b>	<b>Motor vehicles HK\$'000</b>	<b>Total HK\$'000 (Restated)</b>
<b>Accumulated depreciation and impairment:</b>						
At 1 January 2009	—	1,856	33,266	34,522	3,246	72,890
Depreciation provided during the year	2,888	751	5,280	—	116	9,035
Write-back on revaluation	(2,888)	—	—	—	—	(2,888)
Disposals	—	(1,338)	(12,287)	(32,492)	(181)	(46,298)
Exchange realignment	—	—	68	1,990	31	2,089
At 31 December 2009 and 1 January 2010	<b>—</b>	<b>1,269</b>	<b>26,327</b>	<b>4,020</b>	<b>3,212</b>	<b>34,828</b>
Depreciation provided during the year	<b>2,694</b>	<b>1,765</b>	<b>9,671</b>	<b>—</b>	<b>86</b>	<b>14,216</b>
Write-back on revaluation	<b>(2,694)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,694)</b>
Disposals	<b>—</b>	<b>—</b>	<b>(2,061)</b>	<b>—</b>	<b>—</b>	<b>(2,061)</b>
Exchange realignment	<b>—</b>	<b>18</b>	<b>61</b>	<b>—</b>	<b>24</b>	<b>103</b>
At 31 December 2010	<b>—</b>	<b>3,052</b>	<b>33,998</b>	<b>4,020</b>	<b>3,322</b>	<b>44,392</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Group

	<b>Resort and recreational club properties HK\$'000 (Restated)</b>	<b>Leasehold improvements HK\$'000</b>	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Com- munications equipment HK\$'000</b>	<b>Motor vehicles HK\$'000</b>	<b>Total HK\$'000 (Restated)</b>
<b>Net carrying amount:</b>						
At 31 December 2010	<u>83,300</u>	<u>4,034</u>	<u>21,446</u>	<u>—</u>	<u>80</u>	<u>108,860</u>
At 31 December 2009	<u>83,600</u>	<u>5,656</u>	<u>14,439</u>	<u>—</u>	<u>160</u>	<u>103,855</u>

The analysis of the cost or valuation at 31 December 2010 of the above assets is as follows:

At cost	<u>—</u>	<u>7,086</u>	<u>55,444</u>	<u>4,020</u>	<u>3,402</u>	<u>69,952</u>
At valuation	<u>83,300</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>83,300</u>
	<u>83,300</u>	<u>7,086</u>	<u>55,444</u>	<u>4,020</u>	<u>3,402</u>	<u>153,252</u>

The analysis of the cost or valuation at 31 December 2009 of the above assets is as follows:

At cost	<u>—</u>	<u>6,925</u>	<u>40,766</u>	<u>4,020</u>	<u>3,372</u>	<u>55,083</u>
At valuation	<u>83,600</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>83,600</u>
	<u>83,600</u>	<u>6,925</u>	<u>40,766</u>	<u>4,020</u>	<u>3,372</u>	<u>138,683</u>

The Group's resort and recreational club properties were revalued at 31 December 2010 and 2009 by independent professional qualified valuers, DTZ Debenham Tie Leung Limited ("DTZ"), based on open market, existing use basis.

The carrying amounts of the Group's resort and recreational club properties would have been HK\$30,511,000 (2009: HK\$31,046,000, as restated) had they been stated at cost less accumulated depreciation and impairment losses.

The Group's resort and recreational club properties are situated in Hong Kong and are held under medium term leases.

At 31 December 2010 the carrying amount of office equipment held by the Group under finance leases amounted to HK\$28,000 (2009: HK\$107,000).

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Company

	<b>Leasehold improvements HK\$'000</b>	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Total HK\$'000</b>
<b>Cost:</b>			
At 1 January 2009	3,283	224	3,507
Additions	3,243	929	4,172
	<hr/>	<hr/>	<hr/>
At 31 December 2009 and 1 January 2010	6,526	1,153	7,679
Additions	143	89	232
Disposal	—	(3)	(3)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	6,669	1,239	7,908
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation:</b>			
At 1 January 2009	119	194	313
Depreciation provided during the year	751	44	795
	<hr/>	<hr/>	<hr/>
At 31 December 2009 and 1 January 2010	870	238	1,108
Depreciation provided during the year	1,765	249	2,014
Disposal	—	(3)	(3)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	2,635	484	3,119
	<hr/>	<hr/>	<hr/>
<b>Net carrying amount:</b>			
At 31 December 2010	<b>4,034</b>	<b>755</b>	<b>4,789</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2009	5,656	915	6,571
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 17. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
At 1 January	<b>100,700</b>	95,700
Fair value gains/(losses), net	<b>(6,400)</b>	5,000
Exchange realignment	<b>3,900</b>	—
	<hr/>	<hr/>
At 31 December	<b>98,200</b>	100,700
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2010, the Group's investment properties comprised industrial property units situated in Hong Kong of HK\$14,400,000 (2009: HK\$11,400,000) and resort and recreational club properties situated in Mainland China of HK\$83,800,000 (2009: HK\$89,300,000). These properties are held under medium term leases.

The Group's industrial property units are held for capital appreciation purpose whereas its resort and recreational club properties are held for leasing to an associate of the Group, Shanghai Landis Hospitality Management Co. Ltd., under an operating lease arrangement for resort and recreational club operations. Further summary details of the operating lease arrangement are included in note 39 to the financial statements.

	<b>Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
At 1 January	<b>95,000</b>	110,800
Fair value gains/(losses), net	<b>2,700</b>	(15,800)
	<hr/>	<hr/>
At 31 December	<b>97,700</b>	95,000
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2010, the Company's investment properties comprised industrial property units of HK\$14,400,000 (2009: HK\$11,400,000) and resort and recreational club properties of HK\$83,300,000 (2009: HK\$83,600,000) which are situated in Hong Kong and are held under medium term leases.

The Company's industrial property units are held for capital appreciation purpose whereas its resort and recreational club properties are leased to its wholly owned subsidiary, Hill Top Country Club Limited, for resort and recreational club operations.

The Group's and the Company's investment properties were revalued individually at 31 December 2010 and 2009 by independent professional qualified valuers, DTZ. Valuations were based on current prices in an active market for all properties except for the resort and recreational club properties, which were valued based on open market, existing use basis.

Further particulars of the Group's investment properties are included on page 116.

## 18. INTANGIBLE ASSETS

	<b>Group Trademarks (purchased)</b> <i>HK\$'000</i>
<b>Cost:</b>	
At 1 January 2009, 31 December 2009 and 1 January 2010	—
Additions	1,700
	<hr/>
At 31 December 2010	1,700
	<hr/>
<b>Accumulated amortisation:</b>	
At 1 January 2009, 31 December 2009 and 1 January 2010	—
Amortisation for the year	64
	<hr/>
At 31 December 2010	64
	<hr/>
<b>Net carrying amount:</b>	
At 31 December 2010	<b>1,636</b>
	<hr/> <hr/>
At 31 December 2009	—
	<hr/> <hr/>

The Group's trademarks protect the design and specification of the Group's products. The average remaining amortisation period of the trademarks is approximately 19 years (2009: N/A).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 19. INTERESTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Unlisted shares, at cost	<b>12,700</b>	12,700
Due from subsidiaries	<b>1,529,361</b>	1,396,665
	<b>1,542,061</b>	1,409,365
Provision for impairment	<b>(1,148,362)</b>	(1,120,060)
	<b>393,699</b>	289,305

The amounts due from subsidiaries are unsecured, interest-free and not due for settlement within one year, except for amounts of HK\$10,000,000 (2009: HK\$10,000,000) which bears interest at 6-month HIBOR per annum and is repayable on demand; and HK\$100,000,000 (2009: N/A) which bears interest at 12% per annum compounded semi-annually and is not due for settlement within one year. The amount due to a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Nominal value of issued ordinary/ registered share capital	Percentage of ownership attributable to the Company		Principal activities
			Direct	Indirect	
Cosy Good Limited	British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
e-Media (Asia) Limited	Cayman Islands/ Hong Kong	US\$1	100	—	Investment holding
ENM Investments Limited	Cayman Islands/ Hong Kong	US\$1	100	—	Investment holding
Grand Bond Holdings Limited	Hong Kong	HK\$10,000	—	100	Investment holding
Hill Top Country Club Limited	Hong Kong	HK\$10,000,000	100	—	Recreational club operations
Jackpot International Business Inc.	British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding

## 19. INTERESTS IN SUBSIDIARIES (CONTINUED)

Particulars of the principal subsidiaries are as follows (continued):

Name	Place of incorporation/ registration and operation	Nominal value of issued ordinary/ registered share capital	Percentage of ownership attributable to the Company		Principal activities
			Direct	Indirect	
Kenmure Limited	Hong Kong	HK\$55,000,000	—	100	Investment holding
Lion Dragon Limited	British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
Richtime Management Limited	British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
Shanghai Hilltop Resort Hotel Ltd. (上海顯達渡假 酒店有限公司) ("Shanghai Hilltop") **#	PRC/ Mainland China	US\$7,200,000	100	—	Property investment in a resort and recreational club
The Swank Shop (Beijing) Limited (安寧詩韻(北京) 時裝有限公司) *#	PRC/ Mainland China	US\$1,000,000	—	100	Retail and wholesale of fashion wear and accessories
The Swank Shop Limited ("Swank Shop")	Hong Kong	HK\$104,500,000	—	100	Retail and wholesale of fashion wear and accessories
Wintalent International Limited	British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding

\* Registered as a wholly-foreign-owned enterprise established in the PRC.

\*\* Registered as a Sino-foreign co-operation joint venture established in the PRC.

# The English names are direct translations of the Chinese names of the entities.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 20. INTEREST IN AN ASSOCIATE

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Unlisted investment:		
Share of net assets	<b>16,139</b>	14,840
Goodwill on acquisition	<b>467</b>	467
	<hr/>	<hr/>
	<b>16,606</b>	15,307
Due from an associate	<b>5,326</b>	6,116
	<hr/>	<hr/>
	<b>21,932</b>	21,423
	<hr/> <hr/>	<hr/> <hr/>

The amount due from an associate is unsecured, interest-free and not due for settlement within one year, except for an amount of US\$330,000 (equivalent to HK\$2,568,000) (2009: US\$480,000 (equivalent to HK\$3,735,000)) which bears interest at London interbank offered rate plus 2%.

Particulars of the associate are as follows:

Name	Particulars of registered capital	Place of registration	Percentage of ownership		Principal activities
			interest attributable to the Group		
			2010	2009	
Shanghai Landis Hospitality Management Co. Ltd. (上海麗致育樂經營管理有限公司) ("Shanghai Landis") #	US\$8,000,000	PRC	<b>35</b>	35	Resort and recreational club management

# The English name is a direct translation of the Chinese name of the company.

## 20. INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information in respect of the Group's associate is set out below:

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
At 31 December		
Total assets	<b>76,556</b>	82,055
Total liabilities	<b>(30,442)</b>	(40,997)
Net assets	<b>46,114</b>	41,058
Year ended 31 December		
Revenue	<b>56,429</b>	44,129
Profit/(loss) for the year	<b>3,973</b>	(1,569)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Listed investments, at fair value ( <i>note a</i> ):				
Hong Kong	<b>205,536</b>	192,337	<b>195,744</b>	182,527
Outside Hong Kong	<b>8,627</b>	3,174	<b>8,627</b>	2,389
	<u><b>214,163</b></u>	<u>195,511</u>	<u><b>204,371</b></u>	<u>184,916</u>
Market value of listed investments				
Unlisted investments, at fair value:				
Convertible bonds ( <i>note b</i> )	<b>109,843</b>	—	<b>—</b>	—
Others ( <i>note c</i> )	<b>7,669</b>	2,565	<b>7,669</b>	2,565
	<u><b>117,512</b></u>	<u>2,565</u>	<u><b>7,669</b></u>	<u>2,565</u>
	<u><b>331,675</b></u>	<u>198,076</u>	<u><b>212,040</b></u>	<u>187,481</u>
Analysed as:				
Current assets	<b>221,832</b>	198,076	<b>212,040</b>	187,481
Non-current assets	<b>109,843</b>	—	<b>—</b>	—
	<u><b>331,675</b></u>	<u>198,076</u>	<u><b>212,040</b></u>	<u>187,481</u>

- (a) The listed investments at 31 December 2010 and 2009 were classified as held for trading. The fair values of listed investments are based on quoted market prices.

As at 31 December 2010 and 2009, the above listed investments included the ordinary shares of HK\$2 each of China Motor Bus Company, Limited, a company incorporated in Hong Kong, as follows:

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Market value of ordinary shares of China Motor Bus Company, Limited	<u><b>155,415</b></u>	<u>119,139</u>	<u><b>154,740</b></u>	<u>118,428</u>
Proportion of ownership interest	<u><b>4.5%</b></u>	<u>4.5%</u>	<u><b>4.5%</b></u>	<u>4.5%</u>

## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

- (b) On 7 February 2010, the Group entered into the Convertible Bonds Subscription Agreement with Skyjoy and two other subscribers. Pursuant to the agreement, Skyjoy had conditionally agreed to issue guaranteed secured convertible bonds in the principal amount of HK\$400,000,000 to the subscribers (the "Subscription"), of which HK\$100,000,000 was subscribed by the Group (the "Unlisted Convertible Bonds"). Skyjoy and its subsidiary, which are principally engaged in property investment and development in the PRC, have the ultimate beneficial interest of the land with a site area of approximately 62,000 square meters in Shijiazhuang, PRC. If the Group converts the Unlisted Convertible Bonds in full, 900 shares of US\$1.00 each representing 9% of the issued share capital of Skyjoy on a fully diluted basis will be issued to the Group.

The Subscription was completed on 9 July 2010. The maturity date of the Unlisted Convertible Bonds should be the fifth anniversary from the issue date and the conversion period is from the expiry of three years from the issue date up to maturity. Details of the principal terms of the Unlisted Convertible Bonds are set out in the Company's announcement dated 7 February 2010. The Unlisted Convertible Bonds were designated as financial assets at fair value through profit or loss. The Group intended to hold the Unlisted Convertible Bonds for long-term investment purposes.

The fair value of the Unlisted Convertible Bonds at end of each reporting date are determined with reference to the valuation performed by CB Richard Ellis Limited, a firm of independent professional qualified valuers, using the binomial model. The major input of the binomial model is the fair value of the equity interest of Skyjoy derived by assets approach, which is used as the share price input into the binomial mode. Other key inputs and assumptions used in the valuation model are as follows:

	<b>At 31 December 2010</b>
Expected volatility	<b>31.55%</b>
Expected life	<b>4.49 years</b>
Risk free rate	<b>1.76%</b>
Discount rate	<b>18.20%</b>

Interest income from the Unlisted Convertible Bonds is recognised based on effective interest rates at 19.66% (2009: N/A).

- (c) Other unlisted investments at 31 December 2010 and 2009 included debt and fund investments and were classified as held for trading. The fair values of the unlisted investment are based on the price quoted by the issuer/bank. The directors believe that the estimated fair value quoted by the issuer/bank is reasonable, and that it is the most appropriate value at the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 22. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Unlisted equity investments, at cost less impairment loss	<b>39,420</b>	39,420
Analysed as:		
Current assets	<b>8,578</b>	—
Non-current assets	<b>30,842</b>	39,420
	<b>39,420</b>	39,420

The unlisted equity investments are carried at cost less impairment loss because the directors are of the opinion that the range of reasonable fair value estimates is so significant that their fair values cannot be measured reliably. Such investments mainly represent investments in the shares of entities principally involved in medical drug development, manufacturing and distribution; bankcard acquiring and third-party services, electronic payment and intra-bank fund transfer services; and software development and project solution services. The Group does not intend to dispose of the investments classified as non-current assets in the near future.

### 23. CONVERTIBLE BONDS

	<b>Group and Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Listed convertible bonds*:		
Available-for-sale debt investments, at fair value	<b>15,201</b>	24,615
Option derivatives, at fair value	<b>1,510</b>	4,170
Market value of listed convertible bonds	<b>16,711</b>	28,785

\* Listed as selectively marketed securities on The Singapore Exchange Securities Trading Limited.

At 31 December 2010, the Group and the Company held listed convertible bonds with an aggregated principal amount of HK\$15,000,000 (2009:HK\$27,000,000), which were guaranteed by companies listed on The Stock Exchange of Hong Kong Limited. The convertible bonds confer rights on the bearers to convert the whole or part of the outstanding principal amount into shares of the relevant listed companies and are early redeemable at the option of the Company and/or issuers under certain conditions. The convertible bonds have maturity date on 4 June 2014 (2009: ranging from 22 February 2012 to 4 June 2014) and are redeemable at rate of 128.3716% (2009: ranging from 117.203% to 128.3716%) at maturity date.

## 23. CONVERTIBLE BONDS (CONTINUED)

The fair values of each component of the listed convertible bonds at end of each reporting date are determined with reference to the valuation performed by Asset Appraisal Limited, a firm of independent professional qualified valuers, by using the trinomial tree pricing model. The key inputs and assumptions used in the valuation model are as follows:

	<b>2010</b>	2009
Share price	<b>HK\$14.60</b>	HK\$15.96 - 39.50
Exercise price	<b>HK\$26.78</b>	HK\$26.78 - 52.65
Expected volatility	<b>53.38%</b>	52.00% - 53.65%
Expected life	<b>3.43 years</b>	2.15 - 4.43 years
Risk free rate	<b>1.18%</b>	1.12% - 1.93%
Credit spread	<b>5.96%</b>	5.79% - 8.47%

Interest income from the listed convertible bonds is recognised based on effective interest rates ranging from 12.51% to 18.87% (2009: ranging from 12.51% to 28.81%).

## 24. AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES

	<b>Group and Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Listed senior notes*, at fair value:		
Market value of listed senior notes	<b>21,509</b>	—

\* Listed as selectively marketed securities on The Singapore Exchange Securities Trading Limited.

At 31 December 2010, the Group and the Company held listed senior notes with an aggregate principal amount of US\$2,610,000 (equivalent to HK\$20,306,000) (2009: Nil), which were issued by companies listed on The Stock Exchange of Hong Kong Limited or The Singapore Exchange Securities Trading Limited. The fair value of the listed senior notes is based on quoted market prices. The senior notes have maturity dates ranging from 11 August 2015 to 3 August 2017 (2009: Nil).

Interest income from the listed senior notes is recognised based on effective interest rate ranging from 9.10% to 11.21% (2009: N/A).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 25. INVENTORIES

As at 31 December 2010 and 2009, all of the Group's inventories represented finished goods.

### 26. TRADE AND OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Trade receivables	<b>3,257</b>	3,096	—	—
Less: Impairment of trade receivables	<b>(365)</b>	(335)	—	—
	<b>2,892</b>	2,761	—	—
Rental and other deposits	<b>20,614</b>	24,237	<b>942</b>	1,156
Prepayment and other receivables	<b>8,301</b>	13,364	<b>4,249</b>	6,019
	<b>31,807</b>	40,362	<b>5,191</b>	7,175

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by management.

## 26. TRADE AND OTHER RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables, based on the invoice date and net of impairment, is as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Within 1 month	<b>2,605</b>	2,376
2 to 3 months	<b>188</b>	306
Over 3 months	<b>99</b>	79
	<hr/> <b>2,892</b> <hr/>	<hr/> 2,761 <hr/>

Reconciliation of impairment of trade receivables:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
At 1 January	<b>335</b>	338
Amount written off as uncollectible	<b>—</b>	(33)
Impairment losses recognised, net	<b>30</b>	30
	<hr/> <b>365</b> <hr/>	<hr/> 335 <hr/>
At 31 December		

Included in the above impairment of trade receivables was an impairment for individually impaired trade receivables of HK\$365,000 (2009: HK\$335,000) with a carrying amount of HK\$365,000 (2009: HK\$335,000). The individually impaired trade receivables relate to customers that have been in default for prolonged periods and there is significant uncertainty over the recovery of the balances. The Group does not hold any collateral or other credit enhancements over these balances.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 26. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2010, trade receivables of HK\$286,000 (2009: HK\$329,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An ageing analysis of these trade receivables is as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Less than 1 month past due	<b>140</b>	293
1 to 3 months past due	<b>86</b>	18
Over 3 months past due	<b>60</b>	18
	<hr/>	<hr/>
	<b>286</b>	329
	<hr/> <hr/>	<hr/> <hr/>

Based on past experience, the directors of the Company are of the opinion that no provision for impairment 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 or other credit enhancements over these balances.

The carrying amounts of the Group's trade receivables are denominated in Hong Kong dollars.

## 27. NOTE RECEIVABLES

At 31 December 2009, the Company held note receivables with principal amount of USD3,500,000 (equivalent to HK\$27,230,000), which were issued by an investment bank with sound credit standing. The note receivables are unsecured, bear interest at a fixed rate of 1.414% per annum and matured on 3 May 2010. The note receivables were fully settled during the year.

## 28. PLEDGED BANK DEPOSITS/ TIME DEPOSITS/ CASH AND BANK BALANCES

The Group's and the Company's pledged bank deposits were deposits pledged to banks to secure banking facilities granted to the Group as set out in note 30 to the financial statements.

Pledged bank deposits, time deposits and cash and bank balances are denominated in the following currencies:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Hong Kong dollars	<b>50,954</b>	33,870	<b>12,640</b>	18,791
US dollars	<b>288,250</b>	378,540	<b>284,842</b>	375,529
Renminbi*	<b>27,265</b>	13,113	<b>17,510</b>	—
Others	<b>1,398</b>	1,417	<b>39</b>	—
	<hr/> <b>367,867</b> <hr/>	<hr/> 426,940 <hr/>	<hr/> <b>315,031</b> <hr/>	<hr/> 394,320 <hr/>

\* Conversion of RMB into foreign currencies by the Company's subsidiaries in the PRC is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 29. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 31 December 2010 are trade and bills payables of HK\$6,635,000 (2009: HK\$7,818,000). As at 31 December 2010, the Company had no trade and bills payables (2009: Nil). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Within 1 month	<b>6,341</b>	6,965
2 to 3 months	<b>217</b>	514
Over 3 months	<b>77</b>	339
	<hr/> <b>6,635</b> <hr/>	<hr/> 7,818 <hr/>

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Hong Kong dollars	<b>356</b>	426
US dollars	<b>—</b>	723
Euro dollars	<b>6,244</b>	6,658
Others	<b>35</b>	11
Total	<hr/> <b>6,635</b> <hr/>	<hr/> 7,818 <hr/>

### 30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Bank loans	<b>19,132</b>	15,966
Finance lease payables (note 31)	<b>24</b>	68
	<b>19,156</b>	16,034
The borrowings are repayable as follows:		
On demand or within one year	<b>19,152</b>	16,011
In the second year	<b>4</b>	20
In the third to fifth years, inclusive	<b>—</b>	3
	<b>19,156</b>	16,034
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(19,152)</b>	(16,011)
Amount due for settlement after 12 months	<b>4</b>	23

The interest-bearing bank and other borrowings of the Group are mainly denominated in Hong Kong dollars.

The effective interest rates at 31 December were as follows:

	<b>2010</b>	2009
Bank loans	<b>3% to 6%</b>	4% to 6%
Finance lease payables	<b>5%</b>	3% to 5%

Bank loans of HK\$8,681,000 (2009: HK\$7,683,000) are secured by a charge over the Group's time deposits and the remaining balance is unsecured.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 31. FINANCE LEASE PAYABLES

	<b>Minimum lease payments 2010 HK\$'000</b>	Minimum lease payments 2009 HK\$'000	<b>Group Present value of minimum lease payments 2010 HK\$'000</b>	Present value of minimum lease payments 2009 HK\$'000
Amount payable:				
Within one year	<b>21</b>	50	<b>20</b>	45
In the second year	<b>4</b>	20	<b>4</b>	20
In the third to fifth years, inclusive	<b>—</b>	4	<b>—</b>	3
	<hr/>	<hr/>	<hr/>	<hr/>
Total minimum finance lease payments	<b>25</b>	74	<b>24</b>	68
	<hr/>	<hr/>	<hr/>	<hr/>
Future finance charges	<b>(1)</b>	(6)	<b>—</b>	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total net finance lease payables	<b>24</b>	68	<b>24</b>	68
Portion classified as current liabilities (note 30)	<b>(20)</b>	(45)	<b>—</b>	—
	<hr/>	<hr/>	<hr/>	<hr/>
Non-current portion (note 30)	<b>4</b>	23	<b>24</b>	68
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group leases certain office equipment and motor vehicle under finance lease arrangements with average lease term of 3 years (2009: 4 years). At the end of the lease term, the Group has the option to purchase the office equipment at nominal price.

The finance lease payables are secured by the lessor's title to the leased assets.

## 32. DEBENTURES

Each debenture holder is entitled to be a debenture member of the Hilltop Country Club (the "Club") operated by a subsidiary of the Company, Hill Top Country Club Limited, subject to the rules and by-laws of the Club so long as the debentures shall remain outstanding, and has the right to use and enjoy all the facilities of the Club free from payment of monthly subscription. As at 31 December 2010, the redeemable periods of the Group's debentures carried at amortised cost were as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Within one year classified as current liabilities	<b>1,303</b>	293
In the second year	<b>2,457</b>	1,260
In the third to fifth years, inclusive	<b>2,140</b>	4,254
Non-current portion	<b>4,597</b>	5,514
	<b>5,900</b>	5,807

All redeemable debentures are denominated in Hong Kong dollars, interest-free and may be renewed upon maturity subject to the Club's consent.

## 33. OTHER LOANS

As at 31 December 2009, the unsecured loans from a former minority equity holder of a subsidiary denominated in foreign currencies amounted to RMB1,216,241 and US\$521,859. The loans are originated in 1999, interest-free and have no fixed terms of repayment. The directors considered that the obligation of the other loans was lapsed due to the long lapse of time and determined to write back the other loans during the year.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 34. DEFERRED TAX

The following are deferred tax liabilities and assets recognised by the Group:

	<b>Depreciation allowance in excess of related depreciation HK\$'000</b>	<b>Group Losses available for offsetting against future taxable profits HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2009	9,722	(9,722)	—
Deferred tax charged/(credited) to the consolidated income statement for the year	632	(632)	—
At 31 December 2009 and at 1 January 2010	10,354	(10,354)	—
Deferred tax charged/(credited) to the consolidated income statement for the year	(1,197)	1,197	—
At 31 December 2010	<b>9,157</b>	<b>(9,157)</b>	<b>—</b>

At the end of the reporting period, the Group has unused tax losses of HK\$550,975,000 (2009: HK\$593,066,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK\$55,498,000 (2009: HK\$62,752,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK\$495,477,000 (2009: HK\$530,314,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$6,559,000 (2009: HK\$3,604,000) with a time limit of five years from the year the losses were incurred. Other tax losses may be carried forward indefinitely.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2009 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. The tax rate applicable to the Group is 5%. The Group is therefore liable to withholding taxes on any dividends distributed by its subsidiaries established in the PRC in respect of earnings generated from 1 January 2009.

At the end of the reporting period, the Group's subsidiaries established in Mainland China have no undistributed earnings and accordingly no deferred tax liabilities were recognised in respect of this.

## 35. SHARE CAPITAL

	<b>Group and Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>Authorised:</b>		
100,000,000,000 (2009: 100,000,000,000) ordinary shares of HK\$0.01 each	<b>1,000,000</b>	1,000,000
<b>Issued and fully paid:</b>		
1,650,658,676 (2009: 1,650,658,676) ordinary shares of HK\$0.01 each	<b>16,507</b>	16,507

A capital reorganisation scheme was approved by the shareholders at an extraordinary general meeting on 11 July 2002 and was subsequently confirmed by the sanction of an order of the High Court of Hong Kong dated 6 August 2002. Details of the capital reorganisation scheme are as follows:

- (a) the authorised share capital of the Company was reduced from HK\$1,000,000,000 (divided into 2,000,000,000 ordinary shares of HK\$0.50 each) to HK\$20,000,000 (divided into 2,000,000,000 ordinary shares of HK\$0.01 each). Such reduction was effected by cancelling the paid-up capital per share by HK\$0.49 on each of the 1,650,658,676 ordinary shares in issue on 6 August 2002, being the date on which the court petition was heard, and by reducing the nominal value of all the issued and unissued ordinary shares of the Company from HK\$0.50 to HK\$0.01 per ordinary share; and
- (b) upon such reduction of capital taking effect:
  - (i) the authorised share capital of the Company was increased to its former amount of HK\$1,000,000,000 by the creation of additional 98,000,000,000 ordinary shares of HK\$0.01 each; and
  - (ii) a special reserve was created and credited with an amount equal to the credit arising from the said reduction of capital as detailed in (a) above, which amounted to HK\$808,822,751. Such reserve shall not be treated as realised profit and shall, for as long as the Company shall remain a listed company, be treated as an undistributable reserve. However, the special reserve may be reduced by the aggregate of any increase in the issued capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration or upon a capitalisation of distributable reserves.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 35. SHARE CAPITAL (CONTINUED)

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements except for the requirement to maintain a public float of at least 25% of the shares under the Listing Rules. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is the total borrowings divided by the total equity attributable to equity holders of the Company. The Group's policy is to maintain a low level of debt and a gearing ratio not higher than 20%. The total borrowings include interest-bearing bank and other borrowings, debentures and other loans. The gearing ratios as at the end of the reporting period were as follows:

	<b>Group</b>	
	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i> (Restated)
Interest-bearing bank and other borrowings	<b>19,156</b>	16,034
Debentures	<b>5,900</b>	5,807
Other loans	<b>—</b>	5,427
Total borrowings	<b>25,056</b>	27,268
Owners' equity	<b>1,009,279</b>	958,754
Gearing ratio	<b>2.48%</b>	2.84%

## 36. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity on page 38 of the financial statements.

### (b) Company

	<b>Share premium account HK\$'000</b>	<b>Capital redemption reserve HK\$'000</b>	<b>Special reserve HK\$'000</b>	<b>Available -for-sale investment revaluation reserve HK\$'000</b>	<b>Accumulated losses HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2009	1,189,721	478	808,822	2,316	(1,099,989)	901,348
Changes in fair value of available-for-sale debt investments	—	—	—	4,314	—	4,314
Release of revaluation reserve to profit or loss upon disposal of available-for-sale debt investment	—	—	—	(1,469)	—	(1,469)
Profit for the year	—	—	—	—	42,459	42,459
At 31 December 2009 and 1 January 2010	1,189,721	478	808,822	5,161	(1,057,530)	946,652
Changes in fair value of available-for-sale debt investments	—	—	—	2,599	—	2,599
Release of revaluation reserve to profit or loss upon disposal of available-for-sale debt investment	—	—	—	(1,706)	—	(1,706)
Profit for the year	—	—	—	—	38,505	38,505
At 31 December 2010	<b><u>1,189,721</u></b>	<b><u>478</u></b>	<b><u>808,822</u></b>	<b><u>6,054</u></b>	<b><u>(1,019,025)</u></b>	<b><u>986,050</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 36. RESERVES (CONTINUED)

#### (c) Nature and purpose of reserves

##### (i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

##### (ii) Capital redemption reserve

The capital redemption reserve arose from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares in November 1997.

##### (iii) Special reserve

The special reserve arose as a result of the Group's reorganisation in 2002. Nature and purpose of the special reserve are set out in note 35(b)(ii) to the financial statements.

##### (iv) Property revaluation reserve

The property revaluation reserve has been set up and are dealt with in accordance with the accounting policies adopted for resort and recreational club properties in note 3(e) to the financial statements.

##### (v) Available-for-sale investment revaluation reserve

The available-for-sale investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3(k)(ii) to the financial statements.

##### (vi) Exchange fluctuation reserve

The 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 3(d) to the financial statements.

## 37. SHARE OPTION SCHEME

In an extraordinary general meeting of the Company held on 14 June 2002, the shareholders of the Company formally approved the adoption of a share option scheme (the “Scheme”), in compliance with the amended Chapter 17 of the Listing Rules and for the purpose of providing the Company a flexible means of giving incentives and rewards to executive directors and employees for their contributions to the Group.

Under the terms of the Scheme, the board of directors may, at its discretion, invite executive directors and employees of the Group to take up options to subscribe for shares of the Company. The Scheme shall be valid and effective for a period of 10 years ending on 13 June 2012, after which period no further options will be granted. The exercise price of options shall be determined by the board and shall be at least the highest of (i) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited’s daily quotation sheet on the offer date, which must be a business day; (ii) a price being the average of the closing prices of the Company’s shares as stated in The Stock Exchange of Hong Kong Limited’s daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the Company’s shares. A nominal consideration of HK\$1 is payable on acceptance of any option granted.

The total number of shares available for issue under the Scheme at 31 December 2010 and 2009 were 243,415,800, which represented 14.7% of the issued share capital of the Company on the same dates. In respect of the maximum entitlement of each participant under the Scheme, the number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company’s ordinary shares in issue. Any further grant of options in excess of this limit is subject to shareholders’ approval in a general meeting.

No options have been granted under the Scheme since its inception.

The share options of the Company are unlisted and each option gives the holder the right to subscribe for one ordinary share of HK\$0.01 of the Company.

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 38. CONTINGENT LIABILITIES

At 31 December 2010, the Group and the Company had the following significant contingent liabilities:

- (a) The Company/Group is currently conducting proceedings as the appellant at the Appeal Tribunal (Buildings) issued against the Hong Kong Building Authority (“the Building Authority”) as the respondent, to appeal against building orders imposed by the Building Authority, which involves disputes on the remedial/maintenance responsibility of certain slope features in the vicinity of the Company/Group’s resort and recreational club properties. The directors, based on the advice from the Group’s legal counsel and third party experts engaged, believe that the Company/Group has valid grounds to dispute the remedial/maintenance responsibility of certain slope features.

Up to the date of these financial statements, there is no decision made by the Appeal Tribunal regarding the said remedial/maintenance responsibility and no monetary claim has been involved nor any expenses for any remedial/maintenance work have arisen from the proceedings, other than legal costs, expert fees and related expenses being incurred in the conduct of the proceedings. Accordingly, no provision has been made for any claims or costs of remedial/maintenance works arising from the proceedings, other than the related legal and other costs.

- (b) At the end of the reporting period, the Company has issued the following guarantees:
- (i) corporate guarantees to banks executed as part of the securities for general banking facilities granted to certain subsidiaries of the Company to the extent of HK\$40,342,000 (2009: HK\$30,342,000).
  - (ii) an unlimited guarantee to a bank executed as part of the securities for general banking facilities with a total limit of HK\$20,000,000 granted to a subsidiary of the Company.

At the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Company under the above guarantees. The maximum liability of the Company at the end of the reporting period under guarantee (i) and (ii) are the outstanding amount of the general banking facilities drawn by the subsidiaries at that date of HK\$16,877,000 (2009: HK\$17,713,000) and HK\$1,097,000 (2009: Nil) respectively.

The fair value of the guarantees at the date of inception is not material and is not recognised in the financial statements.

## 39. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

The Group has entered into an operating lease arrangement with an associate of the Group, Shanghai Landis, for the lease of resort and recreational club properties (note 17 to the financial statements) under which the effective lease period is from 1 July 2006 to 30 June 2016.

At 31 December 2010, the Group had total future minimum lease receivables under a non-cancellable operating lease with the associate falling due as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Within one year	<b>1,581</b>	1,514
In the second to fifth years, inclusive	<b>6,325</b>	6,057
After five years	<b>791</b>	2,271
	<hr/> <b>8,697</b> <hr/>	<hr/> 9,842 <hr/>

The operating lease receipts of the resort and recreational club properties are based on revenue generated from the resort and recreational club plus fixed minimum rental.

### (b) As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

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

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Within one year	<b>44,508</b>	39,301	<b>2,902</b>	2,681
In the second to fifth years, inclusive	<b>52,199</b>	54,252	<b>2,826</b>	5,728
	<hr/> <b>96,707</b> <hr/>	<hr/> 93,553 <hr/>	<hr/> <b>5,728</b> <hr/>	<hr/> 8,409 <hr/>

The operating lease payments of certain retail shops are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to compute the above commitments.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following commitments as at the end of the reporting period:

#### (a) Capital commitments

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Contracted, but not provided for:		
Renovation of leased properties	—	2,564
Furniture, fixtures and equipment	<b>30</b>	455
	<hr/>	<hr/>
	<b>30</b>	3,019
	<hr/> <hr/>	<hr/> <hr/>

#### (b) Other commitment

The Company has entered into a co-operative joint venture agreement with a Mainland China joint venture partner in respect of the resort and recreational club properties of Shanghai Hilltop. According to the terms of the co-operative joint venture agreement and supplementary agreements entered into between 1996 and 2002, Shanghai Hilltop is committed to pay the Mainland China joint venture partner a minimum annual fee of RMB1,650,000 (equivalent to HK\$1,947,000) and US\$268,000 (equivalent to HK\$2,085,000) from 2001 to 2008 and from 2009 to 2022, respectively. In 2003, Shanghai Hilltop entered into a management subcontracting agreement with Shanghai Landis, an associate of the Group, under which Shanghai Landis has undertaken to absorb any such amounts payable to the Mainland China joint venture partner by Shanghai Hilltop up to 30 June 2016, the expiry date of the management sub-contracting agreement.

At 31 December 2010, the minimum amount payable to the Mainland China joint venture partner by Shanghai Hilltop up to 2022 under the above arrangement was HK\$25,020,000 (2009: HK\$27,106,000), of which HK\$11,468,000 (2009: HK\$13,553,000) will be absorbed by Shanghai Landis up to 30 June 2016.

## 41. RELATED/CONNECTED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		<b>Group</b>	
	<i>Note</i>	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Acquisition of trademarks from a related company	(i)	<b>1,700</b>	—
Rental expenses, building management fees and air-conditioning charges paid to related companies	(ii)	<b>3,479</b>	2,962
Rental income from an associate	(iii)	<b>1,953</b>	1,051
		<u><b>1,953</b></u>	<u>1,051</u>

*Notes:*

- (i) During the year, the Group acquired 9 trademarks, all of which containing the words “CESARE DI PINO” registered in Hong Kong and Taiwan, from a company which is wholly owned by Mr. David Kin Hay HONG (“Mr. Hong”) and his two sisters. Mr. Hong is a director of The Swank Shop Limited, a wholly owned subsidiary of the Company. The consideration was determined after arm’s length negotiations between the parties on normal commercial terms with reference to the market valuation of the trademarks prepared by an independent valuer.
- (ii) The rental expenses, building management fees and air-conditioning charges paid to related companies controlled by a substantial shareholder of the Company were charged in accordance with the terms of the relevant agreements.
- (iii) The rental income from an associate arose from the lease of resort and recreational club properties in accordance with the agreement entered with the associate.
- (b) Compensation of key management personnel of the Group:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Short term employee benefits	<b>9,262</b>	9,743
Pension scheme contributions	<b>72</b>	66
Total compensation paid to key management personnel	<u><b>9,334</b></u>	<u>9,809</u>

Further details of directors’ emoluments are included in note 13 to the financial statements.

The related party transactions in respect of items (a)(i) and (a)(ii) above constitute a connected transaction and continuing connected transactions respectively, as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of the Directors on pages 17 to 18.

## 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2011.

# PARTICULARS OF PROPERTIES

31 December 2010

## INVESTMENT PROPERTIES

<b>Location</b>	<b>Use</b>	<b>Tenure</b>	<b>Attributable interest of the Group</b>
2737 Jiaotong Road, Putuo District, Shanghai, People's Republic of China	Resort and recreational club operations	Medium term lease	100%
Fourth and Fifth Floors, Roof and Parking Space Nos. 3 and 5, Wai Hing Factory Building, 37-41 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	Capital appreciation	Medium term lease	100%

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

### RESULTS

	<b>2010</b> <b>HK\$'000</b>	<b>Year ended 31 December</b>			
		2009 <i>HK\$'000</i> (Restated)	2008 <i>HK\$'000</i> (Restated)	2007 <i>HK\$'000</i> (Restated)	2006 <i>HK\$'000</i> (Restated)
<b>REVENUE</b>	<b>289,058</b>	231,526	261,920	266,027	227,206
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>	<b>47,755</b>	32,069	(93,848)	51,311	14,389
Finance costs	<b>(1,133)</b>	(930)	(820)	(1,291)	(1,077)
Share of profits and losses of associates	<b>1,390</b>	(549)	7,420	(6,388)	(2,852)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>48,012</b>	30,590	(87,248)	43,632	10,460
Tax	<b>—</b>	—	4,413	—	—
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>48,012</b>	30,590	(82,835)	43,632	10,460
<b>Attributable to:</b>					
Equity holders of the Company	<b>48,051</b>	30,612	(82,739)	40,803	15,025
Non-controlling interests	<b>(39)</b>	(22)	(96)	2,829	(4,565)
	<b>48,012</b>	30,590	(82,835)	43,632	10,460

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	<b>2010</b> <b>HK\$'000</b>	<b>As at 31 December</b>			
		2009 <i>HK\$'000</i> (Restated)	2008 <i>HK\$'000</i> (Restated)	2007 <i>HK\$'000</i> (Restated)	2006 <i>HK\$'000</i> (Restated)
<b>TOTAL ASSETS</b>	<b>1,086,798</b>	1,040,281	995,492	1,121,218	1,087,593
<b>TOTAL LIABILITIES</b>	<b>(76,652)</b>	(80,694)	(69,500)	(85,792)	(101,613)
<b>NON-CONTROLLING INTERESTS</b>	<b>(867)</b>	(833)	(855)	(30,547)	(27,513)
	<b>1,009,279</b>	958,754	925,137	1,004,879	958,467

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Joseph Wing Kong LEUNG  
*(Chairman and Acting Chief Executive Officer)*  
Raymond Siu Wing CHAN  
Victor Yiu Keung CHIANG  
Derek Wai Choi LEUNG  
Wing Tung YEUNG

## NON-EXECUTIVE DIRECTOR

Raymond Shing Loong WONG

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Cecil Sze Tsung CHAO  
Jen CHEN  
David Kwok Kwei LO  
Ian Grant ROBINSON  
Chi Keung WONG

## COMPANY SECRETARY

Pui Man CHENG

## AUDITOR

RSM Nelson Wheeler  
29th Floor  
Caroline Centre, Lee Gardens Two  
28 Yun Ping Road  
Hong Kong

## SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East, Hong Kong

## PRINCIPAL BANKERS

UBS AG  
Hang Seng Bank Limited  
The Hongkong & Shanghai Banking Corporation Limited  
CITIC Bank International Limited

## REGISTERED OFFICE

Suites 3301-03, 33/F, Tower 2  
Nina Tower, 8 Yeung Uk Road  
Tsuen Wan, New Territories  
Hong Kong

## INCORPORATION IN HONG KONG

27 April 1966

## LISTING

16 November 1972

## NO. OF EMPLOYEES

249

## WEB SITE

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

## STOCK CODE

Hong Kong Stock Exchange: 0128  
American Depositary Receipt: ENMHY

## CORPORATE COMMUNICATIONS

Tel : (852) 2594 0600  
Fax : (852) 2827 1491  
Email : [info@enmholdings.com](mailto:info@enmholdings.com)