THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **China Star Investment Holdings Limited** (the "Company"), you should at once hand the Prospectus Documents (as defined herein) to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Dealings in the Shares (as defined herein) and the Offer Shares (as defined herein) may be settled through CCASS (as defined herein) established and operated by HKSCC (as defined herein). You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrars of Companies in Hong Kong and Bermuda" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (as defined herein). A copy of each of the Prospectus Documents has been filed with the Registrar of Companies in Bermuda in accordance with the Companies Act (as defined herein). The Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

中国星

CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

OPEN OFFER OF 367,093,498 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Underwriter

KINGSTON SECURITIES LIMITED

The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Monday, 23 March 2009. The procedures for application are set out on pages 18 to 20 of this prospectus.

Shareholders (as defined herein) should note that the Underwriting Agreement (as defined herein) contains provisions entitling the Underwriter (as defined herein) to terminate its obligations thereunder in writing if at any time prior to the Latest Time for Termination (as defined herein):

(1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group (as defined herein) as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days (as defined herein), excluding any suspension in connection with the clearance of the announcement in respect of the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any Specified Event (as defined herein) comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Shareholders should note that the Shares have dealt in on an ex-entitlement basis commencing from Friday, 27 February 2009 and that dealings in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:00 p.m. on Thursday, 26 March 2009), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

9 March 2009

CONTENTS

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

"Announcement"	the announcement of the Company dated 17 February 2009 in relation to, among others, the Open Offer
"Application Form(s)"	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	board of Directors
"Business Day"	a day (other than a Saturday, a Sunday, a public holiday or day on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Act"	the Companies Act 1981 of Bermuda, as amended from time to time
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	China Star Investment Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Convertible Bonds"	the outstanding unsecured convertible bonds in an aggregate principal amount of HK$144,000,000 issued by the Company on 29 August 2008 conferring rights to convert the same into a total of 90,000,000 Shares at a conversion price of HK$1.60 per Share (subject to adjustments)

"CSL"	Classical Statue Limited, a company incorporated in British Virgin Islands with limited liability, is wholly owned by Glenstone Investments Limited which in turn is owned as to 60% by Porterstone and as to 40% by Mr. Heung
"CSL Undertaking"	the irrevocable undertaking given by CSL in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed "Undertaking given by CSL" in this Prospectus
"Directors"	the directors of the Company
"Excess Application Form(s)"	the form(s) of application for excess Offer Shares
"First Tranche Placing"	the placing of 200,000,000 new Shares at a placing price of HK$0.102 per Share pursuant to the conditional placing agreement between the Company and the Underwriter dated 4 November 2008 and as supplemented by a supplemental agreement dated 6 November 2008
"Golife"	Golife Concepts Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	person who is independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
"Last Trading Day"	16 February 2009, being the trading day for the Shares before the date of the Announcement

"Latest Lodging Date"	4:00 p.m. on Monday, 2 March 2009 as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
"Latest Practicable Date"	3 March 2009, being the latest practicable date for ascertaining certain information for inclusion in this Prospectus
"Latest Time for Acceptance"	4:00 p.m. on Monday, 23 March 2009 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
"Latest Time for Termination"	4:00 p.m. on Thursday, 26 March 2009, being the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Heung"	Mr. Heung Wah Keung, an executive Director
"Ms. Chen"	Ms. Chen Ming Yin, Tiffany, an executive Director
"Offer Share(s)"	367,093,498 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full on application pursuant to the Open Offer
"Open Offer"	the proposed issue of the Offer Shares by way of open offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
"Options"	the share options granted under the share option scheme adopted by the Company
"Overseas Letter"	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer

"Overseas Shareholders"	the Shareholders whose registered addresses on the register of members of the Company are outside Hong Kong on the Record Date
"Porterstone"	Porterstone Limited, a company incorporated in the British Virgin Islands with limited liability which is beneficially owned by Ms. Chen
"Prohibited Shareholder(s)"	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
"Prospectus"	this prospectus issued by the Company in relation to the Open Offer
"Prospectus Documents"	the Prospectus, the Application Form and the Excess Application Form
"Prospectus Posting Date"	Monday, 9 March 2009 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
"Qualifying Shareholders"	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
"Record Date"	Friday, 6 March 2009, being the date by reference to which entitlements to the Open Offer was determined
"Registrar"	Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company
"Second Tranche Placing"	the placing of 300,000,000 new Shares at a placing price of HK$0.091 per Share pursuant to the conditional placing agreement between the Company and the Underwriter dated 4 November 2008 and as supplemented by a supplemental agreement dated 6 November 2008

"SFC"	Securities and Futures Commission
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Specified Event"	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.10 per Offer Share
"Top-Up Placing"	the placing of 39,000,000 existing Shares and the top-up subscription of 39,000,000 new Shares at a subscription price of HK$0.102 per Share pursuant to the top-up placing agreement between CSL, the Company and the Underwriter dated 29 December 2008
"Underwriter"	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
"Underwriting Agreement"	the underwriting agreement dated 16 February 2009 entered into between the Company and the Underwriter in relation to the Open Offer
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

TERMINATION OF THE UNDERWRITING AGREEMENT

Shareholders should note that the Underwriting Agreement contains provisions entitling the Underwriter to terminate its obligations thereunder in writing if at any time prior to the Latest Time for Termination:

(1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement in respect of the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

	2009
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Monday, 23 March
Latest time for the Open Offer to become unconditional	4:00 p.m. on Thursday, 26 March
Announcement of the results of the Open Offer	Thursday, 26 March
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications	Monday, 30 March
Share certificates for Offer Shares to be posted	Monday, 30 March
Dealings in Offer Shares commence	Wednesday, 1 April

Notes:

1. All times and dates refer to Hong Kong local times and dates.

2. The Latest Time for Acceptance will not take place if there is:

   - a tropical cyclone warning signal number 8 or above, or

   - a "black" rainstorm warning

   (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 23 March 2009. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;

   (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 23 March 2009. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

   If the Latest Time for Acceptance does not take place on 23 March 2009, the dates mentioned in this section headed "Expected timetable" may be affected. An announcement will be made by the Company in such event advising the revised dates.

3. Dates or deadlines specified in this Prospectus for events in the expected timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by agreement between the Company and the Underwriter and in accordance with the applicable rules and regulations. Any consequential changes to the expected timetable for the Open Offer will be published by way of an announcement.

中国星

CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

Executive Directors:
Mr. Heung Wah Keung *(Chairman)*
Ms. Chen Ming Yin, Tiffany

Independent non-executive Directors:
Mr. Tang Chak Lam, Gilbert
Mr. Ho Wai Chi, Paul
Mr. Lien Wai Hung

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 3408, Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

9 March 2009

To the Qualifying Shareholders and, for information only, the Prohibited Shareholders

Dear Sir or Madam,

OPEN OFFER OF 367,093,498 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

On 17 February 2009, the Company announced that it proposed to raise not less than approximately HK$21,710,000 before expenses, by way of open offer of not less than 217,093,498 Offer Shares and not more than 367,093,498 Offer Shares at the Subscription Price of HK$0.10 per Offer Share on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full on application. Qualifying Shareholders are entitled to apply for excess Offer Shares not taken up in excess of their respective entitlements under the Open Offer. The Open Offer will not be extended to the Prohibited Shareholders.

As at the Latest Lodging Date, the Company has 734,186,997 Shares in issue. Given that the register of the members has been closed from 3 March 2009 to 6 March 2009 and no further Shares were issued during the book close period, the total number of issued Shares on the Record Date was the same as the Latest Lodging Date. As such, on the basis of one Offer Share for every two existing Shares held on the Record Date, 367,093,498 Offer Shares will be issued by the Company and 96,171,242 Offer Shares will be underwritten by the Underwriter pursuant to the Underwriting Agreement.

The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Open Offer; (ii) the financial information of the Group; and (iii) the general information of the Group.

OPEN OFFER

Issue statistics

Basis of the Open Offer:	One Offer Share for every two existing Shares held on the Record Date.
Subscription Price:	HK$0.10 per Offer Share.
Number of Shares in issue as at the Latest Practicable Date:	734,186,997 Shares.
Number of Offer Shares:	367,093,498 Offer Shares.
Number of Offer Shares undertaken to be taken up by CSL:	CSL has given the CSL Undertaking in favour of the Company and the Underwriter (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer; and (iii) to subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.

Number of Offer Shares underwritten by the Underwriter:	96,171,242 Offer Shares, being the number of the Offer Shares less the aggregate number of the Offer Shares agreed to be taken up by CSL under the CSL Undertaking.
Number of Shares in issue upon completion of the Open Offer:	1,101,280,495 Shares.

As at the Latest Practicable Date, the Company has (i) 36,544,130 outstanding Options entitling the holders thereof to subscribe for 36,544,130 Shares; and (ii) 90,000,000 underlying Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds. Save for the Options and the Convertible Bonds, the Company has no other outstanding warrants, options or convertible securities as at the Latest Practicable Date.

The aggregate number of the Offer Shares represents 50.00% of the Company's issued share capital as at the Latest Practicable Date and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Open Offer.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company has sent (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders, if any.

To qualify for the Open Offer, the Shareholders must be registered on the register of members of the Company on the Record Date and must not be Prohibited Shareholders.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange. The Directors consider that the arrangement of trading in nil-paid entitlements on the Stock Exchange will involve additional administrative work and costs for the Open Offer, which is not considered to be cost effective.

Subscription Price

The Subscription Price is HK$0.10 per Offer Share, payable in full on application. The Subscription Price represents:

(i) a discount of approximately 2.91% to the closing price of HK$0.103 per Share as quoted on Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 1.96% to the theoretical ex-entitlement price of approximately HK$0.102 per Share based on the closing price of HK$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 4.76% to the average of the closing prices of HK$0.105 per Share for the last five consecutive trading days including and up to the Last Trading Day; and

(iv) a premium of approximately 33.33% over the closing price of HK$0.075 per Share as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares. Taking into consideration of the theoretical ex-entitlement price per Share, the Directors consider that the Subscription Price is appropriate in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Share certificates of the Offer Shares and refund cheques

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Monday, 30 March 2009 to those entitled thereto by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted on or before Monday, 30 March 2009 by ordinary post at their own risk.

Qualifying Shareholders will receive one share certificate for all the Offer Shares validly applied for and issued to the Qualifying Shareholders.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

Based on the register of members of the Company as at the Record Date, there are no Shareholders with registered addresses which are outside Hong Kong. Therefore, all the Shareholders are entitled to participate in the Open Offer and there is no Prohibited Shareholder for the purpose of the Open Offer.

Basis of allocation for excess Offer Shares

The Directors will allocate the excess Offer Shares at their discretion on a fair and reasonable basis, and on the following principles:

(1) preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings; and

(2) subject to availability of excess Offer Shares after allocation under principle (1) above, the excess Offer Shares will be allocated to Qualifying Shareholders who have applied for excess application based on a pro-rata basis to the excess Offer Shares applied by them, with board lots allocations to be made on a best effort's basis.

Shareholders whose Shares are held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to beneficial owners individually.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Fractions of the Offer Shares

Fractional entitlements to the Offer Shares will not be allotted to the Qualifying Shareholders but will be aggregated and taken up by the Underwriter.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	16 February 2009
Underwriter:	Kingston Securities Limited
Number of Offer Shares underwritten:	Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up by CSL under the CSL Undertaking) which have not been taken up. Accordingly, the Open Offer is fully underwritten.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

It is one of the conditions of the Underwriting Agreement that the Underwriter would enter into binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of (i) the Underwriter together with its parties acting in concert nor (ii) any of the placees and/or sub-underwriters and their respective parties acting in concert shall in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

Undertaking given by CSL

CSL has given the CSL Undertaking in favour of the Company and the Underwriter (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer; and (iii) subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.

Undertaking given by the holders of the Options and the Convertible Bonds

All the holders of the Options have given irrevocable undertakings in favour of the Company and the Underwriter not to exercise any rights of the Options held by them on or before the Record Date. The holder of the Convertible Bonds has given irrevocable undertaking in favour of the Company and the Underwriter not to convert part or the whole of the Convertible Bonds held by it into Shares on or before the Record Date. The holder of the Convertible Bonds has also irrevocably undertaken with the Company and the Underwriter that the Convertible Bonds registered in the name of and beneficially owned by it will remain registered in the name of and beneficially owned by it up to and including completion of the Open Offer.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

(1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement in respect of the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Conditions of the Open Offer

The Open Offer is conditional upon:

(1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;

(2) the registration with the Registrar of Companies in Bermuda one copy of each of the Prospectus Documents duly signed by one Director (for and on behalf of all Directors) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Companies Act not later than the Prospectus Posting Date;

(3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

(4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;

(5) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;

(6) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;

(7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;

(8) compliance with and performance of all undertakings and obligations of CSL under the CSL Undertaking;

(9) compliance with and performance of all undertakings and obligations of the holders of the Options and the Convertible Bonds under their respective irrevocable undertakings; and

(10) the entering into binding agreements by the Underwriter with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of the Underwriter and each of the placees and/or sub-underwriters and their respective parties acting in concert (having the meaning under The Codes on Takeovers and Mergers and Share Repurchases) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Open Offer is not subject to the Shareholders' approval.

PROCEDURES FOR APPLICATION

Application for the Offer Shares

An Application Form is enclosed with this Prospectus which entitles you to apply for the number of Offer Shares available to you on an assured basis subject to payment in full on application by not later than 4:00 p.m. on Monday, 23 March 2009. Qualifying Shareholders should note that they may apply for the number of Offer Shares equal to or less than the number set out in the Application Form.

If you are a Qualifying Shareholder and you wish to apply for any number of Offer Shares in your assured allotment of Offer Shares to which you are entitled as specified in the enclosed Application Form, you must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application in respect of such number of Offer Shares you have applied for with the Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Monday, 23 March 2009. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**China Star Investment Holdings Limited — Open Offer Account**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar, Tricor Standard Limited, by not later than 4:00 p.m. on Monday, 23 March 2009, that assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to apply for a number of Offer Shares different from your assured entitlement.

All cheques or cashier's orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled, the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company on or before Monday, 30 March 2009.

Save as described under the paragraph headed "Rights of the Overseas Shareholders" above, no action has been taken to permit the offering of the Offer Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong and Bermuda. Accordingly, no person receiving this Prospectus, the Application Form or the Excess Application Form in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Offer Shares or excess Offer Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving the Prospectus Documents outside Hong Kong wishing to make an application for the Offer Shares to satisfy itself/himself/herself before subscribing for the assured allotted Offer Shares or excess Offer Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Offer Shares will be accepted from any person who is a Prohibited Shareholder.

The Application Form is for use only by the person(s) name therein and is not transferable.

No receipt will be issued in respect of any application monies received.

Application for excess Offer Shares

Qualifying Shareholders may apply for excess Offer Shares by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied for with the Registrar, Tricor Standard Limited, by not later than 4:00 p.m. on Monday, 23 March 2009. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**China Star Investment Holdings Limited — Excess Application Account**" and crossed "**Account Payee Only**".

The Qualifying Shareholder(s) will be notified of any allotment of excess Offer Shares made to him/her/it on or about Thursday, 26 March 2009 by way of announcement. If no excess Offer Shares are allotted to the Qualifying Shareholder who has applied for excess Offer Shares, it is expected that a cheque for the amount tendered on application in full without interest will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Monday, 30 March 2009. If the number of excess Offer Shares allotted to the Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Monday, 30 March 2009.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the Excess Application Form together with a cheque or cashier's order in payment for the excess Offer Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed Excess Application Form is dishonoured on first presentation, without prejudice to the other rights of the Company, such Excess Application Form is liable to be rejected.

The Excess Application Form is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable. All documents, including refund cheques, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as appeared on the Company's register of members.

No receipt will be issued in respect of any application monies received.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Open Offer are not fulfilled, the monies received in respect of applications for excess Offer Shares will be returned, without interest, to the applicants by means of cheques despatched by ordinary post to their respective registered addresses at their own risk as soon as practicable thereafter.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares have dealt in on an ex-entitlement basis commencing from Friday, 27 February 2009 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:00 p.m. on Thursday, 26 March 2009), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after completion of the Open Offer are set out below:

	As at Latest Practicable Date		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders (other than CSL) take up his/her/its entitlements under the Open Offer)	
	No. of Shares	*Approx. percentage*	*No. of Shares*	*Approx. percentage*	*No. of Shares*	*Approx. percentage*
CSL *(Note 1)*	58,360,612	7.95%	87,540,918	7.95%	329,282,868	29.90%
Public Shareholders:						
The Underwriter *(Note 2)*	—	—	—	—	96,171,242	8.73%
Others	675,826,385	92.05%	1,013,739,577	92.05%	675,826,385	61.37%
Sub-total	675,826,385	92.05%	1,013,739,577	92.05%	771,997,627	70.10%
Total	734,186,997	100.00%	1,101,280,495	100.00%	1,101,280,495	100.00%

Notes:

(1) CSL shall subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer and to subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.

(2) It is one of the conditions of the Underwriting Agreement that the Underwriter would enter into binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of (i) the Underwriter together with its parties acting in concert nor (ii) any of the placees and/or sub-underwriters and their respective parties acting in concert shall in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in sales of financial assets, property investment and provision of management services to the concierge departments of gaming promoters.

The gross proceeds from the Open Offer will be approximately HK$36,709,000. The estimated net proceeds of approximately HK$34,339,000 from the Open Offer are intended to used for financing possible diversified investments of the Group and general working capital of the Group but the allocation of the net proceeds has not yet been determined. As at the Latest Practicable Date, no such investment has been identified by the Group.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

For the year ended 31 December 2007, the Group recorded a profit attributable to the equity holders of the Company of HK$25,694,000. The net assets value of the Group was HK$1,049,976,000 as at 31 December 2007. For the nine months ended 30 September 2008, the Group recorded a loss attributable to the equity holders of the Company of HK$209,985,000. The net assets value of the Group was HK$911,126,000 as at 30 September 2008.

The significant loss incurred for the nine months ended 30 September 2008 was attributable to the recognition of a decrease in fair value of the Group's investment properties of HK$66,751,000 and the impairment loss in respect of goodwill of HK$142,347,000, which had been mentioned in the Company's announcement date 11 December 2008 in relation to a profit warning.

During the nine months ended 30 September 2008, the Hong Kong films market remained sluggish and the demand for Hong Kong-made movies in the Mainland China remained weak. The number of films produced by local producers had been decreased. As a result, the Group was not able to secure a sufficient number of quality films at reasonable prices for distribution. The Directors are not optimistic about the Hong Kong films market in the near future as the Hong Kong-made movies are less appealing to the Mainland Chinese audience, one of the major markets for Hong Kong-made movie, than before and there is a downward trend on film investments in Hong Kong.

As the volatility in equity market remains high, the Group sold all of its financial assets in the second half of 2007 and the trading in financial assets during the nine months ended 30 September 2008 was minimal. The Group will preserve its cash on hand until the equity market is stable.

On 28 February 2008, the Group entered into the conditional sale and purchase agreement with Well Will Investment Limited and Mr. Ng Cheuk Fai relating to the proposed acquisition of a 100% of the issued share capital of Rich Daily Group Limited from Well Will Investment Limited at an initial consideration of HK$504,000,000 (subject to adjustment). Rich Daily Group Limited is a management services provider to the concierge departments of the gaming promoters. The monthly service fee earned by Rich Daily Group Limited is calculated at 0.03% of the monthly rolling turnover generated by the gaming promoters. The proposed acquisition was approved by the Shareholders on 27 June 2008 and was completed on 29 August 2008. Following the completion of the proposed acquisition, Rich Daily Group Limited generates a constant monthly cashflow to the Group. Although Rich Daily Group Limited experienced a drop in its services fee income in September 2008, the monthly services fee income was fairly stable during the period from October 2008 to December 2008. The Directors believe that the newly expanded management service business provides the Group with a stable source of revenue and improves the Group's profitability.

On 26 November 2008, the Group entered into the conditional sale and purchase agreement with Mega Shell Services Limited ("Mega Shell"), a wholly-owned subsidiary of the Golife, and Golife. Pursuant to the conditional sale and purchase agreement, Mega Shell has conditionally agreed to acquire and the Group has conditionally agreed to sell the entire issued share capital of Shinhan-Golden Faith International Development Limited and World East Investments Limited, both of them are wholly-owned subsidiaries of the Company, and the sale loans at a consideration of HK$211,466,310 (subject to adjustment). Shinhan-Golden Faith International Development Limited and World East Investments Limited hold 96.7% and 3.3% of the registered capital of 北京莎瑪房地產開發有限公司, respectively. 北京莎瑪房地產開發有限公司 is the registered and beneficial owner of the Group's investment properties located in Beijing, Mainland China with a carrying amount of HK$919,751,000. The Group's investment properties have been transformed into a high-end serviced apartment for rental purpose. In view of the recent global financial crisis and the credit crunch led by the collapse of Lehman Brothers in September 2008, the Directors forecast a tough 2009 and a persist downturn in the global economy over a long period of time. As such, the Directors consider that the proposed disposal provides an opportunity to the Group to (i) restructure its businesses, (ii) enable the Group to concentrate its resources on the provision of management services business, and (iii) improve the Group's gearing ratio. The proposed disposal was approved by the Shareholders on 12 February 2009 and is expected to be completed in the first half of 2009. Assuming no further shares are issued and repurchased by Golife, the Group will hold 20.63% of the issued share capital of Golife upon completion of the proposed disposal and Golife will be treated as an associate of the Company for accounting purposes. Please refer to the Company's circular dated 23 January 2009 for further details of the proposed disposal.

On 23 December 2008, the Group terminated the proposed acquisition of a 100% interest in the issued share capital of Exceptional Gain Profits Limited and a sale loan from China Star Entertainment Limited as the proposed acquisition had been hinged on the release of the security given by China Star Entertainment Limited relating to Kingsway Hotel Limited to be replaced by security given by the Company. Both the Company and China Star Entertainment Limited had determined not to keep their shareholders and investors lingering on the status of the proposed acquisition or the proposed disposal, as the case may be, as it has been more than one year since the announcement of the proposed acquisition or the proposed disposal, as the case may be.

As the Directors expect the recent financial crisis has an adverse impact on the business community in general and the economic downturn persists for a long period of time, the Directors believe that the best strategy for the Group is to preserve its resources, improve its gearing ratio and seek any investment opportunity with an attractive price.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Descriptions	Amount raised	Intended usage
29 December 2008	Top-Up placing	Approximately HK$3.82 million	Reducing the Group's bank borrowing
6 November 2008 and 3 February 2009	First Tranche Placing	Approximately HK$19.87 million	Reducing the Group's bank borrowing
17 February 2009	Second Tranche Placing	Approximately HK$26.85 million	Reducing the Group's bank borrowing

Save as disclosed above, the Company has not conducted any other fund raising activity in the past twelve months before the Latest Practicable Date.

ADJUSTMENTS TO THE OPTIONS AND THE CONVERTIBLE BONDS

Adjustments to the conversion prices of the Convertible Bonds and the exercise prices and numbers of the Options may be required under the relevant terms of the instrument constituting the Convertible Bonds and the share option schemes of the Company. An approved investment bank or the auditors of the Company will be appointed to certify the necessary adjustments, if any, to the conversion prices of the Convertible Bonds and the exercise prices and numbers of the Options. Further announcement will be made by the Company in this regard.

GENERAL

Your attention is drawn to the information contained in the appendices to this Prospectus.

Yours faithfully
For and on behalf of the Board
China Star Investment Holdings Limited
Heung Wah Keung
Chairman

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the audited financial statements of the Group for the three years ended 31 December 2007 and the nine months ended 30 September 2008 from the Company's circular dated 23 January 2009.

Consolidated income statements

		For the year ended 31 December			For the nine months ended 30 September	
		2005	2006	2007	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)	(Restated)	(Unaudited)	
Turnover	*7*	17,965	9,375	10,639	10,994	23,006
Cost of sales		(16,092)	(537)	(858)	(429)	(1,594)
Gross profit		1,873	8,838	9,781	10,565	21,412
Other revenue	*8*	2,066	5,699	3,205	2,147	3,402
Other income	*8*	7,110	200	106,956	106,956	—
Fair value changes of investment properties		—	590	43,853	—	(66,751)
Administrative costs		(19,332)	(26,811)	(67,623)	(59,734)	(39,307)
Selling costs		(29)	—	—	—	—
Impairment loss recognised in respect of film rights		(8,956)	—	—	—	—
Impairment loss recognised in respect of goodwill		(12,056)	—	(37,828)	—	(142,347)
(Loss)/profit from operations	*9*	(29,324)	(11,484)	58,344	59,934	(223,591)
Finance costs	*10*	(340)	(9,615)	(19,494)	(13,718)	(19,705)
(Loss)/profit before taxation		(29,664)	(21,099)	38,850	46,216	(243,296)
Taxation	*13*	—	(195)	(13,156)	—	33,311
(Loss)/profit for the year/period		(29,664)	(21,294)	25,694	46,216	(209,985)
Attributable to:						
Equity holders of the Company		(29,664)	(21,294)	25,694	46,216	(209,985)
(Loss)/earnings per share attributable to the equity holders of the Company (Hong Kong cents)						
Basic	*14*	(60.97)	(32.84)	24.96	51.00	(107.58)
Diluted	*14*	N/A	N/A	N/A	N/A	N/A

Consolidated balance sheets

		As at 31 December			As at 30 September
		2005	**2006**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	3,418	2,468	6,000	22,743
Investment properties	*17*	—	678,000	887,450	905,393
Goodwill	*19*	—	77,284	39,456	—
Intangible assets	*20*	—	—	—	456,857
Club membership		172	172	172	172
		3,590	757,924	933,078	1,385,165
Current assets					
Inventories	*21*	6	45,154	32,783	34,771
Film rights deposits		14	—	—	—
Trade receivables	*22*	4,729	936	1,245	7,357
Deposits, prepayments and other receivables	*23*	54,202	19,254	31,830	23,012
Financial assets at fair value through profit or loss	*24*	30,567	28,100	—	—
Tax prepayments	*25*	4,146	7,720	12,120	—
Cash and cash equivalents	*26*	137,973	63,140	531,396	104,553
		231,637	164,304	609,374	169,693
Total assets		235,227	922,228	1,542,452	1,554,858
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	*27*	51,540	64,843	195,186	1,952
Reserves		116,070	334,793	850,894	909,174
		167,610	399,636	1,046,080	911,126
Minority interests		—	3,896	3,896	—
Total equity		167,610	403,532	1,049,976	911,126

		As at 31 December			As at 30 September
		2005	**2006**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES					
Current liabilities					
Trade payables	*29*	1,714	—	—	—
Accruals and other payables	*30*	7,619	20,208	19,245	50,854
Receipts in advance	*31*	483	60,898	47,041	49,151
Amounts due to related companies	*32*	34,832	606	701	660
Secured bank loans — due within one year	*33*	—	5,470	27,533	23,246
Tax payables		22,969	23,240	22,969	1,300
		67,617	110,422	117,489	125,211
Non-current liabilities					
Secured bank loans — due after one year	*33*	—	351,957	301,485	297,033
Convertible notes	*34*	—	—	—	102,685
Deferred taxation	*35*	—	56,317	73,502	118,803
		—	408,274	374,987	518,521
Total equity and liabilities		235,227	922,228	1,542,452	1,554,858
Net current assets		164,020	53,882	491,885	44,482
Total assets less current liabilities		167,610	811,806	1,424,963	1,429,647

Balance sheets

		As at 31 December			As at 30 September
		2005	**2006**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Interests in subsidiaries	*18*	—	41,824	4,873	634,766
Current assets					
Deposits, prepayments and other receivables	*23*	—	1,801	2,250	—
Cash and cash equivalents	*26*	136,670	55,862	489,538	638
		136,670	57,663	491,788	638
Total assets		136,670	99,487	496,661	635,404
EQUITY					
Share capital	*27*	51,540	64,843	195,186	1,952
Reserves	*28*	47,479	25,708	262,946	486,670
Total equity		99,019	90,551	458,132	488,622
LIABILITIES					
Current liabilities					
Accruals and other payables	*30*	1,118	233	943	1,332
Amount due to a related company	*32*	33,800	—	—	—
Amounts due to subsidiaries	*18*	2,733	8,703	37,586	35,910
		37,651	8,936	38,529	37,242
Non-current liabilities					
Convertible notes	*34*	—	—	—	102,685
Deferred taxation	*35*	—	—	—	6,855
		—	—	—	109,540
Total equity and liabilities		136,670	99,487	496,661	635,404
Net current assets/(liabilities)		99,019	48,727	453,259	(36,604)
Total assets less current liabilities		99,019	90,551	458,132	598,162

Consolidated statement of changes in equity

	Attributable to equity holders of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Special reserve HK$'000	Property revaluation reserve HK$'000	Share-based payment reserve HK$'000	Convertible notes reserve HK$'000	Exchange reserve HK$'000	(Accumulated losses)/ Retained profits HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total HK$'000
As at 1 January 2005	47,520	—	19,834	80,103	—	3,182	—	—	—	(82,068)	68,571	—	68,571
Reserve realised on disposal of leasehold land and buildings	—	—	—	—	—	(3,182)	—	—	—	—	(3,182)	—	(3,182)
Issuance of new shares	4,020	132,706	—	—	—	—	—	—	—	—	136,726	—	136,726
Share issue expenses	—	(4,841)	—	—	—	—	—	—	—	—	(4,841)	—	(4,841)
Net loss for the year	—	—	—	—	—	—	—	—	—	(29,664)	(29,664)	—	(29,664)
As at 31 December 2005 and 1 January 2006	51,540	127,865	19,834	80,103	—	—	—	—	—	(111,732)	167,610	—	167,610
Issuance of new shares	13,303	252,761	—	—	—	—	—	—	—	—	266,064	—	266,064
Acquisition of a subsidiary	—	—	10	—	—	—	—	—	—	—	10	3,896	3,906
Special reserve arising from acquisition of a subsidiary	—	—	—	—	(19,955)	—	—	—	—	—	(19,955)	—	(19,955)
Exchange differences arising from translation of investments in foreign subsidiaries	—	—	—	—	—	—	—	—	7,201	—	7,201	—	7,201
Net loss for the year	—	—	—	—	—	—	—	—	—	(21,294)	(21,294)	—	(21,294)
As at 31 December 2006 and 1 January 2007	64,843	380,626	19,844	80,103	(19,955)	—	—	—	7,201	(133,026)	399,636	3,896	403,532
Exchange differences arising from translation of investments in foreign subsidiaries	—	—	—	—	—	—	—	—	29,533	—	29,533	—	29,533
Issuance of new shares	127,103	416,604	—	—	—	—	—	—	—	—	543,707	—	543,707
Share-based payment expenses	—	—	—	—	—	—	32,282	—	—	—	32,282	—	32,282
Exercise of share options	3,240	15,828	—	—	—	—	(3,840)	—	—	—	15,228	—	15,228
Net profit for the year	—	—	—	—	—	—	—	—	—	25,694	25,694	—	25,694
As at 31 December 2007 and 1 January 2008	195,186	813,058	19,844	80,103	(19,955)	—	28,442	—	36,734	(107,332)	1,046,080	3,896	1,049,976
Capital reorganisation *(note 27)*													
— capital reduction	(193,235)	—	—	193,235	—	—	—	—	—	—	—	—	—
— share premium cancellation	—	(813,058)	—	813,058	—	—	—	—	—	—	—	—	—
— set-off accumulated losses against contributed surplus	—	—	—	(518,374)	—	—	—	—	—	518,374	—	—	—
Exercise of share options	1	—	—	—	—	—	—	—	—	—	1	—	1
Share-based payment expenses	—	—	—	—	—	—	3,608	—	—	—	3,608	—	3,608
Acquisition of remaining interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(3,896)	(3,896)
Issuance of convertible notes	—	—	—	—	—	—	—	34,692	—	—	34,692	—	34,692
Exchange differences arising from translation of investments in foreign subsidiaries	—	—	—	—	—	—	—	—	36,730	—	36,730	—	36,730
Net loss for the period	—	—	—	—	—	—	—	—	—	(209,985)	(209,985)	—	(209,985)
As at 30 September 2008	1,952	—	19,844	568,022	(19,955)	—	32,050	34,692	73,464	201,057	911,126	—	911,126

	Attributable to equity holders of the Company												
	Share capital	Share premium	Capital reserve	Contributed surplus	Special reserve	Property revaluation reserve	Share-based payment reserve	Convertible notes reserve	Exchange reserve	(Accumulated losses)/ Retained profits	Sub-total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
UNAUDITED													
As at 1 January 2007	64,843	380,626	19,844	80,103	(19,955)	—	—	—	7,201	(133,026)	399,636	3,896	403,532
Issuance of new shares	62,041	289,930	—	—	—	—	—	—	—	—	351,971	—	351,971
Share-based payment expenses	—	—	—	—	—	—	32,282	—	—	—	32,282	—	32,282
Exercise of share options	3,240	15,828	—	—	—	—	(3,840)	—	—	—	15,228	—	15,228
Exchange differences arising from translation of investments in foreign subsidiaries	—	—	—	—	—	—	—	—	14,338	—	14,338	—	14,338
Net profit for the period	—	—	—	—	—	—	—	—	—	46,216	46,216	—	46,216
As at 30 September 2007	130,124	686,384	19,844	80,103	(19,955)	—	28,442	—	21,539	(86,810)	859,671	3,896	863,567

Notes:

(i) The capital reserve of the Group represents the difference of the share capital and share premium of the subsidiaries and the nominal value of the 880 shares issued by Riche (BVI) Limited (formerly known as "Ocean Shores (BVI) Limited") prior to the allotment of 120 shares to Classical Statues Limited and the amount arising from issue of share by a subsidiary.

(ii) The contributed surplus of the Group represents the net amount transferred from the share premium account and to the accumulated losses account pursuant to the special resolution passed at the special general meeting held on 22 August 2003.

(iii) The special reserve of the Group represents the difference between the fair value and the contracted value of consideration in respect of the acquisition of Shinhan-Golden Faith International Development Limited during the year ended 31 December 2006.

Consolidated cashflow statements

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
OPERATING ACTIVITIES					
(Loss)/profit before taxation	(29,664)	(21,099)	38,850	46,216	(243,296)
Adjustments for:					
Interest income	(1,339)	(4,314)	(2,990)	(2,069)	(3,368)
Dividend income	—	(754)	(78)	(78)	—
Wavier of secured bank loan interest	—	—	(106,956)	(106,956)	—
Fair value changes of financial assets at fair value through profit or loss	—	(5,360)	—	—	—
Fair value changes of investment properties	—	(590)	(43,853)	—	66,751
Finance costs	340	9,615	19,494	13,718	19,705
Amortisation of film rights	10,332	—	—	—	—
Amortisation of interests in leasehold land	10	—	—	—	—
Deprecation of property, plant and equipment	1,108	652	1,158	852	3,430
Impairment loss recognised in respect of goodwill	12,056	—	37,828	—	142,347
Impairment loss recognised in respect of trade receivables	1,084	1,050	9	—	—
Impairment loss recognised in respect of prepayments	1,188	131	—	—	—
Impairment loss on provision of bad and doubtful debts	1,390	—	—	—	—
Impairment loss recognised in respect of films rights	8,956	—	—	—	—
Loss on disposals of property, plant and equipment	—	1,956	3	3	3
Gain on disposal of leasehold land and building	(7,110)	—	—	—	—
Reversal of accruals in previous year	—	(200)	—	—	—
Share-based payment expenses	—	—	32,282	32,282	3,608

	For the year ended 31 December			For the nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Operating cash flows before movement in working capital	(1,649)	(18,913)	(24,253)	(16,032)	(10,820)
Decrease/(increase) in inventories	9	(1,309)	12,371	(1,693)	(1,988)
Additions of films rights	(8,947)	—	—	—	—
Decrease in film rights deposits	—	14	—	—	—
Decrease/(increase) in trade receivables	16,105	2,755	(318)	96	(6,112)
(Increase)/decrease in deposits, prepayments and other receivables	(50,037)	34,988	(12,576)	(372,502)	8,818
Fair value changes of financial assets at fair value through profit or loss	11,165	—	—	18,889	—
Decrease in available-for-sale financial assets	18,000	—	—	—	—
Decrease in deposits with a related company	5,000	—	—	—	—
Decrease in amount due from an associate	300	—	—	—	—
Decrease in trade payables	(269)	(1,714)	—	—	—
Increase/(decrease) in accruals and other payables	132	(41,337)	(963)	10,694	31,609
(Decrease)/increase in receipts in advance	(9,699)	1,335	(13,857)	2,204	2,110
Increase/(decrease) in amounts due to related companies	34,283	(34,226)	95	(6)	(41)
Cash generated from/(used in) operations	14,393	(58,407)	(39,501)	(358,350)	23,576
Tax (paid)/refund	—	(3,303)	(4,671)	(3,471)	3,736
Net cash generated from/(used in) operating activities	14,393	(61,710)	(44,172)	(361,821)	27,312

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
INVESTING ACTIVITIES					
Interest received	1,339	4,314	2,990	2,069	3,368
Dividend income	—	754	78	78	—
Proceeds from disposals of leasehold land and building	9,000	—	—	—	—
Proceeds from disposals of financial assets at fair value through profit or loss	—	13,461	—	81	—
Proceeds from disposals of property, plant and equipment	—	—	220	—	—
Effect from acquisition of subsidiaries	95	415	—	—	(364,821)
Additions to investment properties	—	(15,852)	(116,960)	(61,744)	(38,286)
Purchase of financial assets at fair value through profit or loss	—	(5,634)	—	—	—
Purchase of property, plant and equipment	(53)	(1,156)	(4,908)	(8,482)	(19,910)
Net cash generated from/(used in) investing activities	10,381	(3,698)	(118,580)	(67,998)	(419,649)
FINANCING ACTIVITIES					
Interest paid	(340)	(9,615)	(19,494)	(13,718)	(19,473)
Issuance of new shares and exercise of share option	131,179	—	562,775	367,199	1
Issuance of new shares upon exercise of warrants	706	—	—	—	—
Repayment of convertible notes payable	(33,800)	—	—	—	—
Repayment of capital element of a financial lease	(6)	—	—	—	—
Repayment of a secured bank loan	—	(250,000)	5,359	57,601	(28,420)
New secured bank loan raised	—	250,470	65,922	—	—

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Net cash generated from/(used in) financing activities	97,739	(9,145)	614,562	411,082	(47,892)
Net increase/(decrease) in cash and cash equivalents	122,513	(74,553)	451,810	(18,737)	(440,229)
Effect of foreign exchange rate changes	—	(280)	16,446	(8,968)	13,386
Cash and cash equivalents at the beginning of the year/period	15,460	137,973	63,140	63,140	531,396
Cash and cash equivalent at the end of the year/period	137,973	63,140	531,396	35,435	104,553
Cash and bank balances	137,973	63,140	531,396	35,435	104,553

Notes to the financial information

1. General Information

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company's principal activity is investment holding and the principal activities of its subsidiaries are set out in note 18 to the Financial Information.

The Financial Information is presented in thousands of units of Hong Kong Dollars (HK$'000), which is the same as the functional currency of the Company.

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

In the three years ended 31 December 2005, 2006 and 2007 and the nine months ended 30 September 2008 (the "Relevant Periods"), the Group has applied all of the new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA which are effective for the Relevant Periods. The adoption of the new HKFRSs had no material effect on the results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior year adjustment has been required.

3. Impact of Issued but not yet Effective Hong Kong Financial Reporting Standards

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

HKFRSs (Amendments)	Improvements to HKFRSs[5]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[2]

[1] Effective for annual periods beginning on or after 1 January 2009

[2] Effective for annual periods beginning on or after 1 July 2009

[3] Effective for annual periods beginning on or after 1 July 2008

[4] Effective for annual periods beginning on or after 1 October 2008

[5] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009.

The Group is in the process of making an assessment of the impacts of the above new standards, amendments and interpretations on the Group's results and financial position in the period of initial application.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs"), and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements included applicable disclosures 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.

The consolidated financial statements have been prepared under historical cost convention except for certain financial assets at fair value through profit or loss and investment properties which are carried at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Group's books and records are maintained in Hong Kong Dollars ("HK$") as the directors of the Company control and monitor the performance and financial position of the Group in HK$.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 September 2008.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(c) Revenue recognition

Revenue from the distribution of films is recognised when the video products or master materials of films are delivered to customers and the title has passed.

Revenue from sub-licensing of film rights is recognised upon delivery of the master materials of films to customers.

Revenue from sale of advertising rights is recognised when the right to receive payment is established.

Revenue from sales of financial assets at fair value through profit or loss are recognised when sale and purchase contracts became unconditional.

Rental income, including rental invoiced in advance from properties let under operating lease is recognised on a straight-line basis over the period of the respective leases.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Service income is recognised when the services are rendered.

(d) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

i. Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

ii. Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event.

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

(e) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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 difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than 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 investment 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 each balance sheet date 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 realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which its is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of property, plant and equipment, using the straight-line method, over their estimated useful lives. The principal annual rates are as follows:

Buildings	2%
Leasehold improvements	33.3%
Office equipment	20%
Motor vehicles	20%
Furniture and fixtures	15%

The gain or loss arising from disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

(g) Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in income statement in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year in which the investment properties are derecognized.

(h) Investments in subsidiaries

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(i) Goodwill

Goodwill arising on an acquisition of a subsidiary or an associate represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods. On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(j) Intangible assets (other than goodwill)

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to income statement on a straight-line basis over the assets' estimated useful lives from the date when they are available for use.

Both the period and method of amortisation are reviewed annually.

(k) Inventories

Inventories on finished goods are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Inventories on stock of properties, which are held for trading, is stated at the lower of cost and net realizable value. Net realisable value is determined by reference to sale proceeds received after the balance sheet date less selling expenses, or by management estimates based on the prevailing market conditions

(l) Financial Instruments

The Group classifies its investment in securities in the following categories depends on the purpose of such investment were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loan and receivables included loan receivables, convertible notes receivables and trade receivables.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision 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 provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(n) Cash and cash equivalent

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(o) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

(p) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at the lower of fair values or the present value of the minimum lease payments. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

(q) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the accounts of Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Hong Kong dollars ("HK$").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Transaction difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) 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 dates of the transactions); and

(c) all resulting exchange differences are recognized as a separate component of equity.

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.

(r) Employee benefits

(i) Bonuses

The Group recognises a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

(ii) Retirement benefit obligations

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme'') under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% to 10% of the employees' relevant income, with the employees' contributions subject to a cap of monthly relevant income of HK$20,000. The Group's contributions to the scheme are expensed as incurred. 5% of relevant income vests immediately upon the completion of service in the relevant service period, while the remaining portion vests in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

(iii) Share-based compensation

The fair value of the employee services received in exchange for the grant of the share options and restricted share awards is recognised as an expense in the profit and loss account.

The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options and restricted share awards granted. At each balance sheet date, the Company revises its estimates of the number of share options that are expected to become exercisable and the number of restricted share awards that become vested. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity in the balance sheet will be made over the remaining vesting periods.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium accounts when the share options are exercised and when the restricted share awards are vested.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to completed and prepare the asset for its intended use. Other borrowing costs are expensed.

(t) Contingent liabilities and contingent asset

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that out flow is probable, they will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose ixistence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recongised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

(u) Related parties transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influences. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(v) Financial guarantees issued and provisions

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

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

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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 intangible assets and goodwill

The Group performs annual tests on whether there has been impairment of intangible assets and goodwill in accordance with the accounting policies stated in note 4(i) and 4(j). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations. Information about the assumptions and the risk factors on impairment of intangible assets and goodwill are stated in notes 19 and 20 to the Financial Information.

(b) Trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect our results of operations.

(c) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

(d) Estimate of fair values of investment properties

As described in note 17, the investment properties were revalued at the balance sheet dates on market value basis by reference to valuation reports issued by independent professional valuers. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information form current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions at each balance sheet dates.

6. Segment Information

Business segments

For management purposes, the Group is organised into five operating divisions, namely distribution, sub-licensing, sales of financial assets, property investment and provision of management services. These divisions are on the basis on which the Group reports its primary segment information.

Principal activities are as follows:

(i)	Distribution	— Distribution of films
(ii)	Sub-licensing	— Sub-licensing of film rights
(iii)	Sales of financial assets	— Sales of financial assets at fair value through profit or loss
(iv)	Property investment	— Leasing of rental properties
(v)	Provision of management services	— Providing management services to concierge department of gaming promoters appointed by Macau casinos

Segment information about these businesses for the Relevant Periods and the nine months ended 30 September 2007 is presented below:

Consolidated income statement
for the year ended 31 December 2005 (Restated)

	Distribution	Sub-licensing	Sales of financial assets	Property investment	Provision of management services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	9,382	10,534	(1,951)	—	—	—	17,965
Segment results before impairment loss recognised in respect of film rights and goodwill	2,443	(4,613)	(2,045)	—	—	—	(4,215)
Impairment loss recognised in respect of film rights	(8,956)	—	—	—	—	—	(8,956)
Impairment loss recognised in respect of goodwill	—	(12,056)	—	—	—	—	(12,056)
Segment results	(6,513)	(16,669)	(2,045)	—	—	—	(25,227)
Unallocated corporate income							9,176
Unallocated corporate expenses							(13,273)
Loss from operations							(29,324)
Finance costs							(340)
Loss before taxation							(29,664)
Taxation							—
Loss for the year attributable to equity holders of the Company							(29,664)
Assets							
Segment assets	4,582	4,729	41,869	—	—	—	51,180
Unallocated corporate assets							184,047
Consolidated total assets							235,227
Liabilities							
Segment liabilities	2,439	6,172	—	—	—	—	8,611
Unallocated corporate liabilities							59,006
Consolidated total liabilities							67,617
Other segment information							
Capital expenditures	—	—	53	—	—	—	53
Depreciation and amortisation	3,246	7,086	1,108	—	—	10	11,450
Impairment losses recognised	8,956	12,056	—	—	—	—	21,012

Consolidated income statement
for the year ended 31 December 2006 (Restated)

	Distribution	Sub-licensing	Sales of financial assets	Property investment	Provision of management services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	164	200	7,128	1,883	—	9,375
Segment results	74	23	7,128	2,203	—	9,428
Unallocated corporate income						5,899
Unallocated corporate expenses						(26,811)
Loss from operations						(11,484)
Finance costs						(9,615)
Loss before taxation						(21,099)
Taxation						(195)
Loss for the year attributable to equity holders of the Company						(21,294)
Assets						
Segment assets	804	7,593	32,156	815,360	—	855,913
Unallocated corporate assets						66,315
Consolidated total assets						922,228
Liabilities						
Segment liabilities	—	3,051	367	50,972	—	54,390
Unallocated corporate liabilities						464,306
Consolidated total liabilities						518,696
Other segment information						
Capital expenditures	1,115	—	23	15,870	—	17,008
Depreciation	143	1	468	40	—	652
Impairment losses recognised	1,195	—	—	—	—	1,195

Consolidated income statement
for the year ended 31 December 2007 (Restated)

	Distribution	Sub-licensing	Sales of financial assets	Property investment	Provision of management services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	—	—	7,722	2,917	—	10,639
Segment results before impairment loss recognised in respect of goodwill	—	—	7,722	45,912	—	53,634
Impairment loss recognised in respect of goodwill	—	—	—	(37,828)	—	(37,828)
Segment results	—	—	7,722	8,084	—	15,806
Unallocated corporate income						110,161
Unallocated corporate expenses						(67,623)
Profit from operations						58,344
Finance costs						(19,494)
Profit before taxation						38,850
Taxation						(13,156)
Profit for the year attributable to equity holders of the Company						25,694
Assets						
Segment assets	738	11,264	4,509	1,021,270	—	1,037,781
Unallocated corporate assets						504,671
Consolidated total assets						1,542,452
Liabilities						
Segment liabilities	—	2,669	718	55,660	—	59,047
Unallocated corporate liabilities						433,429
Consolidated total liabilities						492,476
Other segment information						
Capital expenditures	17	—	—	121,850	—	121,867
Depreciation	563	—	—	595	—	1,158
Impairment losses recognised	—	—	—	37,838	—	37,838

Consolidated income statement
for the nine months ended 30 September 2008

	Distribution	Sub-licensing	Sales of financial assets	Property investment	Provision of management services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	—	2,000	(951)	17,215	4,742	—	23,006
Segment results before impairment loss recognised in respect of goodwill	—	2,000	(951)	(51,130)	4,742	—	(45,339)
Impairment loss recognised in respect of goodwill	—	—	—	(40,382)	(101,965)	—	(142,347)
Segment results	—	2,000	(951)	(91,512)	(97,223)	—	(187,686)
Unallocated corporate income							3,402
Unallocated corporate expenses							(39,307)
Loss from operations							(223,591)
Finance costs							(19,705)
Loss before taxation							(243,296)
Taxation							33,311
Loss for the period attributable to equity holders of the Company							(209,985)
Assets							
Segment assets	559	7,060	7,036	1,076,240	462,379	—	1,553,274
Unallocated corporate assets							1,584
Consolidated total assets							1,554,858
Liabilities							
Segment liabilities	—	1,535	1,024	437,493	55,392	—	495,444
Unallocated corporate liabilities							148,288
Consolidated total liabilities							643,732
Other segment information							
Capital expenditures	—	—	864	18,670	—	376	19,910
Depreciation	4	1	417	2,914	—	94	3,430
Impairment losses recognised	—	—	—	(40,382)	(101,965)	—	(142,347)

Consolidated income statement
for the nine months ended 30 September 2007 (unaudited)

	Distribution	Sub-licensing	Sales of financial assets	Property investment	Provision of management services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	—	—	8,790	2,204	—	—	10,994
Segment results before impairment loss recognised in respect of goodwill	—	—	8,790	1,775	—	—	10,565
Impairment loss recognised in respect of goodwill	—	—	—	—	—	—	—
Segment results	—	—	8,790	1,775	—	—	10,565
Unallocated corporate income							109,103
Unallocated corporate expenses							(59,734)
Profit from operations							59,934
Finance costs							(13,718)
Profit before taxation							46,216
Taxation							—
Profit for the period attributable to equity holders of the Company							46,216
Assets							
Segment assets	756	7,202	7,199	945,100	—	—	960,257
Unallocated corporate assets							387,377
Consolidated total assets							1,347,634
Liabilities							
Segment liabilities	—	197	965	436,961	—	—	438,123
Unallocated corporate liabilities							45,944
Consolidated total liabilities							484,067
Other segment information							
Capital expenditures	—	—	5	8,477	—	—	8,482
Depreciation	6	1	419	426	—	—	852
Impairment losses recognised	—	—	—	—	—	—	—

Geographical segments

The Group mainly operates in Hong Kong, Macau and The People's Republic of China (the "PRC"). The following table provides an analysis of the Group's turnover and segment results by geographical market, irrespective of the origin of goods and services.

	Hong Kong and Macau *HK$'000*	**The PRC** *HK$'000*	**Consolidated** *HK$'000*
For the year ended 31 December 2005 (Restated)			
Turnover	(1,951)	19,916	17,965
Segment results	(2,045)	(23,182)	(25,227)
For the year ended 31 December 2006 (Restated)			
Turnover	7,292	2,083	9,375
Segment results	7,202	2,226	9,428
For the year ended 31 December 2007 (Restated)			
Turnover	7,722	2,917	10,639
Segment results	7,722	8,084	15,806
For the nine months ended 30 September 2008			
Turnover	5,791	17,215	23,006
Segment results	(96,174)	(91,512)	(187,686)
For the nine months ended 30 September 2007 (unaudited)			
Turnover	8,790	2,204	10,994
Segment results	8,790	1,775	10,565

The following is an analysis of the carrying amounts of segment assets and segment liabilities, capital expenditures and depreciation, analysed by geographical area in which the assets and liabilities located:

	Hong Kong and Macau *HK$'000*	**The PRC** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2005			
Segment assets	56,198	5,101	61,299
Segment liabilities	1,161	3,740	4,901
Capital expenditures	53	—	53
Depreciation and amortisation	1,086	2	1,088
For the year ended 31 December 2006			
Segment assets	32,960	822,953	855,913
Segment liabilities	367	54,023	54,390
Capital expenditures	1,138	15,870	17,008
Depreciation	611	41	652
For the year ended 31 December 2007			
Segment assets	5,247	1,032,534	1,037,781
Segment liabilities	718	58,329	59,047
Capital expenditures	17	121,850	121,867
Depreciation	563	595	1,158
For the nine months ended 30 September 2008			
Segment assets	477,034	1,076,240	1,553,274
Segment liabilities	57,951	437,493	495,444
Capital expenditure	864	18,670	19,534
Depreciation	422	2,914	3,336
For the nine months ended 30 September 2007 (unaudited)			
Segment assets	15,157	945,100	960,257
Segment liabilities	1,162	436,961	438,123
Capital expenditures	5	8,477	8,482
Depreciation	426	426	852

7. Turnover

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Unaudited)	
Distribution of films	9,382	164	—	—	—
Sub-licensing of film rights	10,534	200	—	—	2,000
Sales of financial assets at fair value through profit or loss, net*	(1,951)	7,128	7,722	8,790	(951)
Rental income	—	1,883	2,917	2,204	17,215
Service fee income	—	—	—	—	4,742
	17,965	9,375	10,639	10,994	23,006

* Financial assets at fair value through profit or loss represents the sale of financial assets at fair value through profit or loss less the cost of sales which comprises (i) the cost of financial assets at fair value through profit or loss and (ii) the fair value changes of financial assets at fair value through profit or loss respectively.

An analysis of financial assets at fair value through profit or loss is as follows:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Sales of financial assets at fair value through profit or loss	18,423	15,229	35,822	27,575	2,633
Cost of financial assets at fair value through profit or loss	(20,374)	(13,461)	(28,100)	(24,345)	(3,584)
Fair value changes of financial assets at fair value through profit or loss	—	5,360	—	5,560	—
	(1,951)	7,128	7,722	8,790	(951)

Notes:

In the prior year's financial statements, the Group separately presented the proceeds from the sale of financial assets at fair value through profit or loss as "turnover"; the cost of financial assets at fair value through profit or loss as "cost of sales"; and the fair value changes of financial assets at fair value through profit or loss. During the current year, the Group restated the gain/loss on sales of financial assets and fair value changes of financial assets at fair value through profit or loss as "turnover" on the net basis.

The Group has revised its presentation of revenue in order to reflect the nature of sales of financial assets in a more appropriate manner and to conform with market practice.

8. Other Revenue and Other Income

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Other revenue:					
Dividend income from financial assets at fair value through profit or loss	627	754	78	78	—
Interest income on bank deposits	1,339	4,314	2,990	2,069	3,368
Sundry income	100	631	137	—	34
	2,066	5,699	3,205	2,147	3,402

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Unaudited)	
Other income:					
Gain on disposal of leasehold land and buildings	7,110	—	—	—	—
Waiver of secured bank loan interest	—	—	106,956	106,956	—
Reversal of overprovision of accruals in previous year	—	200	—	—	—
	7,110	200	106,956	106,956	—

9. (Loss)/Profit from Operations

(Loss)/profit from operations has been arrived at after charging:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Amortisation of prepaid operating lease payment	10	—	—	—	—
Amortisation of film rights	10,332	—	—	—	—
Auditors' remuneration	500	600	600	450	450
Cost of inventories sold	33	89	—	—	—
Depreciation of property, plant and equipment					
— Owned assets	1,098	652	1,158	852	3,430
— Assets held under finance lease	10	—	—	—	—
Impairment loss recognised in respect of trade receivables	1,084	1,050	9	—	—
Impairment loss recognised in respect of film right deposits	—	14	—	—	—
Impairment loss recognised in respect of prepayments	1,188	131	—	—	—
Impairment loss on provision of bad and doubtful debts	1,390	—	—	—	—
Loss on disposal of property, plant and equipment	—	1,956	3	3	3
Share-based payment expenses in respect of consultancy services	—	—	6,370	6,370	985
Operating lease rentals in respect of rented premise	900	1,710	2,315	1,735	1,461
Staff costs including directors' emoluments					
— Salaries	6,813	7,258	8,349	6,262	7,851
— Contribution to retirement benefits scheme	143	117	114	87	187
— Share-based payment expenses	—	—	25,912	25,912	2,623

10. Finance Costs

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interests expenses on borrowings wholly repayable within five years:					
— finance lease	2	—	—	—	—
— convertible notes	100	—	—	—	832
— loan payable	238	100	—	—	—
— secured bank loans	—	9,515	19,494	13,718	18,873
	340	9,615	19,494	13,718	19,705

11. Directors' Emoluments

The aggregate amount of emoluments payable to the directors of the Company for the year ended 31 December 2005, 2006 and 2007 and the nine months ended 30 September 2007 and 2008 were HK$1,710,000, HK$360,000, HK$360,000, HK$270,000 and HK$270,000 respectively.

For the year ended 31 December 2005

	Fees	**Salaries and bonuses**	**Mandatory provident fund**	**Share-based payment expenses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Heung Wah Keung	—	—	—	—	—
Ms. Chen Ming Yin, Tiffany	—	—	—	—	—
Mr. Lei Hong Wai *(Note i)*	—	1,341	9	—	1,350
Mr. Lai Hok Lim *(Note ii)*	30	—	—	—	30
Mr. Tang Chak Lam, Gilbert	120	—	—	—	120
Mr. Ho Wai Chi, Paul	120	—	—	—	120
Mr. Lien Wai Hung *(Note iii)*	90	—	—	—	90
	360	1,341	9	—	1,710

For the year ended 31 December 2006

	Fees	Salaries and bonuses	Mandatory provident fund	Share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Heung Wah Keung	—	—	—	—	—
Ms. Chen Ming Yin, Tiffany	—	—	—	—	—
Mr. Tang Chak Lam, Gilbert	120	—	—	—	120
Mr. Ho Wai Chi, Paul	120	—	—	—	120
Mr. Lien Wai Hung *(Note iii)*	120	—	—	—	120
	360	—	—	—	360

For the year ended 31 December 2007

	Fees	Salaries and bonuses	Mandatory provident fund	Share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Heung Wah Keung	—	—	—	—	—
Ms. Chen Ming Yin, Tiffany	—	—	—	—	—
Mr. Tang Chak Lam, Gilbert	120	—	—	—	120
Mr. Ho Wai Chi, Paul	120	—	—	—	120
Mr. Lien Wai Hung *(Note iii)*	120	—	—	—	120
	360	—	—	—	360

For the nine months period ended 30 September 2008

	Fees	Salaries and bonuses	Mandatory provident fund	Share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Heung Wah Keung	—	—	—	—	—
Ms. Chen Ming Yin, Tiffany	—	—	—	—	—
Mr. Tang Chak Lam, Gilbert	90	—	—	—	90
Mr. Ho Wai Chi, Paul	90	—	—	—	90
Mr. Lien Wai Hung *(Note iii)*	90	—	—	—	90
	270	—	—	—	270

For the nine months period ended 30 September 2007 (unaudited)

	Fees	Salaries and bonuses	Mandatory provident fund	Share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Heung Wah Keung	—	—	—	—	—
Ms. Chen Ming Yin, Tiffany	—	—	—	—	—
Mr. Tang Chak Lam, Gibert	90	—	—	—	90
Mr. Ho Wai Chi, Paul	90	—	—	—	90
Mr. Lien Wai Hung *(Note iii)*	90	—	—	—	90
	270	—	—	—	270

Notes:

(i) Mr. Lei Hong Wai resigned as a director on 13 October 2005.

(ii) Mr. Lai Hok Lim resigned as a director on 12 April 2005.

(iii) Mr. Lien Wai Hung was appointed as a director on 12 April 2005.

12. Five Highest Paid Individuals

The emoluments paid to the five highest paid individuals of the Group during the Relevant Periods and the nine months period ended 30 September 2007 were as follows:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries and other benefits	2,244	4,545	4,773	3,274	3,841
Share-based payment expenses	—	—	7,289	7,289	490
Retirement benefit scheme contributions	48	48	48	48	27
	2,292	4,593	12,110	10,611	4,358

None of the five highest paid individuals of the Group was the director of the Company. Their emoluments were within the following bands:

	Number of employees				
	For the year ended 31 December			For the nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Nil to HK$ 1,000,000	—	3	—	—	3
HK$ 1,000,001 to HK$ 1,500,000	—	1	—	—	1
HK$ 1,500,001 to HK$ 2,000,000	—	1	1	2	1
HK$ 2,000,001 to HK$ 2,500,000	—	—	3	2	—
HK$ 2,500,001 to HK$ 3,000,000	—	—	—	1	—
HK$ 3,500,001 to HK$ 4,000,000	—	—	1	—	—

During the Relevant Periods and the nine months period ended 30 September 2007, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments.

13. Taxation

	For the year ended 31 December			For the nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax	—	—	—	—	569
Tax credit	—	—	—	—	(13,854)
Deferred tax *(note 35)*	—	195	13,156	—	(20,026)
	—	195	13,156	—	(33,311)

No provision for Hong Kong Profits Tax or the PRC Corporate Income Tax has been made for the Relevant Periods as the Group either has no estimated assessable profits or its estimated assessable profits are wholly absorbed by the estimated tax losses brought forward. Taxation arising on other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Hong Kong Profits Tax is calculated at 17.5% (for the nine months ended 30 September 2008: 16.5%) of the estimated assessable profits of certain subsidiaries in Hong Kong for the Relevant Periods.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. Accordingly, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 30 September 2008.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax by Order No. 63 of the President of the People's Republic of China, which will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. Deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to respective years when the asset is realised or the liability is settled.

An objection was lodged by Ocean Shore Licensing Limited ("OSLL"), a wholly-owned subsidiary of the Company, against the estimated assessments for the years of assessment from 1994/1995 to 2000/2001 in relation to the offshore claims of sub-licensing income. Provision for taxation of HK$22,238,000 had been made in the Company's audited consolidated financial statements. In February 2008, OSLL reached a compromise settlement on the estimated assessments with the Inland Revenue Department for settling the outstanding tax in an aggregate amount of HK$12,021,000, which included a surcharge of HK$3,637,000. Therefore, a tax credit of HK$13,854,000 was recognised during the nine months ended 30 September 2008.

The taxation for the year/period can be reconciled to the (loss)/profit before taxation per the consolidated income statements as follows:

	For the years ended 31 December						For the nine months ended 30 September			
	2005		2006		2007		2007		2008	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
(Loss)/profit before taxation	(29,644)		(21,099)		38,850		46,216		(243,296)	
Taxation at income tax rate of 16.5% (30 September 2007, 31 December 2007, 2006 and 2005: 17.5%)	(5,191)	17.5	(3,692)	17.5	6,799	17.5	8,088	17.5	(40,143)	16.5
Effect of different tax rates of subsidiaries operating in other jurisdictions	—	—	—	—	11,944	30.7	10,445	22.6	(7,607)	3.1
Tax effect of income that is not taxable in determining taxable profit	(8,554)	28.8	(10,628)	50.4	(9,809)	(25.2)	(19,982)	(43.2)	(556)	0.2
Utilisation of tax losses previously not recognised	—	—	—	—	(17,700)	(45.5)	(6,990)	(15.1)	—	—
Tax effect of expenses that are not deductible in determining taxable profit	11,308	(38.1)	1,833	(8.7)	6,620	17.0	149	0.3	24,791	(10.2)
Tax losses not yet recognised	2,437	(8.2)	12,487	(59.2)	2,146	5.5	8,290	17.9	24,084	(9.9)
Tax refund	—	—	—	—	—	—	—	—	(13,854)	5.7
Increase/(decrease) in deferred tax	—	—	195	(0.9)	13,156	33.9	—	—	(20,026)	8.2
Taxation charge/(credit) for the year/period	—	—	195	(0.9)	13,156	33.9	—	—	(33,311)	13.6

14. (Loss)/Earnings per Share

The calculation of the basis and diluted (loss)/earnings per share is based on the following data:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(Loss)/profits attributable to equity holders of the Company for the purposes of basic and diluted (loss)/earnings per share	(29,664)	(21,294)	25,694	46,216	(209,985)
Number of shares	*'000*	*'000*	*'000*	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/ earnings per share	48,652	64,843	102,941	90,623	195,187

The weighted average number of ordinary shares for the purposes of basic and diluted (loss)/ earnings per share has been adjusted to take into the effect of the share consolidation that became effective on 21 May 2007 and 2 May 2008 respectively. Details of the share consolidation are set out in note 27 to the Financial Information.

The computation of diluted loss per share for the years ended 31 December 2005, 2006 and the nine months ended 30 September 2008 did not assume the exercise of the Company's share options because the effect of exercising an option to subscribe for an additional share in the Company would result in a decrease of loss per share.

Diluted earnings per share for the year ended 31 December 2007 and nine months period ended 30 September 2007 were the same as the basic earnings per share. The Company's outstanding share options were not included in the calculation of diluted earning per share because the effect of the Company's outstanding share options was anti-dilutive.

15. Dividend

The directors of the Company do not recommend the payment of any dividend for the Relevant Periods.

16. Property, Plant and Equipment

The Group

	Buildings	Leasehold improvements	Office equipment	Motor vehicles	Furniture and fixtures	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:						
As at 1 January 2005	3,537	2,136	4,058	1,633	2,128	13,492
Additions	—	39	14	—	—	53
Disposals	(3,537)	—	(1)	—	—	(3,538)
As at 31 December 2005 and 1 January 2006	—	2,175	4,071	1,633	2,128	10,007
Additions	—	1,115	41	—	—	1,156
Additions through acquisition of subsidiaries *(note 36)*	—	—	1,926	—	—	1,926
Disposals	—	(909)	(5,297)	—	(1,030)	(7,236)
Exchange alignments	—	—	20	—	—	20
As at 31 December 2006 and 1 January 2007	—	2,381	761	1,633	1,098	5,873
Additions	—	—	4,907	—	—	4,907
Disposals	—	—	(562)	(376)	—	(938)
Exchange alignments	—	—	8	—	—	8
As at 31 December 2007 and 1 January 2008	—	2,381	5,114	1,257	1,098	9,850
Additions	—	1,074	17,089	813	934	19,910
Written off	—	—	(2)	—	(5)	(7)
Exchange alignments	—	—	304	—	—	304
As at 30 September 2008	—	3,455	22,505	2,070	2,027	30,057

The Group

	Buildings	Leasehold improvements	Office equipment	Motor vehicles	Furniture and fixtures	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accumulated depreciation:						
As at 1 January 2005	—	1,572	2,400	576	969	5,517
Charge for the year	35	385	310	211	167	1,108
Eliminated on disposals	(35)	—	(1)	—	—	(36)
As at 31 December 2005 and 1 January 2006	—	1,957	2,709	787	1,136	6,589
Charge for the year	—	223	155	169	105	652
Acquisition of subsidiaries *(note 36)*	—	—	1,446	—	—	1,446
Eliminated on disposals	—	(873)	(3,831)	—	(576)	(5,280)
Exchange alignments	—	—	(2)	—	—	(2)
As at 31 December 2006 and 1 January 2007	—	1,307	477	956	665	3,405
Charge for the year	—	358	608	127	65	1,158
Eliminated on disposals	—	—	(423)	(292)	—	(715)
Exchange alignments	—	—	2	—	—	2
As at 31 December 2007 and 1 January 2008	—	1,665	664	791	730	3,850
Charge for the period	—	290	2,895	192	53	3,430
Written off	—	—	(1)	—	(3)	(4)
Exchange alignments	—	—	38	—	—	38
As at 30 September 2008	—	1,955	3,596	983	780	7,314
Net book values:						
As at 30 September 2008	—	1,500	18,909	1,087	1,247	22,743
As at 31 December 2007	—	716	4,450	466	368	6,000
As at 31 December 2006	—	1,074	284	677	433	2,468
As at 31 December 2005	—	218	1,362	846	992	3,418

17. Investment Properties

The Group

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	—	—	678,000	887,450
Acquisition of subsidiaries *(note 36)*	—	641,982	—	—
Additions	—	15,852	101,347	38,286
Exchange alignment	—	19,576	48,637	46,408
Transfer from inventories	—	—	15,613	—
Fair value changes recognised in the consolidated income statement	—	590	43,853	(66,751)
At end of the year/period	—	678,000	887,450	905,393

The fair value of the Group's investment properties as at 31 December 2005, 2006 and 2007 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited and the valuation as at 30 September 2008 was carried out by Grant Sherman Appraisal Limited. DTZ Debenham Tie Leung Limited and Grant Sherman Appraisal Limited are independent qualified professional valuer not connected with the Group, has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair values of investment properties shown above comprise:

The Group

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Outside Hong Kong, held on:				
Long term leases	—	678,000	887,450	905,393

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

As at 31 December 2005, 2006 and 2007 and 30 September 2008, the Group's investment properties with carrying amounts of approximately HK$Nil, HK$678,000,000, HK$852,081,000 and HK$856,170,000 respectively have been pledged to secure banking facilities granted to the Group.

18. Interests in Subsidiaries

The Company

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	83,553	83,553	83,553	83,553
Impairment losses recognised	(83,553)	(83,553)	(83,553)	(83,553)
	—	—	—	—
Amounts due from subsidiaries	249,304	562,170	709,207	1,339,100
Provision for impairment	(249,304)	(520,346)	(704,334)	(704,334)
	—	41,824	4,873	634,766

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors of the Company, the carrying amounts of the amounts due from subsidiaries as at 31 December 2005, 2006 and 2007 and 30 September 2008 approximate to their fair values.

The carrying amounts of the interests in subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand. The carrying amounts of amounts due to subsidiaries approximate to their fair values.

Details of the Company's subsidiaries are set out as follows:

Name of subsidiary	Place of incorporation	Particulars of issued share capital/ registered capital	Principal activities
Beijing Jianguo Real Estate Development Company, Limited	British Virgin Islands	1 ordinary share of US$1	Dormant
Best Season Holdings Corporation	British Virgin Islands	100 ordinary shares of US$1 each	Dormant
Bluelagoon Investment Holdings Limited	British Virgin Islands	1 ordinary share of US$1	Investment holding, sales of financial assets, distribution of films and sub-licensing of film rights in the PRC
Dragon Leader Limited	British Virgin Islands	1 ordinary share of US$1	Investment holding

Name of subsidiary	Place of incorporation	Particulars of issued share capital/ registered capital	Principal activities
Gainful Fortune Limited	British Virgin Islands	160,000,100 ordinary shares of HK$1 each	Holding of film rights
Legend Rich Limited	British Virgin Islands	1 ordinary share of US$1	Investment holding
Rich Joy Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	Dormant
Ocean Shores Licensing Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	Holding of film rights outside Hong Kong
Riche Advertising Limited	British Virgin Islands	1 ordinary share of US$1	Sales of financial assets
Riche (BVI) Limited	British Virgin Islands	1,000 ordinary shares of US$1 each	Investment holding in Hong Kong
Riche Distribution Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	Sub-licensing of film rights in Hong Kong and sales of financial assets
Riche International (Macao Commercial Offshore) Limited	Macau	1 share of MOP100,000	Distribution of films and sub-licensing of film rights in the PRC
Riche Multi-Media Limited	Hong Kong	2 ordinary shares of HK$1 each	Distribution of films and other video features in the PRC
Riche Pictures Limited	British Virgin Islands	1 ordinary share of US$1	Investment holding in Hong Kong
Riche Video Limited	Hong Kong	10 ordinary shares of HK$100 each 20,000 non-voting deferred shares of HK$100 each*	Distribution of video products in Hong Kong
Shinhan-Golden Faith International Development Limited	British Virgin Islands	10,000,000 ordinary shares of US$1 each	Investment holding in the PRC
Stable Income Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	Dormant

Name of subsidiary	Place of incorporation	Particulars of issued share capital/ registered capital	Principal activities
World East Investments Limited	British Virgin Islands	1 ordinary share of US$1	Distribution of films and sub-licensing of film rights in the PRC through a PRC agent
北京莎瑪房地產開發有限公司(“Beijing Shama Real Estate Development Limited”) (formerly known as 北京建國房地產開發有限公司 (“Beijing Jianguo Real Estate Development Co. Ltd”))	the PRC	Registered capital of US$15,000,000	Property investment in the PRC
Rich Daily Group Limited	British Virgin Islands	100 ordinary shares of US$1	Provision of management services

* The non-voting deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant company nor to participate in any distribution on winding up.

The Company directly holds the interest in Riche (BVI) Limited. All other subsidiaries are indirectly held by the Company.

All of the subsidiaries are wholly-owned by the Company, except Best Season Holdings Corp., which was 75% owned by the Group.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

19. Goodwill

	The Group
	HK$'000
Cost:	
As at 1 January 2005	39,530
Elimination of accumulated amortisation and impairment upon adoption of HKFRS 3	(7,058)
Acquisition of a subsidiary *(note i)*	7,656
As at 31 December 2005 and 1 January 2006	40,128
Acquisition of subsidiaries *(note ii)*	77,284
As at 31 December 2006,1 January 2007 and 31 December 2007	117,412
Acquisition of subsidiaries *(note iv and note v)*	102,891
As at 30 September 2008	220,303
Accumulated amortisation and impairment:	
As at 1 January 2005	35,130
Elimination of goodwill on adoption of HKFRS 3	(7,058)
Impairment loss recognised *(note iii)*	12,056
As at 31 December 2005, 1 January 2006 and 31 December 2006	40,128
Impairment loss recognised	37,828
As at 31 December 2007 and 1 January 2008	77,956
Impairment loss recognised	142,347
As at 30 September 2008	220,303
Carrying amounts:	
As at 30 September 2008	—
As at 31 December 2007	39,456
As at 31 December 2006	77,284
As at 31 December 2005	—

Notes:

(i) On 19 April 2005, the Group exercised the right under the convertible notes issued by Gainful Fortune Limited ("Gainful Fortune") to convert the outstanding principal of HK$160,000,000 into shares of Gainful Fortune at a conversion price of HK$1 per share. Since then, Gainful Fortune and its wholly-owned subsidiary, Ocean Shores Licensing Limited, (hereinafter collectively refered to as "Gainful Fortune Group") become subsidiaries of the Group. As a result, a positive goodwill of approximately HK$7,656,000 was arisen from the acquisition of Gainful Fortune.

(ii) On 21 June 2006, the Group acquired 100% of the issued share capital of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") and the debts owed by Shin-Golden to Northbay Investments Holdings Limited ("Northbay"). The total consideration of the acquisition at fair value was approximately HK$246,109,000. As a result, a positive goodwill of approximately HK$77,284,000 arose from the acquisition of Shinhan-Golden.

(iii) Due to the continuous losses incurred by Gainful Fortune Group and World East Investments Limited, the directors of the Company reassessed the recoverable amount of the goodwill and decided to make impairment loss on goodwill of approximately HK$7,656,000 and HK$4,400,000 respectively.

(iv) On 18 June 2008, the Group further acquired 3.33% of the issued share capital of Beijing Shama Real Estate Development Limited ("Beijing Shama"). The total consideration of the acquisition at fair value was approximately HK$4,824,000. As a result, a positive goodwill of approximately HK$926,000 arose from the acquisition of Beijing Jianguo.

(v) On 29 August 2008, the Group acquired 100% of the issued share capital of Rich Daily Group Limited ("Rich Daily"). The total consideration of the acquisition at fair value was approximately HK$504,000,000. As a result, a positive goodwill of approximately HK$101,965,000 was arisen from the acquisition of Rich Daily.

Impairment of goodwill

Goodwill arising from the acquisition of Shinhan-Golden and Beijing Shama has been allocated to the leasing of rental property, which is property investment segment and is the cash-generating units ("CGU") identified. Goodwill arising from the acquisition of Rich Daily has been allocated to the provision of management services, which is provision of management services segment and is the CGU identified.

During the year ended 31 December 2006 and 2007 and the nine months ended 30 September 2008, the directors reassessed the recoverable amount of the CGU with reference to the valuation performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers, and determined that an impairment loss in respect of goodwill of approximately HK$Nil and HK$37,828,000 and HK$142,347,000 was recognised respectively.

The recoverable amount of the CGU was assessed by reference to value-in-use calculation. A discount rate of 16.14%, 15.43% and 16.03% respectively for the year ended 31 December 2006, 2007 and the nine months ended 30 September 2008 per annum was applied in the value-in-use model which uses cash flow projection based on financial forecasts approved by the directors of the Company (the "Approved Forecast") covering a ten-year period. Cash flows beyond the ten-year have been extrapolated using a steady 7% growth rate. The growth rate is made by reference to National Bureau of Statistics of China and does not exceed the long-term average growth rate for the market in which the CGU operates. There are a number of assumptions and estimates involved for the preparation of the cash flow projection for the period covered by the Approved Forecast. Key assumptions include gross margin, growth rate and discount rate which are determined by management of the Group based on past experience and its expectation for market development. Gross margin are budgeted gross margin. Growth rate represents the rate used to extrapolate cash flows beyond the ten-year budgeted period and is consistent with the Approved Forecast. The discount rate used is pre-tax and reflects specific risks relating to the market.

20. Intangible Assets

	The Group
	HK$'000
Cost:	
As at 31 December 2005, 2006 and 2007 and 1 January 2008	—
Acquisition of a subsidiary *(note 36)*	456,857
As at 30 September 2008	456,857
Accumulated amortisation:	
As at 31 December 2005, 2006 and 2007 and 30 September 2008	—
Carrying amount:	
As at 30 September 2008	456,857
As at 31 December 2005, 2006 and 2007	—

The intangible assets represented the contract rights to receive services fees by providing management services. The intangible assets have an indefinite useful life and no amortisation has been made.

The directors of the Company reassessed the recoverable amount of contract rights with reference to the valuation performed by Grant Sherman Appraisal Limited, independent qualified professional valuers and determined that no impairment loss is recognised.

The recoverable amount of contract rights was assessed by reference to value-in-use calculation. A discount rate of 18.72% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company covering a ten-year period. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the forecast. Key assumptions include gross margin and growth rate which are determined by the management of the Group based on its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the industry.

21. Inventories

	The Group			
	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finished goods	6	—	—	—
Properties held-for-sale	—	45,154	32,783	34,771
	6	45,154	32,783	34,771

All inventories were carried at cost during the Relevant Periods.

Properties held-for-sale solely comprised of certain units of apartments held by Beijing Shama, a subsidiary of Shinhan-Golden, of which sale and purchase agreements were entered into and full considerations have been received by Beijing Jianguo in respect of these units of apartment (note 31 to the Financial Information). However, the transfer of legal titles of these units of apartments has not yet been completed at the date of this report.

22. Trade Receivables

	The Group			
	As at 31 December			**As at 30 September**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	386	—	215	4,961
31-60 days	258	—	429	—
61-90 days	426	—	107	—
Over 90 days	4,743	1,986	503	2,396
Trade receivables	5,813	1,986	1,254	7,357
Less: Impairment loss recognised in respect of trade receivables	(1,084)	(1,050)	(9)	—
	4,729	936	1,245	7,357

The following is an aged analysis of the trade receivables net of impairment loss at the balance sheet dates:

	The Group			
	As at 31 December			**As at 30 September**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	386	—	213	4,961
31-60 days	258	—	424	—
61-90 days	426	—	106	—
Over 90 days	3,659	936	502	2,396
	4,729	936	1,245	7,357

The Group allows an average credit period of 90 days to its customers.

Aging of trade receivables which are past due but not impaired.

	The Group			
	As at 31 December			**As at 30 September**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	—	—	—	—
31-60 days	—	—	—	—
61-90 days	—	—	—	—
Over 90 days	3,659	936	502	2,396
	3,659	936	502	2,396

As at 31 December 2005, 2006 and 2007 and September 2008, trade receivables of approximately HK$3,659,000, HK$936,000, HK$502,000 and HK$2,396,000 were past due but not impaired. The Group is in negotiation with those customers for settlement of these debts. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there had not been a significant change in credit quality on these balances.

Aging of impaired trade receivables:

	The Group			
	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	—	—	2	—
31-60 days	—	—	5	—
61-90 days	—	—	1	—
Over 90 days	1,084	1,050	1	—
	1,084	1,050	9	—

The carrying amounts of trade receivables approximate to their fair values.

23. Deposits, Prepayments and Other Receivables

	The Group				The Company			
	As at 31 December 2005	**As at 31 December 2006**	**As at 31 December 2007**	**As at 30 September 2008**	**As at 31 31 December 2005**	**As at 31 December 2006**	**As at 31 December 2007**	**As at 30 September 2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deposits	41,734	9,356	2,529	841	—	1,801	1,350	—
Prepayments	1,195	1,842	25,207	21,061	—	—	550	—
Other receivables	13,851	8,187	4,094	1,110	—	—	350	—
	56,780	19,385	31,830	23,012	—	1,801	2,250	—
Less: Impairment loss on provision of bad and doubtful debt	(1,390)	—	—	—	—	—	—	—
Impairment loss recognised in respect of prepayments	(1,188)	(131)	—	—	—	—	—	—
	54,202	19,254	31,830	23,012	—	1,801	2,250	—

The carrying amounts of the deposits, prepayments and other receivables approximate to their fair values.

24. Financial Assets at Fair Value Through Profit or Loss

	The Group			
	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity securities				
— listed in Hong Kong, at market value	30,567	28,100	—	—

During the Relevant Periods, the net gain/(loss) from fair value changes of financial assets at fair value through profit or loss is as follows:

	The Group			
	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unrealised	—	5,360	—	—
Realised	(2,045)	1,768	7,722	—
Total net gain/(loss) from fair value changes of financial assets at fair value through profit or loss	(2,045)	7,128	7,722	—

25. Tax Prepayments

	The Group			
	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Tax reserve certificates	3,055	3,055	3,055	—
Tax paid in advance	1,091	4,665	9,065	—
	4,146	7,720	12,120	—

Tax reserve certificates bear interest rate at 2.73% to 2.80%, 2.60% to 2.85% and 2.33% to 2.68% per annum for the years ended 31 December 2005, 2006 and 2007 respectively.

26. Cash and Cash Equivalents

	The Group				The Company			
	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deposits with banks and other financial institutions	132,250	52,097	463,391	405	132,250	52,097	463,391	—
Cash at bank and in hand	5,723	11,043	68,005	104,148	4,420	3,765	26,147	638
Cash and bank balance	137,973	63,140	531,396	104,553	136,670	55,862	489,538	638

The effective interest rates of deposits in banks and other financial institutions were 3.5% to 3.9%, 3% to 4.8%, 2.2% to 4.3% and 0.5% to 3.5% for the years ended 31 December 2005, 2006, 2007 and the nine months ended 30 September 2008 respectively.

At 31 December 2005, 2006, 2007 and 30 September 2008, cash and cash equivalents of approximately HK$Nil, HK$5,798,000, HK$39,133,000 and HK$100,674,000 are denominated in Renminbi respectively. Renminbi is not freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

27. Share Capital

The Group and the Company

	Number of shares				Nominal value			
	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008
	'000	*'000*	*'000*	*'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Ordinary share of HK$0.01 each (2007: HK$0.1 each; 2006 and 2005: HK$0.01 each)								
Authorised:								
At the beginning of the year/period	20,000,000	20,000,000	20,000,000	6,000,000	200,000	200,000	200,000	600,000
Share consolidation	—	—	(18,000,000)	—	—	—	—	—
Increase in authorised share capital	—	—	4,000,000	—	—	—	400,000	—
Capital reorganization								
— share consolidation	—	—	—	(5,400,000)	—	—	—	—
— capital reduction	—	—	—	—	—	—	—	(594,000)
At the end of the year/period	20,000,000	20,000,000	6,000,000	600,000	200,000	200,000	600,000	6,000
Issued and fully paid:								
At the beginning of the year/period	475,200	5,154,018	6,484,340	1,951,860	47,520	51,540	64,843	195,186
Share subdivision	4,276,800	—	—	—	—	—	—	—
Issuance of new shares								
— 2005	402,018	—	—	—	4,020	—	—	—
— 2006	—	1,330,322	—	—	—	13,303	—	—
— 2007	—	—	2,438,200	—	—	—	127,103	—
Share consolidation	—	—	(7,294,680)	—	—	—	—	—
Exercise of share options								
— 2007	—	—	324,000	—	—	—	3,240	—
— 2008	—	—	—	10	—	—	—	1
Capital reorganization								
— share consolidation	—	—	—	(1,756,674)	—	—	—	—
— capital reduction	—	—	—	—	—	—	—	(193,235)
At the end of the year/period	5,154,018	6,484,340	1,951,860	195,196	51,540	64,843	195,186	1,952

Notes:

For the year ended 31 December 2005

(a) Share subdivision: At the general meeting of the Company held on 14 January 2005, resolutions were passed to approve, among other things, the share subdivision on the basis of one share of HK$0.10 in the issued and unissued share capital of the Company be subdivided into 10 subdivided shares of HK$0.01 each in the issued and unissued share capital of the Company. The share subdivision became effective on 17 January 2005.

(b) Issuance of new shares: On 12 September 2005, 400,000,000 new shares of HK$0.01 each were allotted and issued at a price of HK$0.34 per share pursuant to a placing and subscription agreement dated 7 September 2005. The net proceeds of approximately HK$131,179,000 were intended to be used for investment in other relevant business opportunities that may arise in the future and for general working of the Group. An amount of approximately HK$132,000,000 has been recognised as share premium during the year ended 31 December 2005.

For the year ended 31 December 2006

(a) Issuance of new shares: On 21 June 2006, 1,330,321,745 new shares of HK$0.01 each were allotted and issued to Northbay at a price of HK$0.20 per share to settle the consideration of HK$266,064,350 in respect of the acquisition of 100% of the issued share capital of Shinhan-Golden and the debts owed by Shinhan-Golden to Northbay. An amount of approximately HK$252,761,000 has been recognised as share premium during the year ended 31 December 2006.

For the year ended 31 December 2007

(a) Share consolidation: At the general meeting of the Company held on 18 May 2007, a resolution was passed to approve, among other things, the share consolidation on the basis of ever ten shares of HK$0.01 each in the issued and unissued share capital of the Company be consolidated into one share of HK$0.10 each in the issued and unissued share capital of the Company. The share consolidation became effective on 21 May 2007.

(b) Increase in authorised share capital: At the general meeting of the Company held on 11 December 2007, a resolution was passed to approve the increase authorised share capital of the Company from HK$200,000,000 divided into 2,000,000,000 shares of HK$0.10 each to HK$600,000,000 divided into 6,000,000,000 shares of HK$0.10 each by the creation of 4,000,000,000 new shares of HK$0.10 each.

(c) Issuance of new share:

(i) On 30 March 2007, 1,296,860,000 new shares of HK$0.01 each were allotted and issued to Classical Statute Limited, a substantial shareholder of the Company, at a price of HK$0.04 per share pursuant to the placing and subscription agreements dated 19 March 2007. The net proceeds of approximately HK$50,500,000 were intended to be used to financing possible diversified investment of the Group and general working capital of the Group.

(ii) On 31 May 2007, 155,620,000 new share of HK$0.10 each were allotted and issued at a price of HK$0.55 per share. The net proceeds of approximately HK$83,300,000 were intended to be used for investment in other relevant business opportunities that may arise in the future and for general working capital of the Group.

(iii) On 11 July 2007, 162,100,000 new shares of HK$0.10 each were allotted and issued at a price of HK$0.50 per share by way of placing of new shares under general mandate. The net proceeds of HK$78,900,000 were intended to be used for expansion of the Group's property investment business.

(iv) On 7 August 2007, 173,000,000 new shares of HK$0.10 each were allotted and issued at a price of HK$0.83 per share by way of top-up placing. The net proceeds of HK$139,800,000 were intended to be used for expansion of the Group's property investment business.

(v) On 18 December 2007, 650,619,987 new shares of HK$0.10 each were issued at a price of HK$0.30 per share by way of open offer to the qualifying shareholders on the basis of one offer share for every two existing shares. The net proceeds of HK$189,000,000 were intended to be used for the proposed acquisition of 100% equity interest in Modern Vision (Asia) Limited as disclosed in the Company's announcement dated 23 July 2007 and circular dated 5 November 2007 and general working capital of the Group.

(d) Exercise of share options: On 18 May 2007, the Company allotted and issued 324,000,000 new shares of HK$0.01 each pursuant to the exercise of share options granted to the Group's employees and consultants. The exercise price was HK$0.047 per share.

For the nine months period ended 30 September 2008

(a) Exercise of share options: On 8 April 2008, 10,009 ordinary shares of HK$0.10 each were issued upon exercise of share options.

(b) Capital reorganisation: On 30 April 2008, the shareholders approved the following changes to the capital of the Company ("Capital Reorganisation").

(i) share consolidation: that every ten issued and unissued existing ordinary shares of HK$0.10 each in the share capital of the Company be consolidated into one ordinary share of HK$1.00 each ("Consolidated Shares") in the share capital of the Company;

(ii) capital reduction: that the issued Consolidated Shares be reduced by cancelling the paid-up capital thereof to the extend of HK$0.99 of each issued Consolidated Shares and reducing the nominal value of all the Consolidated Share comprising the authorised share capital of the Company from HK$1.00 each to HK$0.01 each; and

(iii) share premium cancellation: that the entire amount of HK$813,058,000 standing to the credit of the share premium account of the Company as at 31 December 2007 be cancelled and such credit amount arising from the share premium cancellation be applied to the contributed surplus account of the Company where it will be utilised by the Board in accordance with bye-laws of the Company and all applicable laws, including to eliminate the accumulated losses of the Company of HK$518,374,000 as at 31 December 2006 entirely.

The Capital Reorganisation took effect on 2 May 2008.

28. Reserves

The Company

	Share Premium	Contributed surplus	Share-based payment reserve	Convertible notes reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2005	—	163,456	—	—	(150,603)	12,853
Issue of new shares	132,706	—	—	—	—	132,706
Share issue expenses	(4,841)	—	—	—	—	(4,841)
Net loss for the year	—	—	—	—	(93,239)	(93,239)
As at 31 December 2005 and 1 January 2006	127,865	163,456	—	—	(243,842)	47,479
Issue of new shares	252,761	—	—	—	—	252,761
Net loss for the year	—	—	—	—	(274,532)	(274,532)
As at 31 December 2006 and 1 January 2007	380,626	163,456	—	—	(518,374)	25,708
Issue of new shares	416,604	—	—	—	—	416,604
Share-based payment expenses	—	—	32,282	—	—	32,282
Exercise of share option	15,828	—	(3,840)	—	—	11,988
Net loss for the year	—	—	—	—	(223,636)	(223,636)
As at 31 December 2007 and 1 January 2008	813,058	163,456	28,442	—	(742,010)	262,946
Capital reorganistion *(note 27)*						
— capital reduction	—	193,235	—	—	—	193,235
— share premium cancellation	(813,058)	813,058	—	—	—	—
— set-off accumulated losses against contributed surplus	—	(518,374)	—	—	518,374	—
Share-based payment expenses	—	—	3,608	—	—	3,608
Issuance of convertible notes	—	—	—	34,692	—	34,692
Net loss for the period	—	—	—	—	(7,811)	(7,811)
At 30 September 2008	—	651,375	32,050	34,692	(231,447)	486,670

The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company as at the date of the group reorganization and the nominal amount of the Company's share capital issued as consideration for the acquisition as well as the net amount transferred from share premium account and to accumulated losses pursuant to a special resolution passed at the special general meeting held on 22 August 2003.

29. Trade Payables

The following is an aged analysis of fair value of the trade payables at the balance sheet dates:

	The Group			
	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
China Star Entertainment Limited and its subsidiaries ("China Star Group"):				
0-30 days	3	—	—	—
31-60 days	—	—	—	—
61-90 days	—	—	—	—
Over 90 days	15	—	—	—
	18	—	—	—

	The Group			
	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Others:				
0-30 days	—	—	—	—
31-60 days	—	—	—	—
61-90 days	—	—	—	—
Over 90 days	1,696	—	—	—
	1,696	—	—	—
Total	1,714	—	—	—

China Star Entertainment Limited ("China Star") is a substantial shareholder of the Company.

30. Accruals and Other Payables

	The Group				The Company			
	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accruals	1,971	2,965	5,646	5,517	1,118	233	943	732
Other payables	5,648	11,203	6,769	37,231	—	—	—	600
Tax payables	—	6,040	6,830	8,106	—	—	—	—
	7,619	20,208	19,245	50,854	1,118	233	943	1,332

The tax payables represented provision for land appreciation tax on certain units of apartments sold by Beijing Jianguo prior to 2003 (note 21 to Financial Information). According to the PRC tax law and regulation, 30% of land appreciation tax was accrued in the financial statements.

The carrying amounts of accruals and other payables approximate to their fair values.

31. Receipts in Advance

	The Group			
	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade deposits received	483	483	484	485
Receipts in advance	—	60,415	46,557	48,666
	483	60,898	47,041	49,151

The receipts in advance represented the full amount of considerations received from sales of certain units of apartments, details of which are set out in note 21 to the Financial Information. Since the transfer of legal titles of these units of apartments have not yet been completed at the date of this report, no revenue could be recognised for the Relevant Period and the total amount was recorded as receipts in advance.

32. Amounts due to Related Companies

	The Group				The Company			
	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
China Star	33,800	—	—	—	33,800	—	—	—
China Star's subsidiaries	1,032	606	701	660	—	—	—	—
	34,832	606	701	660	33,800	—	—	—

The amount due to China Star was unsecured, interest bearing at 1% per annum and matured on 19 April 2006.

The amounts due to China Star's subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

33. Secured Bank Loans

	The Group			
	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured bank loans	—	357,427	329,018	320,279
The maturity of the above borrowings is as follows:				
Within one year	—	5,470	27,533	23,246
Between one and two years	—	25,000	64,308	34,104
Between two and five years	—	326,957	237,177	262,929
Over five years	—	—	—	—
	—	357,427	329,018	320,279
Less: Amount due within one year shown under current liabilities	—	(5,470)	(27,533)	(23,246)
Amount due after one year	—	351,957	301,485	297,033

The secured bank loans bear interest at rates ranging from 6.16% to 6.41%, 6.16% to 7.35% and 7.18% to 7.35% as at 31 December 2006 and 2007 and 30 September 2008 respectively.

All of the Group's secured bank loans are denominated in Renminbi.

The secured bank loans were secured by certain of the Group's investment properties in the PRC with fair values of approximately HK$678,000,000, HK$852,081,000 and HK$856,170,000 and the Group's bank deposits with balance of approximately HK$Nil, HK$16,832,000 and HK$28,679,000 as at 31 December 2006 and 2007 and 30 September 2008 respectively.

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

34. Convertible Notes

On 29 August 2008, the Group issued two convertible notes to Well Will Investment Limited of HK$72,000,000 ("Convertible Bond I") and HK$72,000,000 ("Convertible Bond II"). The Convertible Bond I and Convertible Bond II bear interest at the rate of 5% per annum. The Convertible Bond I and Convertible Bond II carried the right to convert the principal amount of the Convertible Bond I and Convertible Bond II into shares of HK$0.1 each in the share capital of the Company at a conversion price of HK$1.60 per share. The effective interest rate of the liability component is 9.75% per annum.

The movement of the liability component of the convertible notes during the Relevant Periods is set out below:

	The Group and the Company			
				As at 30
		As at 31 December		**September**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Liability component at beginning of the year/period	—	—	—	—
Proceeds of issue	—	—	—	144,000
Equity component	—	—	—	(41,547)
Liability component at date of issue	—	—	—	102,453
Imputed interest expense for the year/period	—	—	—	232
Liability component at end of the year/period	—	—	—	102,685

35. Deferred Taxation

The followings are the major deferred tax liabilities and assets recognised by the Group and the Company and their movements thereon:

The Group

	Accelerated tax depreciation	Estimated tax losses	Revaluation of investment properties	Convertible notes	Intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2005	427	(427)	—	—	—	—
Charge to consolidated income statement	(173)	173	—	—	—	—
As at 31 December 2005 and 1 January 2006	254	(254)	—	—	—	—
Acquisition of subsidiaries *(note 36)*	—	—	54,488	—	—	54,488
Exchange alignment	—	—	1,634	—	—	1,634
Charge to consolidated income statement	—	—	195	—	—	195
As at 31 December 2006 and 1 January 2007	254	(254)	56,317	—	—	56,317
Exchange alignment	—	—	4,029	—	—	4,029
Charge to consolidated income statement	—	—	13,156	—	—	13,156
As at 31 December 2007 and 1 January 2008	254	(254)	73,502	—	—	73,502
Acquisition of a subsidiary *(note 36)*	—	—	—	—	54,823	54,823
Exchange alignment	—	—	3,649	—	—	3,649
Issue of convertible notes	—	—	—	6,855	—	6,855
Credit to consolidated income statement	—	—	(20,026)	—	—	(20,026)
As at 30 September 2008	254	(254)	57,125	6,855	54,823	118,803

The Company

	Convertible notes	Total
	HK$'000	*HK$'000*
As at 1 January 2005, 31 December 2005, 31 December 2006 and 31 December 2007	—	—
Issue of convertible notes	6,855	6,855
As at 30 September 2008	6,855	6,855

The Group

As at 31 December 2005, 2006 and 2007 and 30 September 2008, the Group had unused estimated tax losses of approximately HK$50,935,000, HK$80,960,000, HK$21,112,000 and HK$222,179,000 respectively available for offset against future profits. A deferred tax asset of approximately HK$254,000 has been recognised. No deferred tax asset has been recognised in respect of the remaining balance of approximately HK$8,666,000, HK$14,422,000, HK$6,778,000 and HK$36,660,000 as at 31 December 2005, 2006 and 2007 and 30 September 2008 respectively due to the unpredictability of future profit streams.

36. Acquisition of Subsidiaries

(a) On 21 June 2006, the Group acquired the entire issued share capital of Shinan-Golden and the debts owed by Shinan-Golden to Northbay for a consideration of approximately HK$266,064,000. The consideration was settled by the issue of 1,330,322,745 ordinary shares of HK$0.01 each in the share capital of the Company, which were allotted, issued and credited as fully paid at a price of HK$0.20 per share. The aggregate amount of goodwill arising as a result of the acquisition was approximately HK$77,284,000.

The fair value of net assets acquired in the transaction and the goodwill arising are as follows:

	Acquiree's carrying amount before combination	**Fair value adjustments**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	480	—	480
Investment properties *(note i)*	483,802	158,180	641,982
Trade receivables	12	—	12
Inventories	43,839	—	43,839
Prepayments, deposits and other receivables	171	—	171
Cash and bank balances	415	—	415
Accruals and other payables	(54,126)	—	(54,126)
Receipts in advance	(59,080)	—	(59,080)
Bank loan, secured	(346,484)	—	(346,484)
Minority interest	(3,896)	—	(3,896)
Deferred taxation	—	(54,488)	(54,488)
Net assets acquired	65,133	103,692	168,825
Goodwill			77,284
			246,109
Special reserve *(note ii)*			19,955
			266,064
Fair value of purchase consideration settled by issuance of new shares *(note iii)*			246,109
Net cash flow from acquisition of a subsidiary:			
Cash paid			—
Cash and bank balances acquired			415
			415

Notes:

(i) The fair value of the investment properties was determined based on the valuation performed by DTZ Debenham Tie Leung Limited, an independent firm of qualified valuers and not connected with the Group, as at the acquisition date.

(ii) The difference between the fair value and the contracted value of consideration paid in respect of the acquisition of the acquired subsidiary.

(iii) The fair value of the consideration shares was determined based on the quoted closing price of the Company's share of HK$0.185 at the date of acquisition and 1,330,322,745 consideration shares.

Details of the acquisition were disclosed in the Company's circular dated 19 May 2006.

If the acquisition had been completed on 1 January 2006, total group turnover for the year 2006 would have been HK$19,803,000, and loss for the year 2006 would have been HK$21,867,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

(b) On 29 August 2008, the Group acquired the entire issued share capital of Rich Daily Group Limited ("Rich Daily") at a total consideration of approximately HK$504,000,000, which were was satisfied by HK$360,000,000 in cash, HK$144,000,000 by the issue of convertible notes. The aggregate amount of goodwill arising as a result of the acquisition was approximately HK$101,965,000.

Rich Daily entered into a services agreement with Ocho Sociedde Unipessoal Limitada ("Ocho"), a Macau company engaged in the gaming promotion business, to receive 0.03% of the rolling turnover generated.

The fair value of net assets acquired in the transaction and the goodwill arising are as follows:

	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
	HK$'000	*HK$'000*	*HK$'000*
Intangible assets *(note i)*	—	456,857	456,857
Cash and bank balances	1	—	1
Deferred taxation	—	(54,823)	(54,823)
Net assets acquired	1	402,034	402,035
Goodwill			101,965
			504,000
Fair value of purchase consideration settled by:			
Cash			360,000
Issuance of convertible notes *(note ii)*			144,000
			504,000
Net cash flow from acquisition of a subsidiary:			
Cash paid			(360,000)
Cash and bank balances acquired			1
			(359,999)

Notes:

(i) The fair value of the intangible asset was determined based on the valuation performed by Grant Sherman Apprisal Limited, an independent firm of professional valuers and not connected with the Group, as at the acquisition date.

(ii) The fair value of the convertible notes issued was determined based on the valuation performed by Grant Sherman Apprisal Limited, an independent firm of professional valuers and not connected with the Group, as at the acquisition date.

Details of the acquisition were disclosed in the Company's circular dated 30 May 2008.

During the nine months ended 30 September 2008, Rich Daily contributed profit of approximately HK$4,742,000 to the Group since the acquisition. If the acquisition had been completed on 1 January 2008, total group turnover for the nine months ended 30 September 2008 would have been HK$4,742,000, and profit for the nine months ended 30 September 2008 would have been HK$4,173,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

37. Commitments

(a) Lease commitments

As lessee

As at the balance sheet dates, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

The Group

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	539	1,332	1,856	685
In the second to fifth year inclusive	38	1,646	341	—
	577	2,978	2,197	685

Operating lease payments represented rentals payable by the Group for its office premises. Leases are mainly negotiated for an average term of two years and rentals are fixed for an average of two years.

As lessor

As at the balance sheet dates, the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of the Group's investment properties, which fall due as follows:

The Group

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	—	2,700	—	2,453

(b) Other commitments

(i) At the balance sheet dates, the Group had other commitments contracted but not provided for in the financial statements:

The Group

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Acquisition of a 100% interest in the issued share capital of Exceptional Gain Profits Limited and a sale loan	—	—	447,000	—
Acquisition of a 3.33% interest in the registered share capital of Beijing Jianguo	—	—	4,538	—
Renovation work in respect of the Group's investment properties	—	63,739	28,750	16,711

(ii) Pursuant to the undertaking letters issued by the owners of 上海昇平文化發展有限公司 during the year ended 31 December 2003, they will transfer their ownership in the registered capital of 上海昇平文化發展有限公司 to the Group at a price to be determined by the valuers in the PRC when the laws in the PRC allow foreign investors to own more than 51% in the registered capital of 上海昇平文化發展有限公司.

(iii) Pursuant to a facility agreement dated 11 May 2007 entered into between Rich Joy Investments Limited, a wholly-owned subsidiary of the Company, and Best Season Holdings Corp. ("Best Season"), a 75% owned subsidiary of the Group, Rich Joy Investments Limited has agreed to grant Best Season a revolving facility of up to HK$200,000,000 for the purpose of its business and working capital requirements. At the balance sheet date, Best Season had not drawn down the facility.

38. Contingencies

Save as disclosed in note 40 to the Financial Information, the Group has no material contingent liabilities at as at the balance sheet dates.

39. Banking Facilities

The Group's secured bank loans of approximately HK$Nil, HK$357,427,000, HK$329,018,000 and HK$320,279,000 as at 31 December 2005, 2006 and 2007 and 30 September 2008 respectively were secured by:

(a) Legal charges over certain of the Group's investment properties with the fair values of approximately HK$Nil, HK$678,000,000, HK$852,081,000 and HK$856,170,000 as at 31 December 2005, 2006 and 2007 and 30 September 2008 respectively.

(b) Legal charges over the Group's bank deposits with balance of approximately HK$Nil, HK$Nil, HK$16,832,000 and HK$28,679,000 as at 31 December 2005, 2006 and 2007 and 30 September 2008 respectively.

(c) Corporate guarantee provided by the Company.

40. Litigations

As at the date of this report, save as disclosed below, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the directors of the Company to be pending or threatened against any member of the Group.

1. A writ of summons and statement of claim was made by ICBC against Beijing Shama for a claim of approximately RMB1,197,000 (or approximately HK$1,197,000) over the non-repayment of a mortgage loan granted to a owner (the "Borrower") of an apartment unit in the Property. The Borrower purchased the apartment unit from Beijing Shama in 2001 and the legal title of the apartment unit has not yet been transferred from Beijing Shama to the Borrower. On 25 December 2006, the PRC court made a verdict that Beijing Shama was liable to ay RMB1,197,000 if the Borrower failed to pay RMB1,197,000 to ICBC. Beijing Shama has deposited with the PRC Court the relevant judgment sum for satisfying the ruling against it. The PRC Court subsequently sold the apartment concerned by auction. The sale proceeds through the auction. have been paid to ICBC for settlement of their judgment directly. Beijing Shama's PRC legal adviser is preparing the necessary documents to apply to the PRC Court for releasing the early payment deposited with the PRC Court back to Beijing Shama.

2. As at 30 September 2008, a writ of summons was filed by an owner of an apartment of the Property against Beijing Shama for property infringement claiming a compensation of RMB600,000 (or approximately HK$682,000). Subsequent to 30 September 2008, the Second Intermediate People Court of Beijing ruled to dismiss the claim.

3. Beijing Shama sued a buyer of an apartment of the Property named 張松一 (the "Defendant") for damages in the sum of RMB730,000 for breach of the sale and purchase agreement and a supplemental agreement in respect of the apartment which the Defendant contracted to purchase. Beijing Shama also sought a ruling that the relevant sale and purchase agreement and the supplemental agreement have been discharged and the delivery vacant possession of the relevant apartment back to Beijing Shama. The PRC Court ruled in Beijing Shama's favour on 20 December 2007. Subsequently the Defendant appealed to the appellate court in the PRC but the PRC appellate court dismissed the appeal on 16 June 2008. The Defendant had further applied to the PRC court for a retrial of the case but the application was dismissed by the PRC Court on 21 December 2008.

41. Share-based Payment Transaction

The Company's share option scheme (the "Option Scheme"), was adopted on 21 January 2002 to replace the share option scheme adopted by the Company on 19 January 2000, and will expire on 20 January 2012. The purpose of the option scheme is to enable the board of directors of the Company to grant share options to selected eligible persons as incentives or rewards for their contribution or potential contribution to the Group.

Under the Option Scheme, the board of directors of the Company may grant share options to the following eligible persons:

(i) any director or proposed director, employee or proposed employee of, or any individual for the time being seconded to work for, any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

(ii) any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

(iii) any business or joint venture partner, contractor, agent or representative of,

(a) any person of entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to;

(b) any supplier, producer or licensor of films, television programmes, video features, goods or services to;

(c) any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of; or

(d) any landlord or tenant (including any subtenant) of,

any member of the Group or any controlling shareholder or a company controlled by a controlling shareholder.

The maximum number of shares which may be issued upon exercise of all share options to be granted by the Company under the Option Scheme and any other share option schemes of the company must not exceed 10% of the Company's shares in issue as at the date of approval of the Option Scheme. Such limit may be refreshed by shareholders in general meeting form time to time. The maximum number of share which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Options Scheme and any other share option schemes of the company must not exceed 30% of the Company's shares in issue from time to time.

The maximum number of shares issued or to be issued upon exercise of share options granted under the Option Scheme and any share option schemes of the Company to any eligible person in any 12 months period shall not exceed 1% of the Company's shares in issue. Any further grant in excess of such limit must be separately approved by shareholders with such eligible person and his associates abstaining form voting.

Any grant of share options to a director, chief executive or substantial shareholder of the Company (or any of their associates) must be approved by independent non-executive directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive directors of the Company (or any of their associates) in excess of 0.1% of the Company's shares in issue and having an aggregate value in excess of HK$5,000,000 in any 12 months period, is required to be approved by shareholders in general meeting in accordance with the Listing Rules.

An offer of the grant of share options must be accepted within 30 days inclusive of the day on which such offer is made, with a payment of HK$1.00 by the grantee to the Company. The exercise period of the share options granted is determinable by the board of directors, but in any event shall not exceed ten years for the date of grant.

The exercise price of share options is determined by the board of directors provided always that it shall be at least the highest of:

(i) the Stock Exchange closing price of the Company's share on the date of grant, which must be a business day; and

(ii) the average Stock Exchange closing price of the Company's share for the five business days immediately preceding the date of grant, provided that the exercise price per share shall in no event be less than the nominal value of the Company's share.

The following table discloses movements of the Company's share options during the Relevant Periods:

Category of eligible person	Date of grant	Exercise period	Exercise price per share HK$ *(Note iv)*	Outstanding as at 1.1.2005, 31.12.2005, 1.1.2006, 31.12.2006 and 1.1.2007 *(Notes ii and iii)*	Granted during 2007	Exercised during 2007 *(Note iii)*	Adjustment for the open offer *(Note iii)*	Outstanding as at 31.12.2007 and 1.1.2008	Granted during 2008 *(Note iii)*	Exercised during 2008 *(Note iii)*	Outstanding as at 30.9.2008
Employees	8.3.2002	8.3.2002 - 7.3.2012	26.150	1,900,000	—	—	(10,674)	1,889,326	—	—	1,889,326
Employees	13.12.2004	13.12.2004 - 12.12.2014	19.510	2,757,000	—	—	(15,489)	2,741,511	—	—	2,741,511
Employees and consultants	22.3.2007	22.3.2007 - 21.3.2017	4.730	—	4,752,000 *(Note ii and iii)*	(3,240,000)	(8,494)	1,503,506	—	—	1,503,506
Employees and consultants	31.5.2007	31.5.2007 - 30.5.2017	7.040	—	7,912,900 *(Note iii)*	—	(44,454)	7,868,446	—	—	7,868,446
Employees and consultants	11.7.2007	11.7.2007 - 10.7.2009	6.340	—	9,853,699 *(Note iii)*	—	(55,358)	9,798,341	—	—	9,798,341
Employees and consultants	20.3.2008	20.3.2008 - 19.3.2010	1.146	—	—	—	—	—	12,744,000	(1,001)	12,742,999
				4,657,000	22,518,599	(3,240,000)	(134,469)	23,801,130	12,744,000	(1,001)	36,544,129
Exercisable at 30 September 2008											36,544,129

Notes:

(i) The exercise period commenced on the date of grant.

(ii) The number of share options has been adjusted for the share consolidation that became effective on 21 May 2007.

(iii) The number of share options has been adjusted for the share consolidation under the Capital Reorganisation that became effective on 2 May 2008.

(iv) The exercise price per share of share options has been adjusted for the capital reduction under the Capital Reorganisation that became effective on 2 May 2008.

(v) The closing price of the Company's share on 17 May 2007 and 8 April 2008, the date on which the share options were exercised, was HK$8.70 and HK$1.06 (before the effective (iv)), per share respectively.

The fair value of the share options granted during the year ended 31 December 2007 and nine months period ended 30 September 2008 was HK$32,282,000 and HK$3,608,000 respectively which has been expensed as share-based payment expenses during the year/period.

The fair values of the share options granted on 22 March 2007 and 31 May 2007 were measured, using Black Scholes model, by BMI Appraisals Limited. The fair values of the share options granted on 11 July 2007 and 20 March 2008 were measured, using a binominal option pricing model, by Grant Sherman Appraisals Limited. The following table lists the inputs to the models used:

	22 March 2007	**31 May 2007**	**11 July 2007**	**20 March 2008**
Option life	10 years	10 years	2 years	2 years
Grant date share price	HK$4.20	HK$7.00	HK$6.30	HK$1.00
Exercise price	HK$4.70	HK$7.00	HK$6.30	HK$1.146
Expected volatility (%)	71.37%	76.53%	85.12%	95.35%
Expected lives of share Options	1 month	3 months	2 years	2 years
Dividend yield (%)	0%	0%	0%	0%
Risk-free interest rate	3.629%	4.017%	4.236%	5.752%

The expected lives of share options are based on the historical data over the past five years and are not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

As at 30 September 2008, the Company had 36,544,129 share options outstanding under the Option Scheme (31 December 2007: 23,801,130; 31 December 2006: 4,657,000; 31 December 2005: 4,657,000), representing 12.19% (31 December 2007: 12.19%; 31 December 2006: 7.18%; 31 December 2005: 9.04%) of the existing issued share capital of the Company.

42. Retirement Benefits Schemes

With effect from 1 December 2000, the Group has set up a defined contribution retirement scheme, the Mandatory Provident Fund Scheme (the "MPF Scheme"), for all the eligible employees of the Group. The Group did not provide retirement benefits for its employees prior to set up of the MPF Scheme.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to maximum of HK$1,000 per employee and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of HK$1,000 (the "Mandatory Contribution"). The employees are entitled to 100% of the employer's Mandatory Contribution upon their retirement at the age of 65 years old, death or total incapacity.

43. Material Related Party Transactions

(a) Save as disclosed elsewhere in these consolidated financial statements, the Group had entered into the following material related party transactions with China Star and its subsidiaries during the Relevant Periods:

		The Group				
		For the year ended 31 December			For the nine months ended 30 September	
Name of company	Nature of transaction	2005	2006	2007	2007	2008
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
1. China Star	Salaries	—	(1,118)	(1,300)	(900)	(990)
2. China Star	Interest expenses	(100)	(100)	—	—	—
3. China Star Production Limited	Post-production services expenses	736	(90)	—	—	—
4. China Star	Repayment of loan	—	(33,800)	—	—	—
5. China Star	Amount due by the Group	—	(602)	(700)	—	—
6. China Star Laser Disc Company Limited	Amount due by the Group	—	—	(1)	—	—
7. China Star International Distribution Limited	Amount due by the Group	—	(2)	—	—	—
8. China Star Production Services Limited	Amount due by the Group	—	(2)	—	—	—
9. China Star HK Distribution Limited	Sub-licensing income	—	200	—	—	—
10. China Star	Interest expenses on convertible notes payable	(238)	—	—	—	—
11. China Star	Repayment of convertible notes payable	(33,800)	—	—	—	—
12. China Star	Loans received	33,800	—	—	—	—
13. China Star	Sales of leasehold land and buildings	9,000	—	—	—	—
14. China Star	Purchase of distribution rights to films	(3,600)	—	—	—	—
15. China Star	Purchase of films rights	(5,347)	—	—	—	—

For the year ended 31 December 2005

(a) On 5 February 2002, the Group and China Star Group entered into a territory supply agreement whereby China Star Group, during the term of 3 years from 8 April 2002, granted in favour of the Group a first right of refusal to acquire the exclusive distribution rights in respect of each film in the PRC and Monogolia and an option to acquire the theatrical rights. In April 2005, the territory supply agreement expired and China Star Group settled the deposit of HK$5,000,000 with the Group.

During the year ended 31 December 2005, the Group acquired the distribution rights of five films from China Star Group at a total consideration of approximately HK$3,600,000 and the theatrical rights of five films from China Star Group at a total license fee of approximately HK$5,347,000 pursuant to the relevant territory distribution agreements.

(b) During the year ended 31 December 2005, the Group had no interest receivable from the associate as the Group exercised the right under the convertible notes to convert the outstanding principal amount of HK$160,000,000 into shares of the associate.

(c) On 19 April 2005, the convertibles notes of HK$33,800,000 issued by the Group to China Star Group matured. China Star Group did not exercise the right to convert the outstanding principal amount of HK$33,800,000 into shares of the Company and the Company repaid HK$33,800,000 to China Star Group.

(d) On 19 April 2005, China Star granted a one year term loan of HK$33,800,000 to the Company. The loan is unsecured, interest bearing at 1% per annum and repayable on 19 April 2006.

(e) On 7 July 2005, the Group disposed its leasehold land and buildings to China Star Group at a total consideration of HK$9,000,000. The consideration was agreed between the parties based on arms' length negotiations with reference to a property valuation done by an independent firm of professional chartered surveyors appointed by China Star Group.

The board of directors of the Company (including the independent non-executive directors) considered the terms of the disposal to be on normal commercial terms and fair and reasonable and in the interests of the Company's shareholders.

The disposal constitutes a discloseable and connected transaction for the Company under the Chapter 14 of the Listing Rules. Please refer to the Company's announcement dated 7 July 2005 and circular dated 29 July 2005 for details.

For the year ended 31 December 2006

(i) During the year ended 31 December 2006, the Group sold four film rights to China Star Group.

(ii) During the year ended 31 December 2006, the Company repaid the one year term loan of HK$33,800,000 to China Star.

For the year ended 31 December 2007

(a) The Group entered into a conditional sale and purchase agreement with China Star on 1 August 2007 pursuant to which the Group would acquire a 100% interest in the issued share capital of Exceptional Gain Profits Limited, a wholly-owned subsidiary of China Star, and a sale loan at a consideration of HK$447,000,000. The consideration shall be satisfied by the issue of a convertible note by the Company. Exceptional Gain Profits Limited is an investment holding vehicle, which indirectly holds a 50% interest in Kingsway Hotel Limited. The consideration was determined after arm's length commercial negotiations and with reference to an independent property valuation conducted by DTZ Debenham Tie Leung Limited on an open market basis valuing Kingsway Hotel at approximately HK$894,000,000 at 31 July 2007. The transaction was approved by the independent shareholders at the special general meeting of the Company held on 31 December 2007. On 31 December 2007, the Group and China Star entered into a deed of variation pursuant to which the parties mutually agreed to extend the long stop date in the conditional sale and purchase agreement from 31 December 2007 to 28 February 2008.

(b) During the year, the Group entered in to the following material related party transactions with Ms. Chen Ming Yin, Tiffany, a director of the Company:

I. On 19 July 2007, the Group entered into a conditional sale and purchase agreement with Ms. Chen Ming Yin, Tiffany pursuant to which the Group would acquire a 100% interest in the issued share capital of Modern Vision (Asia) Limited at a consideration of HK$684,000,000 (subject to adjustment). The major asset of Modern Vision (Asia) Limited is its indirect 50% interest in a lot of land with the area of 4,669 square meters located in the Nam Van Lakes Zone, Macau. The consideration was determined between the Group and Ms. Chen Ming Yin, Tiffany on a "willing buyer – willing seller" basis. The transaction was not approved by the independent shareholders at a special general meeting of the Company held on 21 November 2007.

II. On 5 November 2007, Ms. Chen Ming Yin, Tiffany granted an unsecured and interest-free loan of HK$45,000,000 to the Company. The Company repaid the loan on 27 November 2007.

(b) Compensation of key management personnel

Remuneration for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in notes 11 and 12 to the Financial Information, is as follows:

	The Group				
	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries	3,276	3,954	3,875	2,655	2,835
Contribution to retirement benefits scheme	36	24	24	24	18
Share-based payment expenses	—	—	4,345	4,345	349
	3,312	3,978	8,244	7,024	3,202

44. Pledge of Assets

During the Relevant Periods, the Group has pledged its investment properties with fair values of HK$Nil, HK$678,000,000, HK$852,081,000 and HK$856,170,000 and its bank deposits of approximately HK$Nil, HK$Nil, HK$16,832,000 and HK$28,679,000 as at 31 December 2005, 2006, 2007 and 30 September 2008 respectively which were held by Beijing Shama to secure the bank loans amounted to HK$Nil, HK$357,427,000, HK$329,018,000 and HK$320,279,000 respectively.

45. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including equity price risk and foreign currency risk), credit risk, liquidity risk and cash flow and fair value 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.

(i) Equity price risk

The Group is exposed to equity price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group's exposure equity price risk is mainly concentrated on equity securities quoted in The Stock Exchange of Hong Kong Limited. The Group has limited exposure to equity price risk since the investment securities held as at balance date is not significant. As at 31 December 2005, 2006 and 2007 and 30 September 2008, the Group held financial assets at fair value through profit or loss amounted to HK$30,567,000, HK$28,100,000, HK$Nil and HK$Nil respectively. The Group is not exposed to commodity price risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. If equity prices had been 5% higher/ lower, net profit for the year ended 31 December 2005, 2006 and 2007 and for the nine months ended 30 September 2008 will be increase/decrease by HK$1,069,000, HK$761,000, HK$Nil and HK$Nil respectively as a result of the changes in fair value of financial assets at fair value through profit or loss. The Group's sensitivity to equity prices has not changed significantly from previous years.

(ii) *Foreign currency risk*

The Group operates in Hong Kong, the PRC and Macau and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to Macau Pataca and Renminbi. The Group does not hedge foreign currency translation risk because translation gains or losses do not affect the project company's cash flow or the Group's annual profit.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in Renminbi Rate	**Increase/ (decrease) in profit/(loss) before tax**
	%	*HK$'000*
As at 31 December 2005		
If Renminbi weakens against Hong Kong dollar	5	4
If Renminbi strengthens against Hong Kong dollar	(5)	(4)
As at 31 December 2006		
If Renminbi weakens against Hong Kong dollar	5	290
If Renminbi strengthens against Hong Kong dollar	(5)	(290)
As at 31 December 2007		
If Renminbi weakens against Hong Kong dollar	5	1,957
If Renminbi strengthens against Hong Kong dollar	(5)	(1,957)
As at 30 September 2008		
If Renminbi weakens against Hong Kong dollar	5	5,034
If Renminbi strengthens against Hong Kong dollar	(5)	(5,034)

(iii) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that distribution of films and sub-licensing of film rights to customers with an appropriate credit history. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the each financial asset, including trade and other receivables, as reported on the balance sheet.

(iv) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Group closely monitors its exposure to liquidity risk by reviewing the cash position report monthly. It analyses efficiency of fund management appropriately on the drawdown of bank loans and appoint dedicated personnel to ensure loans are serviced on a timely and accurate basis. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

As at 31 December 2005	**Less than 1 month** *HK$'000*	**1 to 3 months** *HK$'000*	**3 months to 1 year** *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Accruals and other payables	7,619	—	—	—	—	7,619
Receipts in advance	483	—	—	—	—	483
	8,102	—	—	—	—	8,102

As at 31 December 2006	**Less than 1 month** *HK$'000*	**1 to 3 months** *HK$'000*	**3 months to 1 year** *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Accruals and other payables	20,208	—	—	—	—	20,208
Receipts in advance	60,898	—	—	—	—	60,898
Secured bank loans	—	—	5,470	351,957	—	357,427
	81,106	—	5,470	351,957	—	438,533

As at 31 December 2007	**Less than 1 month** *HK$'000*	**1 to 3 months** *HK$'000*	**3 months to 1 year** *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Accruals and other payables	19,245	—	—	—	—	19,245
Receipts in advance	47,041	—	—	—	—	47,041
Secured bank loans	738	10,718	16,077	301,485	—	329,018
	67,024	10,718	16,077	301,485	—	395,304

As at 30 September 2008	**Less than 1 month** *HK$'000*	**1 to 3 months** *HK$'000*	**3 months to 1 year** *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Accruals and other payables	50,854	—	—	—	—	50,854
Receipts in advance	49,151	—	—	—	—	49,151
Secured bank loans	—	510	22,736	297,033	—	320,279
	100,005	510	22,736	297,033	—	420,284

(v) Cash flow and fair value interest rate risk

The Group's cash flow interest-rate risk arises from bank borrowings. The Group's fair value interest-rate risk mainly arises from fixed-rate short-term bank deposits. The Group currently does not have an interest-rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest-rate exposure should need arises.

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's post-tax profit for the year (as a result of change in interest expense on floating rate borrowings). For floating-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. The sensitivity to interest rate used is considered reasonable given the market forecasts available at the balance sheet date and under the economic environments in which the Group operates, with all other variables held constant.

				At
		At 31 December		30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars				
If interest rates were 2% higher				
Post-tax profit for the year	—	(431)	(527)	(788)
If interest rates were 2% lower				
Post-tax profit for the year	—	431	527	788

(b) Fair value estimation

The carrying amounts of the Group's financial assets, including cash and bank balances, trade receivables, deposits, prepayments and other receivables, and financial liabilities, including other payables, accruals and amounts due to related companies, approximate to their fair values due to their short maturities. The face values less any credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. In assessing the fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid price. The fair value of financial instrument that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted value of future cash flows, and makes assumptions that are based on market conditions existing at each balance sheet date. The carrying values of the current financial assets and current financial liabilities approximate to their fair values.

(c) Capital risk management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintains a strong credit rating and healthy ratios in order to support its business and enhance shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or raise and repay debts. The Group's capital management objectives, policies or processes were unchanged during the Relevant Periods. The Company monitors capital using gearing ratio, which is the Group's total borrowings over equity attributable to equity holders of the Company. The gearing ratios as at 31 December 2005, 2006 and 2007 and 30 September 2008 were as follows:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due to related companies	34,832	606	701	660
Convertible notes	—	—	—	102,685
Secured bank loans	—	357,427	329,018	320,279
Total borrowings	34,832	358,033	329,719	423,624
Equity attributable to the equity holders of the Company	167,610	399,636	1,046,080	911,126
Gearing ratio	20.8%	89.6%	31.5%	46.5%

46. Subsequent Events

(a) On 26 November 2008, the Group entered into a sale and purchase agreement with Mega Shell Services Limited in relation to disposals of the entire share capital of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") and World East Investments Limited ("World East") and loans held by the Company at a consideration of approximately HK$211,466,310 which shall be satisfied by cash, shares of Golife Concepts Holdings Limited ("Golife"), convertible notes and promissory note to be issued by Golife. Details of which were set out in the Company's announcement dated 10 December 2008.

(b) On 23 December 2008, the Group entered into a termination agreement in relation to the acquisition of a 100% interest in the issued share capital of Exceptional Gain Profits Limited and a sale loan (the "Acquisition") and an announcement of the Group dated 31 December 2007 and further announcements dated 28 February 2008, 31 March 2008, 29 May 2008, 31 July 2008 and 31 October 2008 in relation to the extension of the long stop date. Upon the signing of the termination agreement, none of the parties to the S&P agreement has any liability towards the other parities under the S&P agreement.

(c) On 29 December 2008, the Company entered into a top-up placing agreement with Classical Statue Limited ("Classical Statue"). Classical Statue has agreed to place, through the placing agent on a fully underwritten basis 39,000,000 placing shares to independent investors at a price of HK$0.102 per placing share. Details of which were set out in the Company's announcement dated 29 December 2008.

The top-up subscription had been completed on 9 January 2009.

2. STATEMENT OF INDEBTEDNESS

As at the close of business of 31 January 2009, being the latest practicable date for the purpose of the statement of indebtedness, the Group had outstanding borrowings and commitments of approximately HK$426,320,000 and approximately HK$210,783,000 respectively, details of which are as follows:

Borrowings

As at 31 January 2009, the Group had outstanding borrowings of approximately HK$426,320,000 which comprised (i) a bank borrowing of approximately HK$322,090,000, which were secured by certain of the Group's investment properties, a bank deposit of approximately HK$27,341,000 and a corporate guarantee given by the Company; (ii) the liability component of the Convertible Bonds of approximately HK$103,630,000 with an aggregate principle amount of HK$144,000,000; and (iii) amount due to China Star Entertainment Limited of HK$600,000.

Commitments

As at 31 January 2009, the Group had the following material commitments:

(a) capital expenditures of approximately HK$10,783,000 in respect of the renovation works of the Group's investment properties;

(b) an unused revolving facility of up to HK$200,000,000 granted to Best Season Holdings Corp., a 75% owned subsidiary of the Group; and

(c) a commitment in respect of acquiring the registered capital of 上海昇平文化發展有限公司 from its owners at a price to be determined by the valuers in Mainland China when the laws in Mainland China allow foreign investors to own more than 51% interest in the registered capital of 上海昇平文化發展有限公司.

Disclaimer

Saved as disclosed above and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, capital commitments, guarantees or other material contingent liabilities as at the close of business on 31 January 2009.

3. WORKING CAPITAL

As at the Latest Practicable Date, after taking into account of the available credit facilities and the internal resources of the Group, the Directors were of the opinion that the Group had sufficient working capital for the 12-month period from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2008, being the date to which the latest audited financial statements of the Group were made up.

In arriving at the aforesaid statement, the Directors have performed sufficient due diligence on the Group and anticipated that:

(a) there will be no significant change in the fair value of the Group's investment properties during the period from 1 October 2008 to 31 January 2009 as the Group's investment properties was valued at RMB796,440,000 (approximately HK$905,393,000) as at 30 September 2008 in the Group's consolidated balance sheet, whereas the carrying amount of the Group's investment properties as at 31 January 2009 was approximately HK$919,751,000. Having discussed with the independent qualified professional valuers, the Directors do not anticipate any substantial movements in the fair value of the Group's investment properties during the month of February 2009; and

(b) there will be no significant further impairment loss incurred in respect of goodwill as the goodwill arising from the acquisition of Shinhan-Golden Faith International Development Limited and Rich Daily Group Limited had been fully impaired in the nine months ended 30 September 2008.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 September 2008.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer been completed as at 30 September 2008 or any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 30 September 2008, as set out in Appendix I to this Prospectus, and adjusted to reflect the effect of the Open Offer. Unless otherwise defined, capitalised terms used in the following text shall have the same meaning of those used in the Prospectus.

	Adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2008	Net proceeds from the Top-Up Placing, the First Tranche Placing and the Second Tranche Placing	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2008 prior to completion of the Open Offer	Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2008 upon completion of the Open Offer
	(Note 1)	*(Note 2)*		*(Note 4)*	
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Based on 367,093,498 Offer Shares to be issued *(Note 3)*	509,092	50,540	559,632	34,340	593,972

Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the equity holders of the Company as at 30 September 2008 upon completion of the Top-Up Placing, the First Tranche Placing and the Second Tranche Placing prior to completion of the Open Offer *(Note 5)*	HK$0.762
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the equity holders of the Company as at 30 September 2008 upon completion of the Open Offer *(Note 6)*	HK$0.539

Notes:

1. The adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2008 is based on the consolidated net assets of the Group attributable to the equity holders of the Company as at 30 September 2008 of approximately HK$911,126,000, as extracted from Appendix I to this Prospectus, with an adjustment for the intangible assets of approximately HK$456,857,000 minus the relevant deferred tax liabilities arising from the intangible assets of approximately HK$54,823,000.

2. On 4 November 2008, the Company and the Underwriter entered into a conditional placing agreement as supplemented by a supplemental agreement dated 6 November 2008 (the "Placing Agreement"). Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Underwriter, on a best effort basis a maximum of 500,000,000 new Shares by a maximum of 5 tranches (in which each tranche shall not be less than 100,000,000 new Shares, save for the last tranche) to independent investors at a placing price, which must not be lower than 85% or more of the average closing prices of the Shares quoted on the Stock Exchange in the last 30 consecutive trading days up to and including the date on which the placing price is fixed for such tranche and shall not be less than HK$0.05 per Share. The placing price of the First Tranche Placing of HK$0.102 per new Share was fixed on 3 February 2009. The First Tranche Placing of 200,000,000 new Shares was completed on 11 February 2009. The placing price of the Second Tranche Placing of HK$0.091 per new Share was fixed on 16 February 2009. The Second Tranche Placing of 300,000,000 new Shares was completed on 2 March 2009. The net proceeds received from the First Tranche Placing and the Second Tranche Placing by the Company were approximately HK$19,870,000 and approximately HK$26,850,000, respectively.

   On 29 December 2008, CSL, the Company and the Underwriter entered into a top-up placing agreement. Pursuant to the top-up placing agreement, CSL had agreed to place, through the Underwriter, an aggregate of 39,000,000 existing Shares, on a fully underwritten basis, to not less than six placees at a price of HK$0.102 per existing Share and had conditionally agreed to subscribe for an aggregate of 39,000,000 new Shares at a price of HK$0.102 per new Share. The Top-Up Placing was completed on 9 January 2009. The net proceeds received from the Top-Up Placing was approximately HK$3,820,000.

   The total net proceeds received from the First Tranche Placing, the Second Tranche Placing and the Top-Up Placing was approximately HK$50,540,000.

3. Subsequent to 30 September 2008, the Company had completed the First Tranche Placing, the Second Tranche Placing and the Top-Up Placing. Therefore, the total number of Shares in issue has been increased to 734,186,997. Pursuant to the Underwriting Agreement, the Company will issue 367,093,498 Offer Shares and the Underwriter has conditionally agreed to underwrite 96,171,242 Offer Shares. CSL has given the CSL Undertaking in favour of the Company and the Underwriter (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer; and (iii) to subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.

4. The estimated net proceeds from the Open Offer of approximately HK$34,340,000 is based on 367,093,498 Offer Shares to be issued at the subscription price of HK$0.10 per Offer Share and after deduction of estimated related expenses include among others, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK$2,370,000.

5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the equity holders of the Company upon completion of the Top-Up Placing, the First Tranche Placing, the Second Tranche Placing prior to completion of the Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company prior to completion of the Open Offer of approximately HK$559,632,000 divided by 734,186,997 Shares in issue upon completion of the Top-Up Placing, the First Tranche Placing and the Second Tranche Placing. The 734,186,997 Shares in issue comprised 195,186,997 Shares in issue as at 30 September 2008, the 39,000,000 new Shares issued under the Top-Up Placing, the 200,000,000 new Shares issued under the First Tranche Placing and the 300,000,000 new Shares issued under the Second Tranche Placing.

6. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the equity holders of the Company upon completion of the Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company upon completion of the Open Offer of approximately HK$593,972,000 divided by 1,101,280,495 Shares in issue upon completion of the Open Offer. The 1,101,280,495 Shares in issue comprised the existing 734,186,997 Shares in issue (for details of the 734,186,997 Shares in issue, please refer to note 5) and the 367,093,498 Offer Shares to be issued under the Open Offer.

7. Except for the Top-Up Placing, the First Tranche Placing and the Second Tranche Placing as stated in note 2, no other adjustments have been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 September 2008.

2. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of the report, prepared for the sole purpose of inclusion in this Prospectus, received from the reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong, in connection with the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group set out in this appendix.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

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

9 March 2009

The Directors
China Star Investment Holdings Limited
Room 3408, Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of China Star Investment Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the open offer of 367,093,498 offer shares to the qualifying shareholders at the subscription price of HK$0.10 per offer share on the basis of one offer share for every two existing shares held on the record date and payable in full on application (the "Open Offer") might have affected the financial information of the Group presented, for inclusion in Appendix II to the prospectus dated 9 March 2009 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 106 to 109 of the Prospectus.

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

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any report previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

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

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions made by the directors of the Company and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2008 or any future date.

Opinion

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Open Offer are as follows:

Authorised:		*HK$*
2,000,000,000	Shares as at the Latest Practicable Date and immediately upon completion of the Open Offer	20,000,000
Issued and fully paid:		
734,186,997	Shares in issue as at the Latest Practicable Date	7,341,869.97
367,093,498	Offer Shares to be issued	3,670,934.98
1,101,280,495	Shares in issue immediately upon completion of the Open Offer	11,012,804.95

All the Shares in issue and the Offer Shares (when allotted and fully paid) to be allotted and issued rank pari passu in all respects with each other including as regards to dividends and voting rights.

The issued Shares are listed on the Main Board of the Stock Exchange. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted, except for the 367,093,498 Offer Shares, the 90,000,000 Shares to be issued upon conversion of the Convertible Bonds (subject to the escrow clause under the sale and purchase agreement of which was set out in the Company's circular dated 30 May 2008) and the 36,544,130 outstanding Options exercisable into 36,544,130 Shares.

Save as disclosed above, the Company does not have any other outstanding derivatives, options, warrants and conversion rights or similar rights or securities in issue which are convertible or exchange into Shares or Offer Shares.

DISCLOSURE OF INTERESTS BY DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, no Directors or chief executive of the Company had or was deemed to have interests or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

Long position

Name of Director	Nature of interest	Interest in Shares	Interest in underlying Shares	Total interest in Shares	Percentage of the issued capital of the Company
Ms. Chen	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Mr. Heung	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%

DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long position

Name	*Notes*	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Share	Percentage of the issued capital of the Company
CSL	*1*	Beneficial owner	329,282,868	—	329,282,868	44.85%
Glenstone Investments Limited	*1*	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Porterstone	*1*	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Mr. Heung	*1*	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Ms. Chen	*1*	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Well Will Investment Limited		Beneficial owner	—	90,000,000	90,000,000	46.11%
Mr. Ng Cheuk Fai		Interest of controlled corporation	—	90,000,000	90,000,000	46.11%
The Underwriter	*2*	Other	96,171,242	—	96,171,242	8.73%
Ms. Chu Yuet Wah	*2*	Interest of controlled corporation	96,171,242	—	96,171,242	8.73%

Name	*Notes*	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Share	Percentage of the issued capital of the Company
Ms. Ma Siu Fong	*2*	Interest of controlled corporation	96,171,242	—	96,171,242	8.73%
Northbay Investments Holdings Limited	*3*	Beneficial owner	12,949,217	—	12,949,217	9.95%
Asia Vest Partners VII Limited	*3*	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%
Asia Vest Partners X Limited	*3*	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%
Asia Vest Partners Limited	*3*	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%
Mr. Andrew Nan Sherrill	*3*	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%

Notes:

1. CSL is a company wholly-owned by Glenstone Investments Limited. Glenstone Investments Limited is a company owned as to 60% by Porterstone (a company wholly owned by Ms. Chen) and as to 40% by Mr. Heung.

2. The Underwriter is interested in 96,171,242 Shares by virtue of its capacity as the underwriter in relation to the Open Offer. 51% and 49% of the shareholding of the Underwriter are respectively owned by Ms. Chu Yuet Wah and Ms. Ma Siu Fong. Ms. Chu Yuet Wah and Ms. Ma Siu Fong are deemed to be interested in the 96,171,242 Shares pursuant to the SFO.

3. 12,949,217 Shares are beneficially owned by Northbay Investments Holdings Limited. 35.5% and 64.5% of the shareholding of Northbay Investments Holdings Limited are respectively owned by Asia Vest Partners VII Limited and Asia Vest Partners X Limited, and both of them are indirectly wholly-owned by Mr. Andrew Nan Sherrill through Asia Vest Partners Limited.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the date of this Prospectus and which was significant in relation to the business of the Group.

None of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 September 2008, being the date to which the latest published audited accounts of the Group were made up.

COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business or interest that competes or may compete with the business of the Group or any other conflicts of interest with the Group.

LITIGATION

As at the Latest Practicable Date, neither the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EXPERT AND CONSENT

The followings are the qualifications of the expert who has given opinion and advice, which is contained in this Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng	Chartered Accountants Certified Public Accountants

HLB Hodgson Impey Cheng has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letters and references to its name in the form and context in which it appears.

EXPERT'S INTEREST IN ASSETS

As at the Latest Practicable Date, HLB Hodgson Impey Cheng:

(a) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to an member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 September 2008, being the date to which the latest published audited accounts of the Company were made up; and

(b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

MATERIAL CONTRACTS

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

(i) the placing agreement dated 19 March 2007 entered into between CSL, the Underwriter and the Company in relation to the top-up placing of 1,296,860,000 new ordinary shares of HK$0.01 each in the share capital of the Company at a price of HK$0.04 per share;

(ii) the conditional placing agreement dated 4 April 2007 entered into between the Company and the Underwriter in relation to the placing of 155,620,000 new ordinary shares of HK$0.10 each in the share capital of the Company at a price of HK$0.55 per share;

(iii) the joint venture agreement dated 11 May 2007 entered into between Legend Rich Limited, a wholly-owned subsidiary of the Company, the Company and Steve Leung Hotel Design and Management Limited;

(iv) the facility agreement dated 11 May 2007 entered into between Rich Joy Investments Limited, a wholly-owned subsidiary of the Company, and Best Season Holdings Corp., a 75% owned subsidiary of the Company, in relation to the revolving facility of up to HK$200,000,000;

(v) the placing agreement dated 25 June 2007 entered into between the Company and the Underwriter in relation to the placing of 162,100,000 new ordinary shares of HK$0.10 each in the share capital of the Company at a price of HK$0.5 per share;

(vi) the conditional sale and purchase agreement dated 19 July 2007 entered into between Legend Rich Limited and Ms. Chen relating to an acquisition of a 100% interest in Modern Vision (Asia) Limited;

(vii) the placing agreement dated 24 July 2007 entered into between CSL, the Underwriter and the Company in relation to the top-up placing of 173,000,000 new ordinary shares of HK$0.10 each in the share capital of the Company at a price of HK$0.83 per share;

(viii) the conditional sale and purchase agreement dated 1 August 2007 entered into between Legend Rich Limited, the Company and China Star Entertainment Limited (a then substantial Shareholder) relating to the acquisition of a 100% interest in the issued share capital of Exceptional Gain Profit Limited and a sale loan;

(ix) the underwriting agreement dated 16 October 2007 entered into between the Company and the Underwriter in relation to proposed issue of 650,619,987 new ordinary shares of HK$0.10 each in the share capital of the Company at a subscription price of HK$0.30 per share by way of open offer to the qualifying Shareholders for subscription on the basis of one offer share for every two existing shares held on the record date;

(x) the loan agreement dated 5 November 2007 entered into between the Company and Ms. Chen pursuant to which Ms. Chen granted an unsecured and interest-free loan of HK$45,000,000 to the Company for a period of six months from the date of the loan agreement;

(xi) the conditional sale and purchase agreement dated 28 February 2008 entered into between Riche (BVI) Limited, a wholly-owned subsidiary of the Company, and Well Will Investment Limited relating to an acquisition of a 100% interest in Rich Daily Group Limited;

(xii) the service agreement entered into between Ocho Sciedade Unipessoal Limited ("Ocho") and Rich Daily Group Limited on 28 February 2008 in relation to the provision of converge services by Rich Daily Group Limited to Ocho;

(xiii) the conditional placing agreement dated 4 November 2008 as supplemented by a supplemental agreement dated 6 November 2008 entered into between the Company and the Underwriter in relation to the placing of 500,000,000 new Shares at a price of not less than HK$0.05 per Share;

(xiv) the conditional sale and purchase agreement dated 26 November 2008 entered into between Mega Shell, Riche (BVI) Limited and Golife in relation to the sale and purchase of the entire issued share capital Shinhan-Golden Faith International Development Limited and World East Investments Limited and the sale loans;

(xv) the termination agreement dated 23 December 2008 entered into Legend Rich Limited, the Company and China Star Entertainment Limited in relation to the termination of the conditional sale and purchase agreement as mentioned in (viii) above;

(xvi) the top-up placing agreement dated 29 December 2008 between CSL, the Underwriter and the Company in relation to the top-up placing of 39,000,000 new Shares at a price of HK$0.102 per Share; and

(xvii) the Underwriting Agreement.

CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business in Hong Kong	Unit 3408, Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
Authorised representatives	Mr. Heung Wah Keung Unit 3408 Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
	Ms. Chen Ming Yin, Tiffany Unit 3408 Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
Company secretary	Mr. Chan Kin Wah, Billy Unit 3408, Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong

Legal advisers to the Company	*As to Hong Kong law:* Michael Li & Co. 14/F., Printing House 6 Duddell Street Central Hong Kong *As to Bermuda law:* Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central Hong Kong
Auditors and reporting accountants	HLB Hodgson Impey Cheng Chartered Accountants Certified Public Accountants 31/F., Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Underwriter	Kingston Securities Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Hong Kong
Principal share registrar and transfer office in Bermuda	The Bank of Bermuda Limited The Bank of Bermuda Building 6 Front Street Hamilton HM 11 Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

Principal bankers	Hang Seng Bank Limited Head Office 83 Des Voeux Road Central Hong Kong
	Bank of China (Hong Kong) Limited Bank of China Tower Branch 1 Garden Road Hong Kong
	Seng Heng Bank Limited 18/F., Seng Heng Bank Tower Macau Landmark Macau

EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately HK$2,370,000 and are payable by the Company.

PARTICULARS OF DIRECTORS

(a) Name and address of Directors

Name	**Address**
Executive Directors	
Mr. Heung Wah Keung *(Chairman)*	Unit 3408 Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
Ms. Chen Ming Yin, Tiffany *(Vice Chairman)*	Unit 3408 Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong

Independent non-executive Directors

Mr. Tang Chak Lam, Gilbert	Unit 3408 Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
Mr. Ho Wai Chi, Paul	Unit 3408 Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
Mr. Lien Wai Hung	Unit 3408 Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong

(b) Profiles of Directors

Executive Directors

Mr. Heung Wah Keung

Mr. Heung Wah Keung, aged 60, is the Chairman of the Company. He is responsible for the development of the overall strategic planning of the Group and liaising with various government authorities in the People's Republic of China. His wife, Ms. Chen Ming Yin, Tiffany, is the Vice Chairman of the Company. He joined the Company in August 2001. Mr. Heung has over 20 years of experience in the entertainment and multi-media industries. He is the founder of Win's Entertainment Limited and One Hundred Years of Film Company Limited. Mr. Heung is also the chairman and an executive director of China Star Entertainment Limited, a company listed on the Main Board of the Stock Exchange, and the vice chairman of the Hong Kong Kowloon and New Territories Motion Picture Industry Association Limited. Save as disclosed above, Mr. Heung had not held any directorship with any other listed companies within the past three years and does not have any relationship with any Directors and general managers of the Company. Save as disclosed in the paragraphs headed "Disclosure of interests by directors" and "Disclosure of interests by substantial shareholders" in this Appendix, Mr. Heung does not have any shareholding interest under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Ms. Chen Ming Yin, Tiffany

Ms. Chen Ming Yin, Tiffany, aged 51, is the Vice Chairman of the Company. She is responsible for the overall management of the Group. Ms. Chen is the wife of Mr. Heung Wah Keung. She joined the Company in August 2001. She has over 15 years of experience in the entertainment and multi-media industries. She has produced a number of blockbuster films for Win's Entertainment Limited and One Hundred Years of Film Company Limited. Ms. Chen is the vice chairman and an executive director of China Star Entertainment Limited. In 2003, she was selected as one of 2003 Women in Entertainment – International Power by The Hollywood Reporter. Save as disclosed above, Ms. Chen had not held any directorship with any other listed companies within the past three years and does not have any relationship with any Directors and general managers of the Company. Save as disclosed in the paragraphs headed "Disclosure of interests by directors" and "Disclosure of interests by substantial shareholders" in this Appendix, Ms. Chen does not have any shareholding interest under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Independent non-executive Directors

Mr. Tang Chak Lam, Gilbert

Mr. Tang Chak Lam, Gilbert, aged 57, is a practicing solicitor in Hong Kong since 1987 and is a senior partner of Messrs. Gilbert Tang & Co.. He joined the Company in February 2002. He was a director of Pok Oi Hospital in 1993 and a member of the Kowloon West Advisory Committee of Hong Kong Bank Foundation District Community Programme between July 1991 and November 1995. Mr. Tang holds a Bachelor of Law Degree from the University of Buckingham in the United Kingdom, and a Diploma in Chinese Law from the University of East Asia in Macau. Mr. Tang had not held any directorship with any other listed companies within the past three years and does not have any relationship with any Directors or general managers of the Company. Mr. Tang does not have any shareholding interest under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Ho Wai Chi, Paul

Mr. Ho Wai Chi, Paul, aged 58, is the sole proprietor of Paul W.C. Ho & Company, Certified Public Accountants (Practising), and is an associate of the Institute of Chartered Accountants in England and Wales, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Ho joined the Company in September 2004. Mr. Ho also holds directorships as independent non-executive director of companies listed on the Main Board of the Stock Exchange, which include China Star Entertainment Limited, Ngai Hing Hong Company Limited and Bel Global Resources Holdings Limited. Save as disclosed above, Mr. Ho had not held any directorship with any other listed companies within the past three years. Mr. Ho does not have any relationship with any Directors and general managers of the Company and does not have any shareholding interest under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Lien Wai Hung

Mr. Lien Wai Hung, aged 45, is a practicing solicitor in Hong Kong since 1997 and is a partner of Messrs. Leung & Lien, a firm of solicitors in Hong Kong. He graduated from the University of East London with a LLB Degree in the United Kingdom. Mr. Lien joined the Company in April 2005. Mr. Lien was appointed as an independent non-executive director of Sky Hawk Computer Group Holdings Limited (now known as China Water Industry Group Limited), a company listed on the Main Board of the Stock Exchange, during the period from 8 May 2006 to 15 September 2006. Save as disclosed above, Mr. Lien had not held any directorship with any other listed companies within the past three years. Mr. Lien does not have any relationship with any Directors or general manager of the Company and does not have any shareholding interest under the provisions of the Divisions 2 and 3 of Part XV of the SFO.

DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES IN HONG KONG AND BERMUDA

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and consent" in this Appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has been filed with the Registrar of Companies in Bermuda in accordance with the Companies Act.

MISCELLANEOUS

The English texts of this Prospectus, the Application Form and the Excess Application Form shall prevail over their respective Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, from the date of this Prospectus up to and including the Latest Time for Acceptance at 4:00 p.m. on Monday, 23 March 2009:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material contracts" to this Appendix;

(c) the annual reports of the Group for the two financial years ended 31 December 2006 and 2007;

(d) the financial results on the Group for the three financial years ended 31 December 2007 and the nine months ended 30 September 2008, the text of which is set out in Appendix I to this Prospectus;

(e) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since the date of the latest published audited accounts of the Company;

(f) the letter from the reporting accountants regarding the unaudited pro forma financial information on the Group as set out in Appendix II to this Prospectus; and

(g) the written consent referred to in paragraph headed "Expert and consent" in this Appendix.