SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

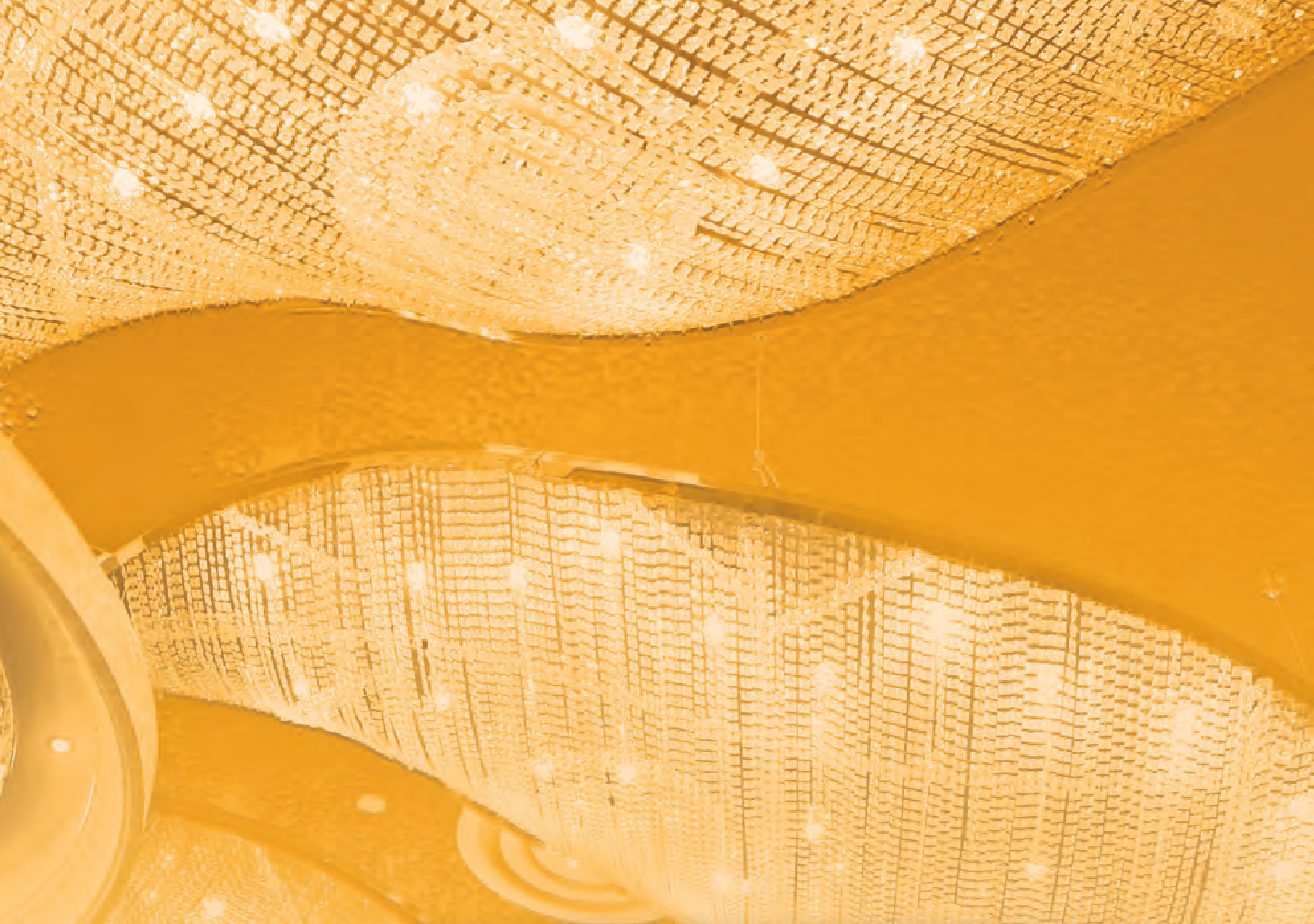
(Incorporated in Bermuda with limited liability)

Stock Code: 00487

One team for
SUCCESS

Annual Report **2010**

Contents



Our Vision

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


One team for
SUCCESS

Corporate Information

DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors

Mr. Luk Ka Yee, Patrick
Mr. Yim Kai Pung
Ms. Yeung Mo Sheung, Ann

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes

FINANCIAL CONTROLLER

Mr. Wong Chi Keung, Alvin

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

Mr. Yim Kai Pung *(Chairman)*
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann

REMUNERATION COMMITTEE

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Mr. Yim Kai Pung
Ms. Yeung Mo Sheung, Ann

EXECUTIVE COMMITTEE

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

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

LEGAL ADVISERS ON HONG KONG LAWS

Iu, Lai & Li

LEGAL ADVISERS ON BERMUDA LAWS

Conyers Dill & Pearman

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00487

WEBSITE

www.successug.com

Financial Highlights

	Year ended 31 December 2010 HK$'000	Year ended 31 December 2009 HK$'000	Fifteen months ended 31 December 2008 HK$'000
Results			
Turnover			
Cruise leasing and management	**69,600**	72,600	118,000
Travel	**1,375,302**	1,129,639	509,254
	1,444,902	1,202,239	627,254
Loss from operations	**(14,536)**	(47,935)	(67,592)
Loss attributable to owners of the Company	**(80,782)**	(173,797)	(238,304)

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000	At 31 December 2008 HK$'000
Consolidated statement of financial position			
Total assets	**1,475,374**	1,345,509	1,418,947
Total liabilities	**881,823**	671,636	487,788
Net assets	**593,551**	673,873	931,159

Group Structure

Success Universe Group Limited

Hong Kong Listed Company with a Focus on Gaming, Entertainment and Tourist-related Businesses

TRAVEL BUSINESS

Travel Success Limited
Travel Success (Macau) Limited
Jade Travel Ltd.
(Canada and New York)

CRUISE BUSINESS

M.V. Macau Success

FLAGSHIP INVESTMENT PROJECT

Ponte 16
Integrated Casino-entertainment Resort

Chairman's Statement

2010 was a year of steady growth for the Group. With our travel business marking a significant improvement in performance and Ponte 16 achieving encouraging results, we believe the Group will continue to achieve consistent growth. The Group is well positioned to seize the many opportunities ahead.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the board of directors of Success Universe Group Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010.

2010 was a year of steady growth for the Group, as buoyant financial markets globally translated into growth in consumer spending, travel and gaming. With such a favourable backdrop, coupled with our efforts to strengthen our business platform and maximise the synergies across our core businesses and our flagship investment project, Ponte 16, the Group sustained a strong growth momentum in 2010. With our travel business posting a profit and Ponte 16 achieving encouraging growth in operating results, we are pleased to have delivered improved results during the year.

SUCCESS COMES FROM UNIQUE POSITIONING

In February 2011, Ponte 16 celebrated its third anniversary, enabling the project to reflect on the success of its perceptive business approach. Over the past year, Ponte 16 has continued to build on its unique brand positioning, implementing a number of strategic initiatives to further distinguish itself as a premier destination with attractive historical and cultural features for tourists all over the world. Ponte 16 is already reaping the benefits of its efforts.

The opening of MJ Gallery at Ponte 16 (the "Gallery") in February 2010 marked a momentous milestone for Ponte 16. The first of its kind in Asia, the Gallery has brought to life some of Michael Jackson's most iconic moments through a dynamic exhibition of rare and genuine mementos, offering an exclusive experience for visitors. In addition, Ponte 16 partnered with Julien's Auctions to hold "Rock the World" Exhibition as well as Hollywood "Legends" Exhibition and Auction in 2010, bringing to Macau a rare collection of pop culture historical artifacts and attracting visitors and buyers from around the world. The unprecedented success of these events has demonstrated the world-class standard of Ponte 16's facilities and services, and more importantly, enhanced the international image of the brand.

The partnership of Ponte 16 with a world-renowned auction house in staging large scale exhibitions and auctions in Macau has shown its dedication to bringing more international events to the local scene, which enhances the destination's tourist appeal. These initiatives also supplement the exciting features of Ponte 16 in the culturally rich Inner Harbour District and further strengthen its unique position as a perfect mix of entertainment, culture and tourism in Macau. Moreover, these efforts have not only successfully promoted Ponte 16 and Macau to the world and effectively diversified the customer mix of the resort, but also contributed to the increase in visitor flow to the resort and its sound performance.

During the year, Ponte 16 continued to deliver a positive EBITDA*, which was up by approximately 201% compared to that of the previous year. Thanks to various marketing initiatives and the synergies created with our core businesses, Ponte 16 achieved a growth rate in gross gaming revenue that was well above the industry average. Occupancy rate at the award-winning Sofitel Macau At Ponte 16 also recorded outstanding improvement throughout the year, and the luxury VIP mansions of Sofitel Macau At Ponte 16 continued to be well received by high-end travellers.

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

SUCCESS COMES FROM SYNERGIC BUSINESS PLATFORMS

Riding on the steady recovery of the global economy and positive market sentiment, our travel business recorded a strong rebound in 2010. The significant improvement in performance was also driven by continuous progress of our meeting, incentive, convention and exhibition (MICE) business as well as our strategic expansion into the China market. Other high-margin services such as corporate ticketing and inbound tours to North America are also popular among our customers, thanks to our one-stop services and extensive sales network.

During the year, our travel business platform has continued to create synergies with Ponte 16 and our cruise business by bringing diversified clientele to them. At the same time, it also benefited from their well-connected business network.

SUCCESS COMES FROM SUSTAINABLE GROWTH

Macau's gaming industry set a record high in 2010 with industry revenue in Macau soaring approximately 58% to a record MOP188.34 billion. Tourism in Macau also blossomed, with the number of visitors rising approximately 15%. Capitalising on the momentum in Macau as well as the Government's efforts and determination in sustaining a healthy and sound development of the gaming industry, we believe Ponte 16 and our tourist-related business will continue to achieve consistent growth. The close collaboration between Guangdong, Hong Kong and Macau, following the announcement of "The Outline of the Plan for the Reform and Development of the Pearl River Delta", also brings new opportunities to the development of the Pearl River Delta region, from which the tourism sector in Macau stands to benefit. The Group's travel business is also expected to continue to benefit from the robust recovery of the global economy and growing affluence in China.

To further expand the Group's entertainment business and extend our footprint in Mainland China, the Group has started to develop a new business which intends to provide a technology services platform and technical support to the mobile sports lottery market in China. This initiative will also allow the Group to capture the enormous potential of China's growing lottery industry.

On the strength of our three-pronged business strategy, I am confident that we are in the best position to seize the ample opportunities ahead in order to deliver favourable returns and long-term value to our shareholders, while maintaining a high standard of corporate governance. We shall also continue to strengthen our business platform and work towards our goal to become one of the key players in the gaming, entertainment and tourist-related industries.

APPRECIATION

I would like to take this opportunity to thank our shareholders for their continued support, and to express my gratitude to my fellow directors for their guidance, our customers and business partners for their trust and our staff for their dedication and hard work. Our achievements in 2010 would not have been possible without the commitment and hard work of our people at all levels.

Yeung Hoi Sing, Sonny
Chairman

Hong Kong
29 March 2011

Business Highlights

- Total turnover was up approximately 20% from approximately HK$1,202.2 million to approximately HK$1,444.9 million
- Gross profit was up approximately 5%, reaching approximately HK$92.1 million
- Travel business posted a profit in the wake of the global economic rebound
- The Group's flagship investment project, Ponte 16, continued to deliver a positive EBITDA* which was up by approximately 201% to approximately HK$206.6 million compared to that of last year
- Ponte 16 opened Asia's first Michael Jackson ("MJ") gallery, MJ Gallery at Ponte 16, in February 2010, which is one of the Macau Government Tourist Office's "must-see" attractions
- Ponte 16 partnered with Julien's Auctions to hold "Rock the World" Exhibition and Hollywood "Legends" Exhibition in May 2010 and September 2010 respectively, followed by Hollywood "Legends" Auction in October 2010

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

Management Discussion and Analysis

Riding on the strong global economic recovery throughout the year, the Group achieved substantial improvement in its business performance through the effective execution of its three-pronged strategy.

Management Discussion and Analysis

Riding on the strong global economic recovery throughout 2010, Success Universe Group Limited ("Success Universe" or the "Company") and its subsidiaries (collectively the "Group") achieved substantial improvement in its business performance during the year through the effective execution of the Group's three-pronged strategy. This resulted in enhancements in the strategic synergies among the Group's core travel and cruise businesses, as well as its flagship investment project, Ponte 16. In addition to attaining substantial growth in the operating results of the travel business and Ponte 16, the resort also reinforced its unique positioning as a premier world-class travel destination infused with exclusive international cultural elements. These accomplishments also strengthened the Group's business platform, laying a solid foundation for seizing growth opportunities ahead.

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

RESULTS

2010 marked a year of robust growth for Success Universe. The Group posted a turnover of approximately HK$1,444.9 million for the year ended 31 December 2010, representing an increase of approximately 20% from approximately HK$1,202.2 million in 2009. Gross profit reached approximately HK$92.1 million, up approximately 5% from approximately HK$87.7 million in 2009. Loss attributable to owners of the Company narrowed to approximately HK$80.8 million, compared to approximately HK$173.8 million in 2009. Loss per share also reduced from 7.13 HK cents in 2009 to 3.31 HK cents in 2010.

Turnover from the Group's travel business soared approximately 22% to approximately HK$1,375.3 million in 2010, compared to approximately HK$1,129.6 million in 2009, as ticketing revenue increased by approximately 21% to approximately HK$1,281.5 million in 2010, compared to approximately HK$1,055.6 million in 2009, backed by economic recovery in Hong Kong, Canada and the United States of America (the "USA"). This segment also posted a profit during the year as a result of strong revenue growth, with a segment profit reaching approximately HK$8.2 million, compared with a segment loss of approximately HK$9.4 million in the last corresponding year.

With its distinctive positioning that appeals to visitors from Mainland China, Hong Kong and overseas, Ponte 16 maintained its strong growth momentum in 2010 and achieved a growth of approximately 201% in EBITDA* to approximately HK$206.6 million. While high depreciation and amortisation charges during the initial stage of operations continued to affect Ponte 16's results during the year, the loss has been reduced substantially on the back of its strong business performance. The Group's shared loss of the associates relating to Ponte 16 for the year ended 31 December 2010 amounted to approximately HK$44.4 million, which was substantially lower than that for 2009 of approximately HK$115.7 million.

DIVIDENDS

No interim dividend was paid in 2010 (2009: Nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2010 (2009: Nil).

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

Management Discussion and Analysis

Travel Business

Driven by the economic rebound and the Group's strategic initiatives, the Group's travel business has witnessed robust growth in sales and posted a profit for the business segment for the full year.

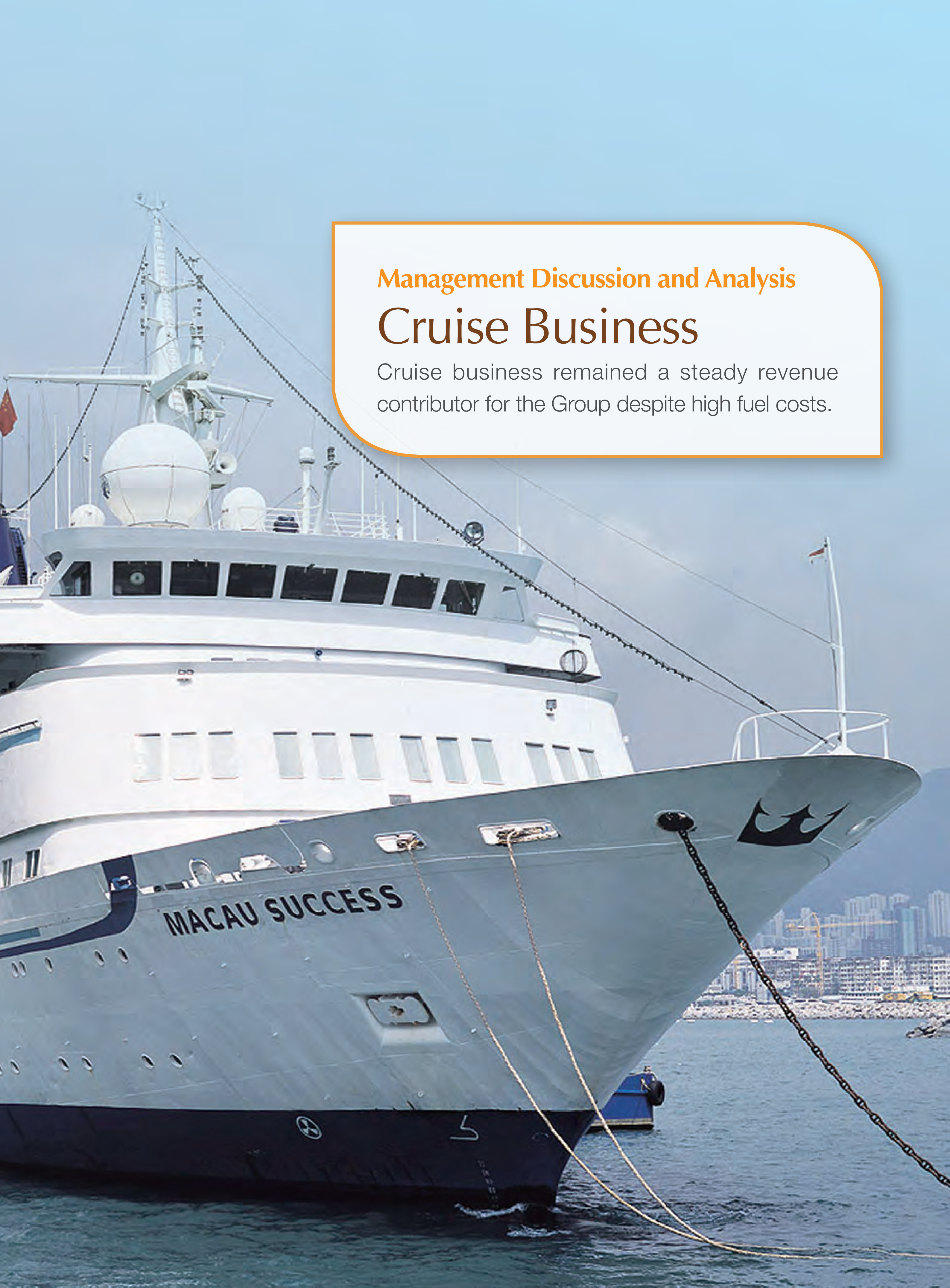
REVIEW OF OPERATIONS

Travel Business

Posted a profit in the wake of economic rebound

The gradual growth momentum of the Group's travel business which started in the second half of 2009 continued in 2010, capitalising on the global economic recovery which drove demand for air tickets and other travel products. The Group's travel business units in Hong Kong and Macau together with its travel agency companies located in Canada and the USA (the "Jade Travel Group"), witnessed robust growth in sales and posted a profit for the business segment for the year. Turnover in the segment increased by approximately 22% to approximately HK$1,375.3 million, compared to approximately HK$1,129.6 million in 2009. Profit in this segment amounted to approximately HK$8.2 million, compared with a loss of approximately HK$9.4 million in 2009.

During the year, the travel business continued to deliver strong results, fueled by the growth in ticketing sales as well as its popular tailor-made inbound and outbound tours to and from North America. The global reach of the Group's travel business network also translated into cross-selling opportunities for Ponte 16 and the Group's cruise business, resulting in a broadening of the customer base for these units, particularly in the high-end market segment. In addition to providing one-stop travel services to leisure and business travellers as well as local and multinational corporations, the Group also stepped up its efforts in developing the MICE (Meeting, Incentive, Convention and Exhibition) business to further expand this high-margin business stream.



Cruise Business

Cruise business remained a steady revenue contributor for the Group despite high fuel costs.

Management Discussion and Analysis (continued)

Cruise Business

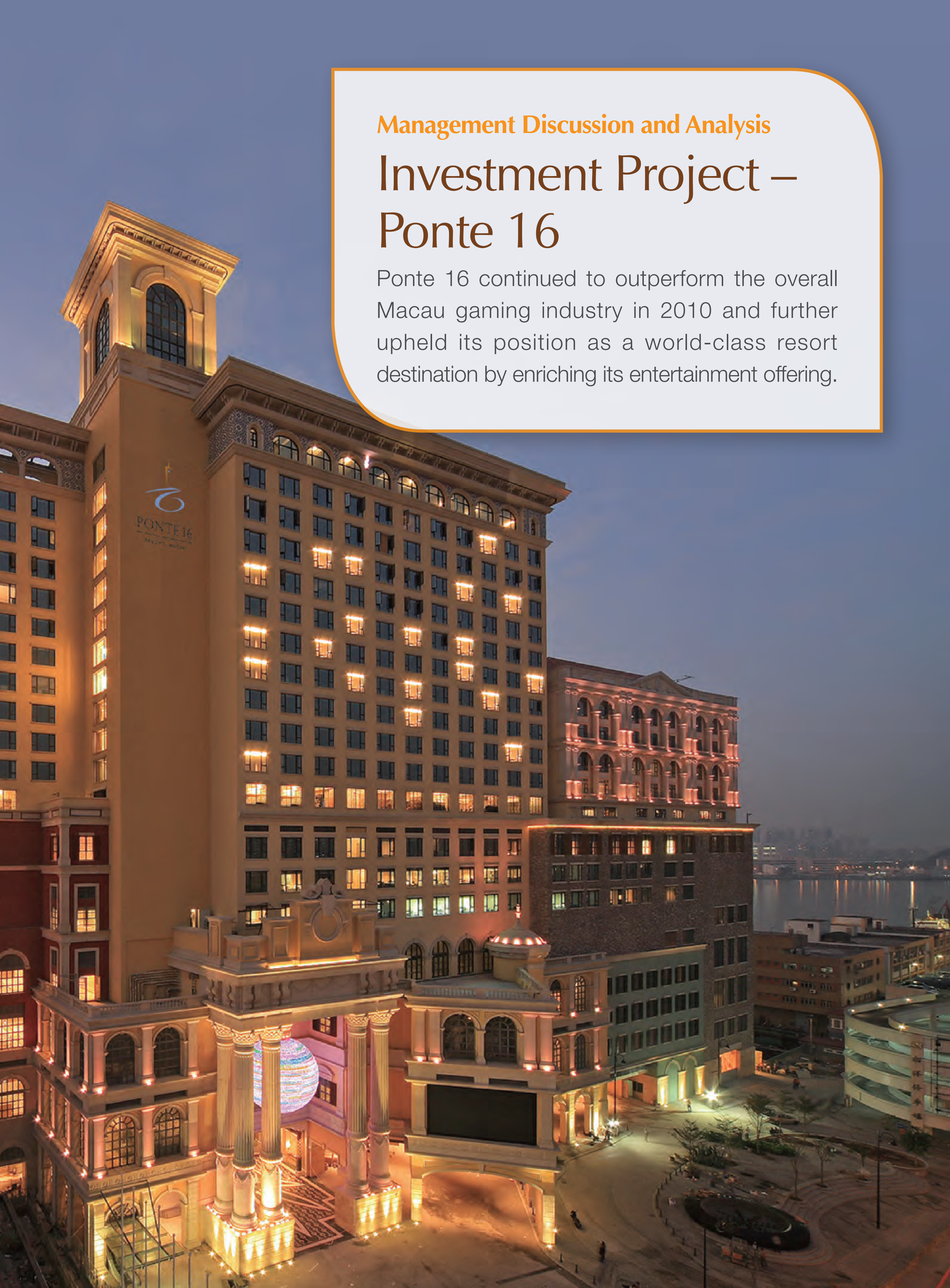
Stable revenue contribution despite surge in fuel costs

The cruise business remained a steady revenue contributor for the Group during the year. Turnover from the cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) decreased by approximately 4% to approximately HK$69.6 million (2009: approximately HK$72.6 million). The cruise business posted a segment loss of approximately HK$1.9 million compared with a profit of approximately HK$2.2 million in 2009. During the year, the surge in fuel costs continued to have a negative impact on the performance in this segment.

Management Discussion and Analysis

Investment Project – Ponte 16

Ponte 16 continued to outperform the overall Macau gaming industry in 2010 and further upheld its position as a world-class resort destination by enriching its entertainment offering.



Investment Project – Ponte 16

Unique positioning results in sustainable strong growth

Ponte 16 further upheld its position as a world-class resort destination of choice during the year. Leveraging its unparalleled combination of cultural and entertainment elements as well as its strategic location in the historic Inner Harbour District of Macau, Ponte 16 attained substantial growth in operating results during the year and at the same time further raised its profile on the world stage.

Ponte 16 continued to outperform the overall Macau gaming industry during 2010, with gross gaming revenue achieving a growth rate of approximately 76% from last year, comparing to the industry rate of approximately 58%. During the China National Day Holiday "Golden Week" in October 2010, Ponte 16 recorded a double-digit growth in the average number of visitors as compared to that of the same period in the previous year.

Currently, the casino of Ponte 16 has a total of 109 gaming tables, 81 of which are mass gaming tables, nine are high-limit tables and 19 are VIP tables.

Ponte 16 enriched its entertainment offering with the grand opening of Asia's first Michael Jackson ("MJ") gallery, MJ Gallery at Ponte 16 (the "Gallery"), in February 2010. Housing over 40 rare collectibles of MJ, including a left hand white rhinestone glove which MJ wore in his first Moonwalk performance, the Gallery has been immensely popular among tourists since its opening and is on the Macau Government Tourist Office's list of "must-see" attractions. The grand opening of MJ Café at Ponte 16 in August 2010 further boosted the attractiveness of the premier resort destination.

During the year, Ponte 16 successfully raised its global profile by introducing joint international events with a world-renowned auction house, Julien's Auctions, into Macau's entertainment scene. In May 2010, Ponte 16 hosted "Rock the World" Exhibition as the sole sponsor in Macau. The exhibition featured over 100 valuable items from the biggest stars in modern movies and pop music, including MJ, Marilyn Monroe, "Superman" Christopher Reeve and the leading lady of "Titanic", Kate Winslet. Ponte 16 also sponsored Hollywood "Legends" Exhibition in September 2010, showcasing close to 200 pieces of collectibles from MJ, Madonna, Elvis Presley, Princess Diana, Bruce Lee and The Beatles, as well as an assortment of pop culture artifacts from Hollywood blockbuster movies.

Management Discussion and Analysis (continued)

Following the successful exhibitions, Ponte 16 staged Hollywood "Legends" Auction in October 2010, bringing in the first auction held by Julien's Auctions in Asia. The auction drew over 10,000 buyers and collectors of Hollywood and rock 'n' roll pop culture artifacts from around the world. Overall, 435 auction items were sold during the 11-hour auction. The most impressive sale went to the MJ and Michael Jordan signed basketball, which was sold at 366 times over the highest estimated price at US$294,000 including buyer's premium.

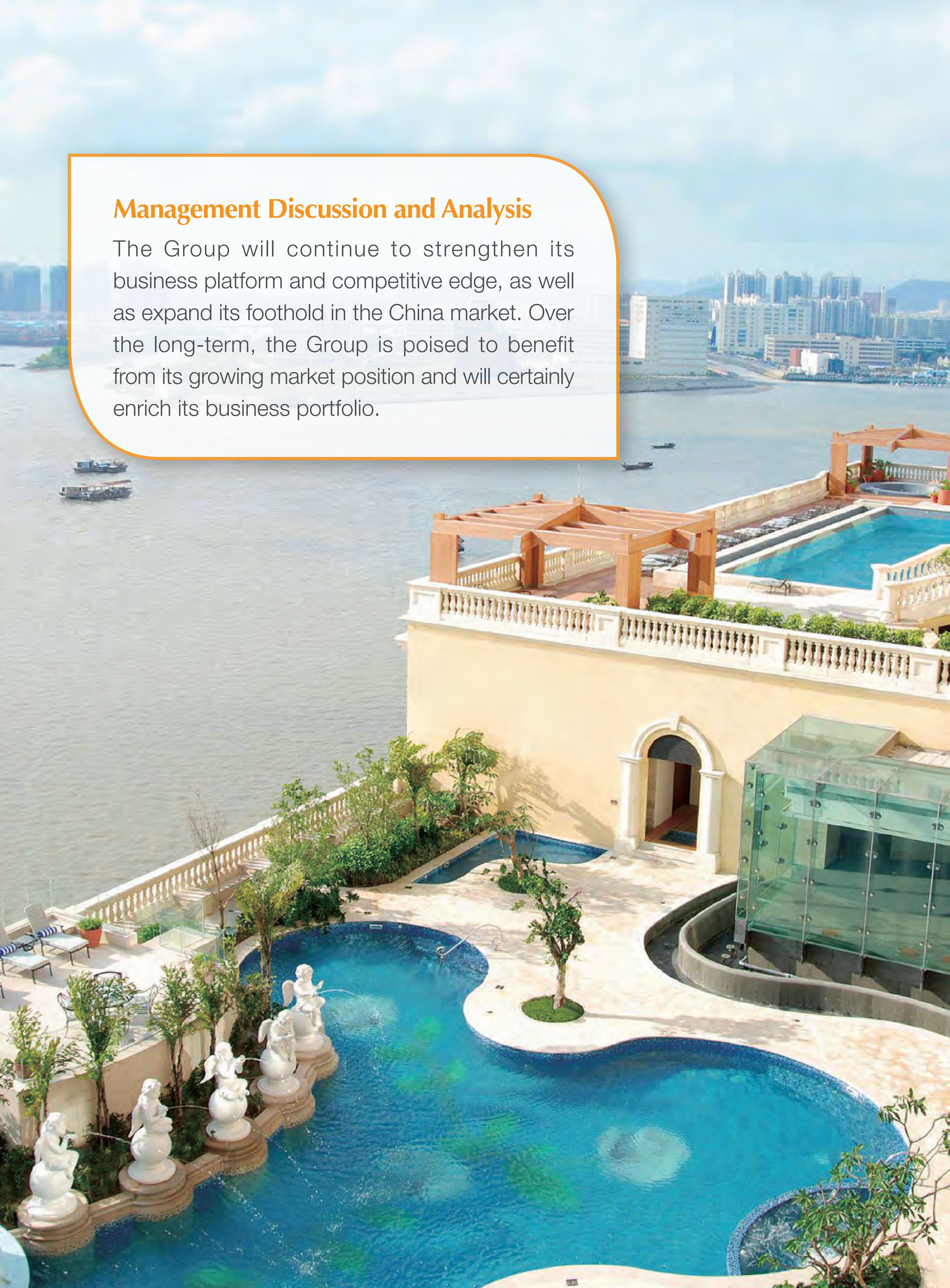
The resounding success of the series of iconic international events has not only enhanced the cultural appeal of Ponte 16 and helped broaden its customer base, but also elevated its global image as well as that of Macau. As such, Ponte 16 is very proud to be able to play an integral role in contributing to the revitalisation of the historic Inner Harbour District of Macau and its transformation into a truly international tourist attraction. During the year, Ponte 16 was able to achieve a more diverse customer mix, drawing in a growing number of visitors from many neighbouring and Western countries. Leveraging the extensive sales network of its travel platform, the Group stepped up its marketing efforts in Mainland China, and partnered with various airlines and tour operators to offer Chinese tourist travel packages to Ponte 16.

The award-winning Sofitel Macau At Ponte 16, managed by the internationally-acclaimed hotel management group, the Accor Group, continued to be one of the preferred accommodation choices for visitors from Mainland China and abroad. Throughout the year under review, the five-star hotel recorded a high occupancy rate that was in line with the industry average, and the luxury VIP mansions of Sofitel Macau At Ponte 16 continued to be well received by high-end travellers from across the globe.

With its unbeatable world-class services and facilities, Sofitel Macau At Ponte 16 was named one of the "Top 25 Hotels in Hong Kong, Macau and Taiwan" by TripAdvisor in its "Travelers' Choice 2010 Awards", "The Best Presidential Suite Macau" by Hurun Presidential Awards, "2010 China Travel Awards – China's Top 100 Hotels" and "Best Leisure Hotel in Macau" by Travel + Leisure Magazine, and the "2010 Outstanding Service Hotel Award in Macau" by HotelClub. These awards are a testament to the efforts and dedication of the hotel in meeting and exceeding the expectations of its guests.

Management Discussion and Analysis

The Group will continue to strengthen its business platform and competitive edge, as well as expand its foothold in the China market. Over the long-term, the Group is poised to benefit from its growing market position and will certainly enrich its business portfolio.



Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 31 December 2010, the Group had net current assets of approximately HK$117.9 million (31 December 2009: approximately HK$23.6 million) and net assets of approximately HK$593.6 million (31 December 2009: approximately HK$673.9 million).

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), a director and a controlling shareholder of the Company, provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended to 30 October 2012 by a letter agreement dated 23 June 2010. As at 31 December 2010, the Company had utilised the loan facility in the amount of HK$105.0 million (31 December 2009: HK$47.5 million).

On 22 October 2009, the Company as borrower and New Shepherd Assets Limited ("New Shepherd"), a wholly-owned subsidiary of the Company, as security provider entered into an agreement in relation to a HK$250 million revolving credit facility (the "Revolving Credit Facility") with a financial institution (the "Lender") as lender, which is a third party independent of the Company. The Revolving Credit Facility carries a floating interest rate and the loan under such facility shall be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development Limited ("Pier 16 – Property Development") in connection with the cashflow requirements of Pier 16 – Property Development and its subsidiaries. As at 31 December 2010, the Company had utilised the Revolving Credit Facility in the amount of HK$246.0 million (31 December 2009: HK$132.0 million).

During the year, Jade Travel Ltd. ("Jade Travel, Canada"), an 80% indirectly owned subsidiary of the Company which was incorporated in Canada, was granted secured bank loans which carry a fixed interest rate and the loans shall be repayable by consecutive monthly instalments. The proceed of the loans was to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 31 December 2010, the outstanding loans were approximately HK$14.5 million (31 December 2009: Nil).

Apart from the aforesaid loans, as at 31 December 2010, the Group had an interest-bearing loan from a related company of approximately HK$23.2 million (31 December 2009: approximately HK$21.0 million). The loan is unsecured and charged with interest at the rate of 4% per annum and has no fixed terms of repayment.

As at 31 December 2010, there were loans from shareholders of non-controlling interests of approximately HK$16.4 million (31 December 2009: approximately HK$10.0 million) and other loans payables of approximately HK$192.2 million (31 December 2009: approximately HK$171.7 million). These loans are interest-free, unsecured and will not be repaid within the next 12 months.

Total equity attributable to owners of the Company as at 31 December 2010 was approximately HK$547.9 million (31 December 2009: approximately HK$627.7 million). Accordingly, the gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 71% as at 31 December 2010 (31 December 2009: approximately 32%).

Provision of Further Financial Assistance to Pier 16 – Property Development

Reference was made to the announcement dated 25 June 2010 issued by the Company, additional shareholder's loans in the total amount of approximately HK$134.9 million had been provided to Pier 16 – Property Development during the year (31 December 2009: approximately HK$188.5 million), which were mainly to finance the construction cost of and the repayment of indebtedness by Pier 16 – Property Development.

Pledge of Assets

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

(a) the Group pledged the time deposits of approximately HK$8.1 million (31 December 2009: approximately HK$8.3 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK$10.2 million (31 December 2009: approximately HK$10.2 million) for the operations of the Group;

(b) World Fortune Limited, an indirect subsidiary of the Company, pledged all (31 December 2009: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of syndicated loan facilities granted to Pier 16 – Property Development;

(c) New Shepherd pledged 51% (31 December 2009: 51%) of the entire issued share capital from time to time of Favor Jumbo Limited, an indirect wholly-owned subsidiary of the Company, to the Lender in respect of the Revolving Credit Facility granted to the Company; and

(d) the Group's self-occupied properties with carrying amount of approximately HK$21.6 million (31 December 2009: Nil) was pledged to a bank to secure bank loans to Jade Travel, Canada.

Contingent Liabilities

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

HUMAN RESOURCES

As at 31 December 2010, the Group had a total of 424 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long-term incentive.

PROSPECTS

Looking ahead, the Group's travel business is expected to benefit from the steady global economic recovery amid record low interest rates as well as signs of stabilising employment and property markets in major economies. While China's economic growth is expected to moderate this year, its momentum will remain strong. The continuous growth in wealth and income in China will prove to be a strong growth driver for the travel industry going forward.

To seize these growth opportunities, the Group will continue to focus on expanding its foothold in the China market and seek further cross-selling opportunities for Ponte 16 and the Group's cruise business through cooperation with travel operators in Mainland China.

For the Jade Travel Group, economic resilience in North America will continue to benefit its ticketing and tour businesses. The granting of "Approved Destination Status" to Canada by the Mainland China authorities has opened up new business opportunities. The Group is actively identifying business partners with sound credibility in China to channel business to the Jade Travel Group.

Leveraging Macau's increasingly important status as an international conference and exhibition centre, the Group will continue to step up its efforts in developing its MICE business. With its global business network, the Group is also exploring MICE business opportunities beyond Macau through proactive liaisons with convention centres around the world to further expand this high-margin business avenue.

Building on its rising international reputation, the Group's flagship investment project, Ponte 16, will continue to benefit from the strong growth in visitor arrivals in Macau. The consistent growth is further supported by the Macau Government's recent measure to limit the number of gaming tables, which is set to help sustain the healthy development of the gaming and entertainment industry in the long run.

To further strengthen its unmatched position as a premier resort destination, Ponte 16 will continue to explore new Hollywood elements to bring an exclusive entertainment experience to its visitors, and to further raise its brand awareness worldwide.

In early 2011, Pier 16 – Property Development entered into a settlement agreement with the remaining occupant of the construction site of phase 3 of the Ponte 16 development project to terminate the legal proceedings it had initiated in 2005. Following the settlement agreement, Ponte 16 recovered possession of the whole construction site, and the development of the shopping arcade at phase 3 will proceed as planned. The shopping arcade, which will offer an array of shops and restaurants, is expected to be another stable revenue contributor to Ponte 16.

In view of the sustainable economic growth of Mainland China, the Group initiated a new business in 2010 which intends to provide a technology services platform as well as technical support to China's mobile sports lottery market. This strategic expansion of the Group's entertainment arm will not only extend the Group's footprint in Mainland China, but will also enable it to capture the enormous potential and growth opportunities of China's burgeoning lottery industry.

Backed by the positive global economic outlook and favourable policy environment in Macau and Mainland China, the Group will continue to strengthen its business platform and competitive edge by continuing the implementation of the three-pronged business strategy, and to translate the results into enhanced value for its shareholders, partners and customers. Over the long-term, the Group is poised to benefit from its growing market position and will certainly enrich its business portfolio.

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company ("Director(s)"), the Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2010.

DIRECTORS' SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

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

The Board currently consists of six members, including two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Dr. Ma Ho Man, Hoffman (Deputy Chairman); a non-executive Director, namely Mr. Choi Kin Pui, Russelle (the "NED"); and three independent non-executive Directors, namely Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann ("INEDs"). The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 38 and 39.

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

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

The Board includes three INEDs and one of them, Mr. Yim Kai Pung, is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 20 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the People's Republic of China.

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

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

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

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

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

DELEGATION BY THE BOARD

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

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules, full text of which is available on the Company's website. The Audit Committee currently consists of the NED and all INEDs and is chaired by Mr. Yim Kai Pung who possesses appropriate professional accounting qualification as required under the Listing Rules.

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

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

Audit Committee members	**Number of Audit Committee meetings attended/held**
Mr. Yim Kai Pung *(Chairman of the Audit Committee)*	4/4
Mr. Choi Kin Pui, Russelle	4/4
Mr. Luk Ka Yee, Patrick	4/4
Ms. Yeung Mo Sheung, Ann	4/4

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

REMUNERATION COMMITTEE

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

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

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

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

EXECUTIVE COMMITTEE

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

NOMINATION OF DIRECTORS

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

During the year under review, no new member was appointed to the Board. The Board has (i) recommended the re-appointment of the Directors standing for re-election at the annual general meeting of the Company held on 3 June 2010 (the "2010 Annual General Meeting"); (ii) reviewed its own size, structure as well as composition; and (iii) assessed the independence of INEDs.

INTERNAL CONTROLS

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

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

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

The statement of the external auditors of the Company, HLB Hodgson Impey Cheng (which was appointed by the Directors on 21 July 2010 to fill the casual vacancy following the resignation of the former external auditor, CCIF CPA Limited), about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 40 and 41.

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

AUDITORS' REMUNERATION

For the year ended 31 December 2010, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are as follows:

	31 December 2010
	HK$'000
Audit services	1,449
Other advisory services	311
	1,760

COMMUNICATION WITH SHAREHOLDERS

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

The annual general meeting provides a useful forum for the Shareholders to exchange views with the Board. The Chairman, also being the chairman of the Remuneration Committee, as well as the chairman of the Audit Committee were present at the 2010 Annual General Meeting to answer the Shareholders' questions.

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

Report of Directors

The directors ("Director(s)") of Success Universe Group Limited (the "Company") present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

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

Particulars of the Company's subsidiaries as at 31 December 2010 are set out in note 19 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement on page 42.

No interim dividend was paid during the year (2009: Nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2010 (2009: Nil).

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 December 2010 by business and geographical segments is set out in note 6 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 110.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 47 of this annual report and other details of the reserves of the Group are set out in note 40 to the consolidated financial statements.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable and other donations totalling approximately HK$10,000 (2009: approximately HK$5,000).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

There was no movement in the share capital of the Company during the year. Details of the share capital of the Company are set out in note 38 to the consolidated financial statements.

LOANS AND BORROWINGS

Details of the loans and borrowings of the Group as at 31 December 2010 are set out in notes 31, 33, 36 and 37 to the consolidated financial statements.

DIRECTORS

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

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

Non-executive Director ("NED"):
Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors ("INED(s)"):
Mr. Luk Ka Yee, Patrick
Mr. Yim Kai Pung
Ms. Yeung Mo Sheung, Ann

In accordance with bye-law 87 of the bye-laws of the Company (the "Bye-laws"), Dr. Ma Ho Man, Hoffman and Ms. Yeung Mo Sheung, Ann shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting").

The Company has received from each of the INEDs an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers all of the INEDs to be independent.

CHANGES OF DIRECTORS' INFORMATION

Changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Interim Report 2010 of the Company and up to the date of this report are set out below:

– Dr. Ma Ho Man, Hoffman, an executive Director and the Deputy Chairman of the Company, was appointed as an executive director and the chairman of the board of directors of See Corporation Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 14 October 2010.

– Mr. Choi Kin Pui, Russelle, a NED, ceased to act as an executive director of Mintel Inc., a licensed carrier in the People's Republic of China, in September 2010.

– Mr. Yim Kai Pung ("Mr. Yim"), an INED, acts as a director as well as the managing director of CCTH CPA Limited which was considered as a major appointment of Mr. Yim since September 2010.

– Ms. Yeung Mo Sheung, Ann, an INED, was appointed as an independent non-executive director of Hao Wen Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 11 January 2011.

DIRECTORS' SERVICE CONTRACTS

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

CONTRACTS OF SIGNIFICANCE

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

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

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2010, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules:

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

Name of Director	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding %
Mr. Yeung *(Note)*	Long position	Corporate interest	1,010,953,432	41.45

Note: Mr. Yeung, an executive Director and the Chairman of the Company, is deemed to have corporate interest in 1,010,953,432 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung.

Save as disclosed above, as at 31 December 2010, none of the Directors or chief executive of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Details of the share option scheme are set out in note 39(b) to the consolidated financial statements.

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2010, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in the Shares

Name of substantial shareholder	Long position/ Short position	Capacity	Number of Shares held	Approximate percentage of shareholding %
Silver Rich Macau Development Limited	Long position	Beneficial owner	1,010,953,432	41.45
Trustcorp Limited *(Note 1)*	Long position	Trustee	1,010,953,432	41.45
Newcorp Ltd. *(Note 1)*	Long position	Interest of controlled corporation	1,010,953,432	41.45
Ms. Liu Siu Lam, Marian *(Note 2)*	Long position	Interest of spouse	1,010,953,432	41.45
Maruhan Corporation	Long position	Beneficial owner	440,000,000	18.19

Notes:

1. As at 31 December 2010, the entire issued share capital of Silver Rich Macau Development Limited was held by Trustcorp Limited, which was a trustee of a discretionary trust, the beneficiaries of which were family members of Mr. Yeung. Trustcorp Limited was a wholly-owned subsidiary of Newcorp Ltd.. Accordingly, each of Trustcorp Limited and Newcorp Ltd. was deemed to be interested in 1,010,953,432 Shares held by Silver Rich Macau Development Limited as at 31 December 2010.

2. Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung, was deemed to be interested in 1,010,953,432 Shares in which Mr. Yeung had a deemed interest.

Save as disclosed above, as at 31 December 2010, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Based on the disclosure obligations under Rules 13.20 and 13.22 of the Listing Rules, the financial assistance, which was made by the Group by way of the shareholder's loan provided by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company, and a corporate guarantee given by the Company in respect of the payment obligation of Pier 16 – Property Development Limited ("Pier 16 – Property Development", a 49% owned associate of World Fortune) under syndicated loan facilities granted to Pier 16 – Property Development (the "Financial Assistance"), continued to exist as at 31 December 2010. Pier 16 – Property Development is principally engaged in the property holding and, through its subsidiaries, operating Ponte 16, being a world-class integrated casino-entertainment resort located in Macau. The Financial Assistance is mainly used for the development and operations of Ponte 16.

The amounts of the Financial Assistance as at 31 December 2010 were set out below:

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

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

Further details are set out in notes 20 and 42 to the consolidated financial statements.

Set out below is a combined balance sheet of Pier 16 – Property Development and the Group's attributable interests in this associate according to its audited consolidated financial statements for the year ended 31 December 2010:

	Combined balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	2,329,281	1,141,348
Current assets	399,008	195,514
Current liabilities	334,227	163,771
Non-current liabilities	3,057,931	1,498,386

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2010.

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

During the year ended 31 December 2010, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the continuing operations of the Group accounted for approximately 15.1% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 4.8% and the five largest suppliers of the continuing operations of the Group accounted for approximately 84.8% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 76.5%.

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

EMOLUMENT POLICY

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

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

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in note 39(a) to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on pages 24 to 29 of this annual report.

AUDITORS

On 21 July 2010, CCIF CPA Limited ("CCIF") resigned as auditor of the Company and HLB Hodgson Impey Cheng ("HLB") were appointed as auditors of the Company to fill the casual vacancy created by the resignation of CCIF.

The consolidated financial statements of the Group for the year ended 31 December 2010 have been audited by HLB who shall retire at the Annual General Meeting and, being eligible, will offer themselves for re-appointment.

On behalf of the Board
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 29 March 2011

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yeung Hoi Sing, Sonny, aged 56, joined the Group in 2003. He is an executive director and the Chairman of the Company as well as a director of the subsidiaries of the Company. He is also the chairman of the remuneration committee (the "Remuneration Committee") and the executive committee (the "Executive Committee") of the Company. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He has been a member of the National Committee of the Chinese People's Political Consultative Conference, the People's Republic of China (the "PRC") since 1993 and has over 27 years of experience in finance industry in Hong Kong. Prior to joining the Group, Mr. Yeung held managerial roles in several financial service sectors such as leveraged foreign exchange trading, and securities and futures brokerage. He is presently the sole beneficial owner of Success Securities Limited ("Success Securities"), which is a licensed corporation under the Securities and Futures Ordinance as well as a participant of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), principally engaged in the provision of securities brokerage services. Mr. Yeung has certain private investments in property development businesses in Hong Kong, Macau and Canada. He is also a director of Silver Rich Macau Development Limited, being a substantial shareholder of the Company. Mr. Yeung is an uncle of Dr. Ma Ho Man, Hoffman, an executive director and the Deputy Chairman of the Company.

Dr. Ma Ho Man, Hoffman, aged 37, joined the Group in 2005. He is an executive director and the Deputy Chairman of the Company as well as a director of the subsidiaries of the Company. Dr. Ma is also a member of the Executive Committee. He is responsible for implementing the Company's strategies regarding the business development of the Group as well as managing the Group's business and operations. Dr. Ma joined Success Securities, which is beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), being an executive director and the Chairman of the Company, in 2000. He has been a director of Success Securities since November 2008 and responsible for overseeing the marketing affairs of such company. Dr. Ma is currently an executive director and the chairman of the board of directors of See Corporation Limited, a company listed on the Main Board of the Stock Exchange. He has over 14 years of experience in the financial industry and years of managerial experience. He was awarded Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctorate of Management by Lincoln University in 2009 and 2010 respectively. Dr. Ma is a nephew of Mr. Yeung.

NON-EXECUTIVE DIRECTOR

Mr. Choi Kin Pui, Russelle, aged 56, joined the Group in 2003. He is a non-executive director of the Company as well as a member of the audit committee of the Company (the "Audit Committee") and the Remuneration Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 17 years of management experience in the telecommunication industry in Hong Kong and the United States (the "US"). Mr. Choi established Elephant Talk Limited in 1994, a wholly-owned subsidiary of an American corporation, Elephant Talk Communications Inc. ("ETCI"), whose securities are quoted on the Over-The-Counter Bulletin Board in the US and engages in the provision of telecommunications services in Hong Kong and the US. Mr. Choi was a director of ETCI from 2002 to 2008 as well as the president and the chief executive officer of ETCI from 2002 to 2006 and was responsible for the planning of the overall strategy of ETCI. He also served as the chairman of ET Network Services Limited, a Hong Kong company engages in the provision of internet access and outsourcing services in the PRC and Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luk Ka Yee, Patrick, aged 49, joined the Group in 2003. He is an independent non-executive director of the Company as well as a member of the Audit Committee and the Remuneration Committee. Mr. Luk obtained a Law Degree in England in 1986. Throughout his tenure of career, Mr. Luk has been appointed to serve in various senior management positions which involved corporate/legal and property development as well as property management aspects. He is presently the consultant to Pacific Rich Management & Consultants Limited, a company providing property and facilities management in Hong Kong.

Mr. Yim Kai Pung, aged 45, joined the Group in 2004. He is an independent non-executive director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Yim holds a Bachelor degree of Accountancy with honours from City University of Hong Kong in 1993 and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 20 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC. Mr. Yim is presently a sole proprietor of David Yim & Co., Certified Public Accountants, and a director as well as the managing director of CCTH CPA Limited. He is currently an independent non-executive director of Greens Holdings Ltd., a company listed on the Main Board of the Stock Exchange. Mr. Yim was a director (who was first appointed as an executive director and then redesignated as a non-executive director) of Sanyuan Group Limited, a company previously listed on the Main Board of the Stock Exchange.

Ms. Yeung Mo Sheung, Ann, aged 46, joined the Group in 2004. She is an independent non-executive director of the Company as well as a member of the Audit Committee and the Remuneration Committee. Ms. Yeung holds a Bachelor degree of Retail Marketing with honours in the United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice in the United Kingdom in 1998 and is presently a partner of Messrs. Fung & Fung, Solicitors, a legal firm in Hong Kong. Ms. Yeung is currently an independent non-executive director of Hao Wen Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, and was an independent non-executive director of Fast Systems Technology (Holdings) Limited (now known as Seamless Green China (Holdings) Limited), a company listed on the Growth Enterprise Market of the Stock Exchange.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes, aged 37, joined the Group in 2003. She is the company secretary of the Company and is responsible for overseeing all legal matters of the Group. Ms. Chiu is a qualified solicitor and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master degree of Laws from The University of Sheffield, United Kingdom in 1997. Before joining the Group, Ms. Chiu was a practicing solicitor in a local law firm and possessed solid experience in banking and finance as well as property related matters.

FINANCIAL CONTROLLER

Mr. Wong Chi Keung, Alvin, aged 48, joined the Group in 2008. He is the financial controller of the Group as well as the qualified accountant of the Company, and is responsible for financial and accounting matters of the Group. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and an associate member of The Chartered Institute of Management Accountants. He is currently an independent non-executive director as well as the chairman of both the audit committee and the remuneration committee of ITC Properties Group Limited, a company listed on the Main Board of the Stock Exchange. He has over 23 years of experience in accounting and corporate finance gained in property development, construction and manufacturing companies.

Independent Auditors' Report

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

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

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

We have audited the consolidated financial statements of Success Universe Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 109, which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report (continued)

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

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

OPINION

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 16 April 2010.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 29 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	6, 7	**1,444,902**	1,202,239
Cost of sales		**(1,352,774)**	(1,114,589)
Gross profit		**92,128**	87,650
Other revenue and gains	8	**44,521**	31,363
Administrative expenses		**(138,585)**	(136,042)
Other operating expenses	9(c)	**(12,600)**	(30,906)
Loss from operations		**(14,536)**	(47,935)
Finance costs	9(a)	**(20,854)**	(9,304)
Share of results of jointly controlled entities		**331**	–
Share of results of associates		**(44,435)**	(115,657)
Loss before taxation	9	**(79,494)**	(172,896)
Income tax	10(a)	**(2,170)**	(1,790)
Loss for the year		**(81,664)**	(174,686)
Attributable to:			
Owners of the Company		**(80,782)**	(173,797)
Non-controlling interests		**(882)**	(889)
Loss for the year		**(81,664)**	(174,686)
Loss per share	15		
– Basic		**(3.31) HK cents**	(7.13) HK cents
– Diluted		**(3.31) HK cents**	(7.13) HK cents

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

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

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

Consolidated Statement of Financial Position

As at 31 December 2010

	Note	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**91,923**	78,381
Goodwill	17	**6,828**	6,828
Intangible assets	18	**38,823**	32,526
Interest in associates	20	**1,171,087**	1,094,945
Interest in jointly controlled entities	21	**1,693**	1,362
Deposit for acquisition of properties	22	**–**	2,632
Deposit for acquisition of a company	23	**–**	60,384
Deferred tax assets	34(b)	**–**	848
		1,310,354	1,277,906
CURRENT ASSETS			
Inventories	24	**983**	1,129
Trade and other receivables	25	**47,707**	15,893
Tax recoverable		**184**	–
Pledged bank deposits	26	**8,104**	8,273
Cash and cash equivalents	27	**108,042**	42,308
		165,020	67,603
CURRENT LIABILITIES			
Trade and other payables	28	**22,536**	22,097
Deferred income	29	**948**	170
Profit guarantee liabilities	30	**9,100**	9,100
Financial guarantee contract	35	**12,600**	12,600
Bank loans – due within one year	36	**556**	–
Tax payable	34(a)	**1,347**	33
		47,087	44,000
NET CURRENT ASSETS		**117,933**	23,603
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,428,287**	1,301,509
NON-CURRENT LIABILITIES			
Deferred income	29	**3,002**	–
Profit guarantee liabilities	30	**23,508**	32,608
Loans payables	31	**454,640**	313,754
Long-term payables	32	**205,126**	193,797
Due to a related company	33	**23,191**	20,994
Deferred tax liabilities	34(b)	**29**	83
Financial guarantee contract	35	**6,300**	18,900
Bank loans – due after one year	36	**13,940**	–
Loan from a director and controlling shareholder	37	**105,000**	47,500
		834,736	627,636
NET ASSETS		**593,551**	673,873

Consolidated Statement of Financial Position (continued)

As at 31 December 2010

	Note	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
CAPITAL AND RESERVES			
Share capital	38	**24,390**	24,390
Reserves	40	**523,500**	603,269
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**547,890**	627,659
NON-CONTROLLING INTERESTS	40	**45,661**	46,214
TOTAL EQUITY		**593,551**	673,873

Approved and authorised for issue by the board of directors on 29 March 2011.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

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

Statement of Financial Position

As at 31 December 2010

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

Approved and authorised for issue by the board of directors on 29 March 2011.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

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

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2010

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

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

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the consolidated financial statements

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

(i) Going Concern

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Going Concern (continued)

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

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

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

(ii) Basis of measurement

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

(d) Associates and jointly controlled entities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates and jointly controlled entities (continued)

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

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

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

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

(e) Goodwill

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

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

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

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

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets (other than goodwill)

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

Client list	15 years

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Operating lease charges

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

(i) Impairment of assets

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets (continued)

(ii) Impairment of other assets

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

– property, plant and equipment;

– intangible assets;

– investments in subsidiaries, associates and jointly controlled entities; and

– goodwill

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

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

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

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

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

(k) Trade and other receivables

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

(l) Trade and other payables

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

(m) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits

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

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

(ii) Termination benefits

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

(o) Income tax

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

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

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

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

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

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

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

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

  – the same taxable entity; or

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

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

(q) Revenue recognition

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

(i) Cruise leasing and management fee income

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

– Cruise management fee income is recognised when the management service is rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (continued)

(ii) Travel-related agency services fee income

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

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

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

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

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

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

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

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

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

(r) Translation of foreign currencies

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Translation of foreign currencies (continued)

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

(s) Borrowing costs

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

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

(t) Related parties

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

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence or such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Segment reporting

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

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

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

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

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

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

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

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

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

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

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

[1] *Effective for annual periods beginning on or after 1 February 2010*
[2] *Effective for annual periods beginning on or after 1 July 2010*
[3] *Effective for annual periods beginning on or after 1 January 2011*
[4] *Effective for annual periods beginning on or after 1 July 2011*
[5] *Effective for annual periods beginning on or after 1 January 2012*
[6] *Effective for annual periods beginning on or after 1 January 2013*
[7] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*

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

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(a) Credit risk

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

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

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

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

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. Except for a financial guarantee given by the Company as set out in note 35, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the Company's statement of financial position is disclosed in note 35.

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

(b) Liquidity risk

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

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

The Group

	At 31 December 2010				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	22,536	–	–	22,536	22,536
Profit guarantee liabilities	9,100	9,100	14,408	32,608	32,608
Loans payables	–	461,823	–	461,823	454,640
Long-term payables	–	262,646	–	262,646	205,126
Due to a related company	–	24,036	–	24,036	23,191
Bank loans	588	621	14,121	15,330	14,496
Loan from a director and controlling shareholder	–	110,250	–	110,250	105,000
	32,224	868,476	28,529	929,229	857,597

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

The Group (continued)

	At 31 December 2009				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	22,097	–	–	22,097	22,097
Profit guarantee liabilities	9,100	9,100	23,508	41,708	41,708
Loans payables	–	142,268	175,153	317,421	313,754
Long-term payables	–	–	283,138	283,138	193,797
Due to a related company	–	21,834	–	21,834	20,994
Loan from a director and controlling shareholder	–	49,875	–	49,875	47,500
	31,197	223,077	481,799	736,073	639,850

The Company

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

	At 31 December 2009				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payables and accruals	52,264	–	–	52,264	52,264
Loan from a director and controlling shareholder	–	49,875	–	49,875	47,500
Loan payable	–	–	135,667	135,667	132,000
	52,264	49,875	135,667	237,806	231,764

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

The Company (continued)

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

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

(c) Currency risk

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

(d) Interest rate risk

The market risk exposure of the Group is the changes in interest rates. Interest rate risk arises primarily from the amount due to a related company and loans payables carry at floating interest rates. The Group's cash flow exposure is to the interest rate risk and fair value interest rate risk as the borrowings issued at variable rates and fixed rates, respectively. The Group does not use financial derivatives to hedge against the interest rate risk. Other than bank loans, the Company has no significant exposure to interest rate risk. At 31 December 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax by approximately HK$3,510,000 (2009: approximately HK$1,795,000). The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the financial liabilities in existence at that date. The 100 basis points increase or decrease represents management's assessment of reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed, on the same basis for 2009.

(e) Fair values

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions. The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values as at 31 December 2010 and 2009.

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources estimation uncertainty

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

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

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to the level of revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Impairment of receivables

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

(iii) Impairment of intangible assets

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

(iv) Amortisation on intangible assets

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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

(i) Impairment test for interest in associates

The Group completed its annual impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 31 December 2010. The Group has engaged Roma Appraisals Limited ("Roma"), an independent professional valuer, who has among their staff, fellow members of the Hong Kong Institute of Surveyor, to carry out a valuation of the interest in associates as at 31 December 2010 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a discount rate of 14.97% (2009: 13.24%). The cash flows beyond the five-year period are extrapolated using a steady 4.66% (2009: 4%) growth rate for the casino and hotel industries in which are operated by associates.

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

The carrying amount of the interest in associates is written down by approximately HK$44.1 million (2009: approximately HK$31.5 million) which was due to decrease in the carrying amount of the deemed capital contribution to the associates.

(ii) Going concern

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

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

(iii) Maruhan Put Option

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(iii) Maruhan Put Option (continued)

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

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

The Directors considered that after the completion of the World Fortune Disposal, the Group still retains substantially all the risks and rewards of ownership of the World Fortune Sale Shares. Therefore, the Group continues to account for World Fortune as a wholly-owned subsidiary of the Company. The consideration of approximately HK$208,501,000 received has been recognised as liabilities and classified under loans payables (note 31) and long-term payables (note 32) in the consolidated statement of financial position. As the Group does not have the unconditional rights to avoid settlement under the Maruhan Put Option, the Group has to recognise the relevant financial liabilities at the amount of the present value of the estimated future cash outflows when it is required to acquire the World Fortune Sale Shares.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(iv) SBI Macau Put Option

On 7 July 2008, Favor Jumbo Limited ("Favor Jumbo"), an indirect wholly-owned subsidiary of the Company, as vendor and the Company as Favor Jumbo's guarantor entered into a sale and purchase agreement with SBI Macau Holdings Limited ("SBI Macau"), an independent third party, as purchaser regarding (i) the disposal of 910 shares (the "Golden Sun Sale Shares") of Golden Sun, being 4.55% of the entire issued share capital of Golden Sun, a subsidiary of Favor Jumbo; and (ii) the assignment of all rights, title, interests and benefits of and in 4.55% of the entire amount of the interest-free shareholder's loan due by Golden Sun to Favor Jumbo at face value which amounting to approximately HK$39,486,000 (collectively the "Golden Sun Disposal"). The total consideration for the Golden Sun Disposal was HK$130 million. In addition, Favor Jumbo guaranteed that SBI Macau shall be entitled to a return of not less than HK$9.1 million for each full fiscal year for a period of sixty successive months immediately after the date of completion of the Golden Sun Disposal. The details of the profit guarantee liabilities have been set out in note 30 to the consolidated financial statements.

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

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

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

The Directors considered that after the completion of the Golden Sun Disposal, the Group still retains substantially all the risks and rewards of ownership of the Golden Sun Sale Shares. Therefore, the Group accounts for Golden Sun as a wholly-owned subsidiary of the Company. The consideration of HK$130 million received has been recognised as liabilities and classified under profit guarantee liabilities (note 30), the loans payables (note 31) and long-term payables (note 32) in the consolidated statement of financial position. As the Group does not have the unconditional rights to avoid settlement under the SBI Macau Put Option, the Group has to recognise the relevant financial liabilities at the amount of the present value of the estimate future cash outflow when it is required to acquire the Golden Sun Sale Shares.

6. SEGMENT INFORMATION

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

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

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

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

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

6. SEGMENT INFORMATION (CONTINUED)

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

Other items

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

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

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

(d) Geographical information

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

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

6. SEGMENT INFORMATION (CONTINUED)

(d) Geographical information (continued)

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

(e) Major customer

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

7. TURNOVER

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

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

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

8. OTHER REVENUE AND GAINS

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

* This represents impairment recognised on debts due by a debtor which has been long-outstanding. The Directors considered that the amounts due could not be recovered. Therefore, full impairment has been made in the previous year. During the year, the debtor has made repayment in respect of such long-outstanding amount, therefore, the reversal of impairment loss was recognised for the year (note 25(b)).

9. LOSS BEFORE TAXATION

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

		Note	2010 HK$'000	2009 HK$'000
(a)	**Finance costs**			
	Interest on loan from a related company	33	**816**	739
	Interest on bank loans	36	**105**	–
	Interest on long-term payables	32	**11,329**	6,749
	Interest on loan from a director and controlling shareholder	37	**3,412**	1,043
	Interest on other loans	31(vi)	**5,192**	573
	Total interest expenses on financial liabilities not at fair value through profit or loss		**20,854**	9,104
	Finance charges		**–**	200
			20,854	9,304
(b)	**Staff costs**			
	Salaries, wages and other benefits (including directors' emoluments)		**64,549**	61,927
	Contributions to defined contribution retirement plan		**2,311**	1,675
			66,860	63,602
(c)	**Other operating expenses**			
	Impairment loss recognised on			
	– goodwill		**–**	895
	– intangible assets		**–**	6,711
	– interest in associates		**12,600**	12,600
	– interest in jointly controlled entity		**–**	10,700
			12,600	30,906
(d)	**Other items**			
	Auditors' remuneration			
	– audit services		**1,449**	1,454
	– other services		**250**	325
	Depreciation on owned fixed assets		**10,313**	11,428
	Amortisation on intangible assets		**339**	541
	Loss on disposal of property, plant and equipment		**2**	18
	Operating lease rentals			
	– properties		**8,963**	7,951
	– plant and machinery		**571**	539
	Net exchange gain		**(687)**	(911)
	Cost of inventories		**23,079**	17,870

10. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

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

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

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

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

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

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

11. DIRECTORS' REMUNERATION

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

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

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

	2010 HK$'000	2009 HK$'000
Salaries, allowances and other benefits	**3,268**	3,169
Retirement benefit scheme contributions	**48**	48
	3,316	3,217

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

	Number of individuals	
	2010	2009
Nil – HK$1,000,000	**4**	4

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

14. DIVIDENDS

No interim dividend was paid during the year under review (2009: Nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2010 (2009: Nil).

15. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$80,782,000 (2009: approximately HK$173,797,000) and on the weighted average number of approximately 2,438,964,000 ordinary shares (2009: approximately 2,438,964,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

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

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land and building HK$'000	Cruise HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fittings and office equipment HK$'000	Motor vehicles HK$'000	Motor yacht HK$'000	Total HK$'000
Cost								
At 1 January 2009	2,410	93,600	3,692	9,853	5,155	2,450	4,700	121,860
Addition	–	–	181	3,098	244	–	–	3,523
Disposals	–	–	(545)	–	(84)	(126)	–	(755)
Exchange alignment	370	–	473	–	960	144	–	1,947
At 31 December 2009 and 1 January 2010	2,780	93,600	3,801	12,951	6,275	2,468	4,700	126,575
Addition	18,847	–	2,024	2,339	392	–	–	23,602
Disposals	–	–	(30)	–	(20)	(1)	–	(51)
Exchange alignment	167	–	(153)	–	(2,614)	63	–	(2,537)
At 31 December 2010	**21,794**	**93,600**	**5,642**	**15,290**	**4,033**	**2,530**	**4,700**	**147,589**
Accumulated depreciation								
At 1 January 2009	5	23,400	2,025	6,437	2,396	868	1,018	36,149
Charge for the year	54	4,680	1,284	2,150	1,523	797	940	11,428
Written back on disposals	–	–	(523)	–	(78)	(56)	–	(657)
Exchange alignment	11	–	382	–	760	121	–	1,274
At 31 December 2009 and 1 January 2010	70	28,080	3,168	8,587	4,601	1,730	1,958	48,194
Charge for the year	125	4,680	571	2,330	1,117	550	940	10,313
Written back on disposals	–	–	(30)	–	(18)	(1)	–	(49)
Exchange alignment	(8)	–	(184)	–	(2,662)	62	–	(2,792)
At 31 December 2010	**187**	**32,760**	**3,525**	**10,917**	**3,038**	**2,341**	**2,898**	**55,666**
Carrying amount								
At 31 December 2010	**21,607**	**60,840**	**2,117**	**4,373**	**995**	**189**	**1,802**	**91,923**
At 31 December 2009	2,710	65,520	633	4,364	1,674	738	2,742	78,381

The analysis of carrying amount of property is as follows:

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Freehold land and building held outside Hong Kong	**21,607**	2,710

17. GOODWILL

	The Group HK$'000
Cost	
At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010	**8,332**
Accumulated impairment losses	
At 1 January 2009	(609)
Impairment loss	(895)
At 31 December 2009 and 1 January 2010	(1,504)
Impairment loss	–
At 31 December 2010	**(1,504)**
Carrying amount	
At 31 December 2010	**6,828**
At 31 December 2009	6,828

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

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Cruise management CGU	**1,313**	1,313
Travel CGU	**5,515**	5,515
	6,828	6,828

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
South China Sea, other than in Hong Kong	**1,313**	1,313
North America	**5,515**	5,515
	6,828	6,828

17. GOODWILL (CONTINUED)

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

Key assumptions used for value in use calculations:

	Travel CGU		Cruise management CGU	
	2010	2009	**2010**	2009
	%	%	**%**	%
– Growth rate	**3**	4.5	**Zero**	Zero
– Discount rate	**11.65**	12.8	**5**	5

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

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

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

18. INTANGIBLE ASSETS

The Group

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

Trademark

In accordance with HKAS 36 “Impairment of Assets”, the Group completed its annual impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 31 December 2010. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma, the carrying amount of the trademark is approximately HK$33,592,000. A reversal of impairment loss of approximately HK$3,571,000 has been recognised for the year ended 31 December 2010 (2009: impaired approximately HK$3,682,000).

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a discount of 13.1% (2009: 14.3%). The cash flows beyond the five-year period are extrapolated using a steady 3% (2009: 4.5%) growth rate. This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

18. INTANGIBLE ASSETS (CONTINUED)

Client list

The Directors assessed that the client list having 15 years of useful lives from the date of acquisition. The Group has completed its annual impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 31 December 2010. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, the carrying amount of the client list is approximately HK$5,231,000. A reversal of impairment loss of approximately HK$971,000 has been recognised for the year ended 31 December 2010 (2009: impaired approximately HK$3,029,000).

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a discount rate of 13.1% (2009: 14.3%), The cash flows beyond the five-year period are extrapolated using a steady 3% (2009: 4.5%) growth rate. This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

19. INVESTMENTS IN SUBSIDIARIES

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

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

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

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

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

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

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest: Group's effective interest %	Held by the Company %	Held by subsidiaries %	Principal activities
665127 British Columbia Ltd.	Canada	(i) 10,000 common shares without par value; and (ii) 1,400 Class A Preferred shares with CAD0.01 par value (without voting right)	80	–	80	Investment holding
Jade Travel Ltd. ("Jade Travel Ltd. (Canada)")	Canada	7 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages
Jade Travel Ltd.	United States of America	100 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages

20. INTEREST IN ASSOCIATES

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

20. INTEREST IN ASSOCIATES (CONTINUED)

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

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

(b) **Goodwill**

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

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

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

For the year, the additional impairment loss recognised on interest in associates of HK$12.6 million (2009: HK$12.6 million) was due to the decrease in the carrying amount of the deemed capital contribution to the associates. The deemed capital contribution is referenced to the financial guarantee contract (note 35) granted by the Group to the associates. The deemed capital contribution decreased as the carrying amount of financial guarantee to the associates decreased during the year. Therefore, at the end of the reporting period, the carrying amount of the interest in associates is written down by approximately HK$44.1 million (2009: approximately HK$31.5 million).

Moreover, the Group completed its annual impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 31 December 2010. The Group has engaged Roma to carry out a valuation of the interest in associates as at 31 December 2010 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a discount rate of 14.97% (2009: 13.24%). The cash flows beyond the five-year period are extrapolated using a steady 4.66% (2009: 4%) growth rate for the casino and hotel industries in which are operated by associates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

20. INTEREST IN ASSOCIATES (CONTINUED)

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

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Assets	**3,372,507**	3,340,779
Liabilities	**3,392,167**	3,566,792
Equity	**(19,660)**	(226,013)

	2010 HK$'000	2009 HK$'000
Revenues	**782,979**	374,031
Loss	**(90,683)**	(236,035)

21. INTEREST IN JOINTLY CONTROLLED ENTITIES

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

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

21. INTEREST IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

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

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

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

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

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Non-current assets	**29,293**	14,647
Current assets	**1,021**	108
Current liabilities	**(24,276)**	(12,150)
	6,038	2,605

	2010 HK$'000	2009 HK$'000
Income	**914**	136
Expenses	**(85)**	(87)
Profit before tax	**829**	49
Taxation	**–**	(23)
Profit for the year	**829**	26

22. DEPOSIT FOR ACQUISITION OF PROPERTIES

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

23. DEPOSIT FOR ACQUISITION OF A COMPANY

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

24. INVENTORIES

	The Group	
	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Fuel oil	**983**	1,129

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

	2010 HK$'000	2009 HK$'000
Carrying amount of inventories use	**23,079**	17,870

25. TRADE AND OTHER RECEIVABLES

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

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

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

(i) Aging analysis

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

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

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

(ii) Impairment of trade receivables

Impairment loss in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(i)). At the end of the reporting period, there has no impairment loss recognised on the trade receivables (2009: Nil).

(iii) Trade receivables that are not impaired

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

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

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

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

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

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

(b) Other receivables

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

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

26. PLEDGED BANK DEPOSITS

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

27. CASH AND CASH EQUIVALENTS

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

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

28. TRADE AND OTHER PAYABLES

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

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

Aging analysis

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

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

29. DEFERRED INCOME

The Group

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

30. PROFIT GUARANTEE LIABILITIES

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

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

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

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

31. LOANS PAYABLES

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

Notes:

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

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

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

(iv) The amount represented the shareholder's loan of approximately HK$66,468,000 due by World Fortune to Golden Sun taken up by Maruhan upon the completion of the World Fortune Disposal on 29 October 2007 and further shareholder's loan of approximately HK$86,270,000 (2009: approximately HK$65,778,000) advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders' Agreement. The loans are unsecured, interest-free and not expected to be settled within one year.

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

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

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

32. LONG-TERM PAYABLES

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

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

33. DUE TO A RELATED COMPANY

The Group

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

34. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

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

(b) Recognised deferred tax (assets)/liabilities

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

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

	The Group	
	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Net deferred tax assets recognised on the consolidated statement of financial position	**–**	(848)
Net deferred tax liabilities recognised on the consolidated statement of financial position	**29**	83
	29	(765)

(c) Unrecognised deferred tax assets

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 31 December 2010, the Group had tax losses of approximately HK$103 million (2009: approximately HK$103 million) that are available to carry forward indefinitely for offsetting against future taxable profits.

35. FINANCIAL GUARANTEE CONTRACT

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

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

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

The financial guarantee contract is carried at amortised cost.

36. BANK LOANS

	The Group	
	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Bank loans, secured	**14,496**	–

36. BANK LOANS (CONTINUED)

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

37. LOAN FROM A DIRECTOR AND CONTROLLING SHAREHOLDER

	The Group and the Company	
	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Loan from Mr. Yeung	105,000	47,500

These represent the loan from Mr. Yeung under the revised loan facility as disclosed in note 2(b)(i). The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to Mr. Yeung under the revised loan facility before 30 October 2012. In the opinion of the Directors, the borrowing of the said loan from Mr. Yeung was for the benefit of the Company and on normal commercial terms where no security over the assets of the Company was granted.

38. SHARE CAPITAL

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

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

39. EMPLOYEE RETIREMENT BENEFITS

(a) Defined contribution retirement plan

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

(b) Share option scheme

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

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

39. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

(b) Share option scheme (continued)

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

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

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

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

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

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

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

40. RESERVES

The Group

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

Nature and purpose of reserves

(a) Share premium

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

(b) Exchange reserve

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

(c) Property revaluation reserve

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

40. RESERVES (CONTINUED)

The Company

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

Distribution of reserves

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

41. COMMITMENTS

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

		The Group		The Company	
	Note	**At 31 December 2010 HK$'000**	At 31 December 2009 HK$'000	**At 31 December 2010 HK$'000**	At 31 December 2009 HK$'000
Contracted but not provided for					
– acquisition of properties	22	**–**	14,915	**–**	–
– renovation of properties		**–**	1,560	**–**	–
		–	16,475	**–**	–

41. COMMITMENTS (CONTINUED)

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

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

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

42. CONTINGENT LIABILITIES

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

43. EVENTS AFTER THE REPORTING PERIOD

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

44. RELATED PARTY TRANSACTIONS

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

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

Notes:

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

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

44. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

Notes:

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

(i) The amount of receivable is from the JV Partner for his on-lending to the JV Company. The amount is secured by 30% equity interest of the JV Company, interest-free and has no fixed repayment terms.

(ii) The amount is the prepayment for consultancy services in respect of the New Business paid to the JV Partner. The amount is secured by cash which is equivalent to RMB5 million.

(c) Key management personnel compensation

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

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

44. RELATED PARTY TRANSACTIONS (CONTINUED)

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

45. CAPITAL RISK MANAGEMENT

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

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

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

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

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

46. PLEDGE OF ASSETS

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

(a) The Group pledged the time deposits of approximately HK$8.1 million (2009: approximately HK$8.3 million) to certain banks for the issuance of several bank guarantees and standby letter of credit facility of approximately HK$10.2 million (2009: approximately HK$10.2 million) for the operations of the Group;

(b) World Fortune pledged all (2009: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development;

(c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (2009: 51%) of the entire issued share capital from time to time of Favor Jumbo to a financial institution which is a third party independent of the Company in respect of the revolving credit facility granted to the Company; and

(d) The Group's self-occupied properties with carrying amount of approximately HK$21.6 million (2009: Nil) was pledged to a bank to secure bank loans to Jade Travel Ltd. (Canada).

Five-year Financial Summary

RESULTS

	Year ended 31 December 2010 HK$'000	Year ended 31 December 2009 HK$'000	Fifteen months ended 31 December 2008 HK$'000	Year ended 30 September 2007 HK$'000	Year ended 30 September 2006 HK$'000
Turnover:					
Continuing operations	**1,444,902**	1,202,239	627,254	103,754	103,530
(Loss)/profit before taxation	**(79,494)**	(172,896)	(238,219)	16,944	48,531
Income tax	**(2,170)**	(1,790)	(859)	(672)	(372)
(Loss)/profit for the year/period	**(81,664)**	(174,686)	(239,078)	16,272	48,159
Attributable to:					
Owners of the Company	**(80,782)**	(173,797)	(238,304)	2,314	28,380
Non-controlling interests	**(882)**	(889)	(774)	13,958	19,779
(Loss)/profit for the year/period	**(81,664)**	(174,686)	(239,078)	16,272	48,159
(Loss)/earnings per share					
– Basic	**(3.31) HK cents**	(7.13) HK cents	(9.87) HK cents	0.11 HK cents	1.41 HK cents
– Diluted	**(3.31) HK cents**	(7.13) HK cents	(9.87) HK cents	0.11 HK cents	N/A

ASSETS AND LIABILITIES

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000	At 31 December 2008 HK$'000	At 30 September 2007 HK$'000	At 30 September 2006 HK$'000
Total assets	**1,475,374**	1,345,509	1,418,947	1,197,379	978,395
Total liabilities	**(881,823)**	(671,636)	(487,788)	(170,466)	(11,475)
Non-controlling interests	**(45,661)**	(46,214)	(46,321)	(49,983)	(40,304)
Total equity attributable to owners of the Company	**547,890**	627,659	884,838	976,930	926,616