THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Success Universe Group Limited** (the "**Company**"), you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of the Company.

SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE AND (II) APPLICATION FOR WHITEWASH WAIVER

Underwriter

Silver Rich Macau Development Limited

Financial adviser to the Company

OPTIMA CAPITAL

Optima Capital Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

ALTUS CAPITAL LIMITED

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 41 to 42 of this circular. A letter from Altus Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the Rights Issue and the Whitewash Waiver is set out on pages 43 to 77 of this circular.

A notice convening the SGM to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 3:45 p.m. on Friday, 9 December 2011 is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional, inter alia, upon the fulfillment or waiver (where applicable) of the conditions set out under the sub-paragraph headed "Conditions of the Rights Issue" on pages 28 to 29 of this circular. In particular, the Rights Issue is conditional upon, among other things, (i) the Whitewash Waiver having been granted by the Executive; and (ii) the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed "Termination of the Underwriting Agreement" on pages 11 to 12 of this circular. Accordingly, the Rights Issue may or may not proceed.

The Shares will be dealt in on an ex-rights basis from Tuesday, 13 December 2011. Dealings in the Rights Shares in the nil-paid form are expected to take place from Friday, 23 December 2011 to Wednesday, 4 January 2012 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter in accordance with the terms thereof, the Rights Issue will not proceed. Any Shareholders or other persons dealing in the nil-paid Rights Shares during the period from Friday, 23 December 2011 to Wednesday, 4 January 2012 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

22 November 2011

CONTENTS

	2011
Latest time for return of the form of proxy for use at the SGM	By 3:45 p.m., Wednesday, 7 December
SGM	At 3:45 p.m., Friday, 9 December
Announcement of the results of the SGM	Friday, 9 December
Last day of dealings in the Shares on a cum-rights basis	Monday, 12 December
Commencement of dealings in the Shares on an ex-rights basis	Tuesday, 13 December
Latest time for lodging transfers of Shares in order to be qualified for the Rights Issue	By 4:30 p.m., Wednesday, 14 December
Closure of register of members of the Company to determine the entitlements to the Rights Issue	Thursday, 15 December to Tuesday, 20 December (both dates inclusive)
Record Date	Tuesday, 20 December
Prospectus Posting Date	Wednesday, 21 December
Register of members of the Company re-opens	Wednesday, 21 December
First day of dealings in nil-paid Rights Shares	Friday, 23 December
Latest time for splitting nil-paid Rights Shares	By 4:30 p.m., Thursday, 29 December

	2012
Last day of dealings in nil-paid Rights Shares	Wednesday, 4 January
Latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares	By 4:00 p.m., Monday, 9 January
Latest time for the Rights Issue to become unconditional	By 4:30 p.m., Thursday, 12 January
Announcement of the results of the Rights Issue	Tuesday, 17 January
Refund cheques for wholly or partially unsuccessful applications for excess Rights Shares to be posted on or before	Wednesday, 18 January
Share certificates of fully-paid Rights Shares to be posted on or before	Wednesday, 18 January
Commencement of dealings in fully-paid Rights Shares	Friday, 20 January

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

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

If there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning

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

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

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

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

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

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

"Facility Letter"	the loan facility letter dated 1 December 2008 as amended by the letters dated 14 April 2009, 25 June 2009 and 23 June 2010 signed between the Company as borrower and Mr. Yeung as lender for the grant of a term loan facility of up to HK$290 million by Mr. Yeung to the Company
"Favor Jumbo"	Favor Jumbo Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company
"Golden Sun"	Golden Sun Profits Limited, a company incorporated in the British Virgin Islands with limited liability, which is held as to 95.45% by Favor Jumbo and as to 4.55% by SBI Macau
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors (but not the non-executive Director who has taken part in finalising the terms of the Rights Issue), namely Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, established to give recommendation to the Independent Shareholders regarding the Rights Issue and the Whitewash Waiver
"Independent Financial Adviser"	Altus Capital Limited, a licensed corporation under the SFO permitted to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities (as defined in the SFO), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders

"Independent Shareholders"	Shareholders other than (i) the Concert Group; (ii) the respective associates of the Underwriter and the Yeung Family; and (iii) those who are involved or interested in the Underwriting Agreement and/or the Whitewash Waiver
"Irrevocable Undertaking"	the irrevocable undertaking given by the Underwriter in the Underwriting Agreement, details of which are set out in the sub-paragraph headed "Irrevocable Undertaking by the Underwriter" in the "Letter from the Board" in this circular
"Last Trading Day"	19 October 2011, being the last trading day before the suspension of trading of the Shares on the Stock Exchange for the purpose of the release of the Announcement
"Latest Acceptance Date"	not less than ten Business Days after the Prospectus Posting Date as may be agreed in writing between the Company and the Underwriter, being the latest date for acceptance of, and payment for, the Rights Shares as described in the Prospectus
"Latest Practicable Date"	18 November 2011, being the latest practicable date prior to the despatch of this circular for ascertaining certain information herein
"Latest Time for Acceptance"	4:00 p.m. on the Latest Acceptance Date or such other time as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus
"Latest Time for Termination"	4:30 p.m. on the Settlement Date or such other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"Listing Committee"	the listing sub-committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Long Stop Date"	5:00 p.m. on 20 February 2012 or such later time and date as the Underwriter may agree with the Company in writing
"Macau"	the Macau Special Administrative Region of the PRC
"Maruhan"	Maruhan Corporation, a company incorporated in Japan, which is a substantial Shareholder
"Maruhan Put Option"	the put option granted by Golden Sun to Maruhan pursuant to the shareholders' agreement dated 29 October 2007 entered into between, inter alia, Golden Sun and Maruhan, the details of which were disclosed in the Company's announcement dated 5 October 2007 and circular dated 26 October 2007
"Mr. Yeung"	Mr. Yeung Hoi Sing, Sonny, the Chairman of the Company and an executive Director
"Nil-paid Rights Shares Trading Date"	the first date of dealings in nil-paid Rights Shares on the Stock Exchange as set out in the Prospectus Documents
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is(are) outside Hong Kong
"PAL(s)"	the renounceable provisional allotment letter(s) in respect of the Rights Shares proposed to be issued to the Qualifying Shareholders
"Pier 16 – Property Development"	Pier 16 – Property Development Limited, a company incorporated in Macau with limited liability, which is an associate of the Company held as to 49% by World Fortune
"Placing Agreement"	the placing agreement dated 18 November 2011 entered into between the Underwriter and an independent placing agent in relation to the placing by the placing agent, on a fully underwritten basis, of the Placing Shares at a price of HK$0.19 per Placing Share for the purpose of maintaining sufficient public float requirement of the Company under the Listing Rules

"Placing Share(s)"	such number of Share(s) to be confirmed by the Underwriter (which shall not exceed a maximum of 26,452,296 Shares) to be placed under the Placing Agreement
"Ponte 16"	the integrated casino-entertainment resort located in Inner Harbour District of Macau, being operated by the subsidiaries of Pier 16 – Property Development
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus to be despatched to the Shareholders containing details of the Rights Issue (as may be supplemented from time to time by subsequent announcements of the Company)
"Prospectus Documents"	the Prospectus, the PAL and the EAF
"Prospectus Posting Date"	the date (being not less than one Business Day after the date on which the Shareholders have approved the Rights Issue and the Whitewash Waiver) as may be agreed in writing between the Company and the Underwriter, for posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information only
"Qualifying Shareholder(s)"	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date
"Record Date"	such date as the Underwriter may agree with the Company in writing for determining the entitlements of the Shareholders to participate in the Rights Issue, which as agreed between the Underwriter and the Company is expected to be Tuesday, 20 December 2011
"Registrar"	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

"Relevant Period"	the period commencing six months immediately preceding 25 October 2011, being the date of the Announcement, and ending on the Latest Practicable Date
"Rights Issue"	the issue by way of rights of the Rights Shares in the proportion of two Rights Shares for every three existing Shares held on the Record Date at the Subscription Price
"Rights Share(s)"	new Share(s) to be issued and allotted under the Rights Issue
"SBI Macau"	SBI Macau Holdings Limited, a company incorporated in Macau with limited liability
"SBI Macau Put Option"	the put option granted by Favor Jumbo to SBI Macau pursuant to the shareholders' agreement dated 8 August 2008 entered into between, inter alia, Favor Jumbo and SBI Macau, the details of which were disclosed in the Company's announcement dated 11 July 2008 and circular dated 25 July 2008
"Setting Off"	the setting off of the repayment of the Assigned Loans against the payment by the Underwriter of the aggregate Subscription Price of the SR Shares pursuant to the Underwriting Agreement as more particularly described in the sub-paragraph headed "Information on the Assigned Loans and the Setting Off" in the "Letter from the Board" in this circular
"Settlement Date"	the date being the third Business Day following the Latest Acceptance Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM"	the special general meeting of the Company to be held at which resolutions will be proposed to consider, and, if thought fit, approve the Rights Issue and the Whitewash Waiver

"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Smart Class"	Smart Class Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"SR Shares"	673,968,954 Rights Shares to be provisionally allotted to the Underwriter in respect of the Existing Shares held by it pursuant to the Rights Issue
"SS Loan"	the entire amount of the unsecured loan owing by Smart Class to Star Spangle at the interest rate of 4% per annum, which principal amount and all interest accrued thereon shall be repaid by Smart Class to Star Spangle upon Star Spangle serving not less than fourteen days' prior written notice on Smart Class
"SS Loan Assignment"	the deed of novation and assignment to be executed by Smart Class, Star Spangle, the Underwriter and the Company in relation to the novation and assignment of the Assigned SS Loan pursuant to which (i) Smart Class will novate, and the Company will assume, all and any obligations, duties and liabilities of Smart Class in all respects as borrower of the Assigned SS Loan; and (ii) Star Spangle will assign and transfer, and the Underwriter will accept the assignment and transfer of, the Assigned SS Loan
"Star Spangle"	Star Spangle Corporation, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Yeung
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Price"	HK$0.19 per Rights Share
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Underwriter"	Silver Rich Macau Development Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by a discretionary trust (the beneficiaries of which are the Yeung Family)
"Underwriting Agreement"	the underwriting agreement dated 19 October 2011 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
"Underwritten Shares"	952,007,200 Rights Shares, being all the Rights Shares less the SR Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
"Whitewash Waiver"	the waiver required to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer for all the issued Shares not already owned and/or agreed to be acquired by the Concert Group which may otherwise arise as a result of the subscription of the SR Shares and the excess Rights Shares which may be allocated to the Underwriter under the excess application to be made by the Underwriter pursuant to the Irrevocable Undertaking or the Underwritten Shares to be taken up by the Underwriter pursuant to the underwriting obligation under the Underwriting Agreement
"World Fortune"	World Fortune Limited, a company incorporated in Hong Kong with limited liability, which is held as to 89.8% by Golden Sun and as to 10.2% by Maruhan
"Yeung Family"	the family members of Mr. Yeung

"Yeung Loan"	the entire amount of the loan having been drawn down and owing by the Company to Mr. Yeung under the Facility Letter, which is unsecured, bears interest at the prime rate for Hong Kong dollars loans as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time and is repayable by the Company to Mr. Yeung on or before 30 October 2012
"Yeung Loan Assignment"	the deed of assignment to be executed by Mr. Yeung as assignor, the Underwriter as assignee and the Company pursuant to which Mr. Yeung will assign and transfer, and the Underwriter will accept the assignment and transfer of, the Assigned Yeung Loan
"%" or "per cent."	percentage or per centum

Termination of the Underwriting Agreement

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

(i) the Underwriter shall become aware of the fact that, or shall, in its reasonable opinion, believe that, any warranties contained in the Underwriting Agreement was untrue, inaccurate misleading or breached, and in each case the same represents or is likely to represent (in the reasonable opinion of the Underwriter) a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue;

(ii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement; or

(iii) (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency, epidemic or other nature (whether or not sui generis with any of the foregoing, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);

(c) any change in the conditions of local, national or international securities or currency markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise);

(d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

(e) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which shall or may materially and adversely affect the Group or a material proportion of the shareholders in their capacity as such; or

(f) any withdrawal of the listing of the Shares or suspension in their trading on the Stock Exchange for more than fourteen consecutive trading days (save for the purposes of clearing the Announcement or any other announcements, circulars or prospectus(es) relating to the Underwriting Agreement and the ancillary agreements thereto) or indication being received from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to in connection with the terms of the Underwriting Agreement or for any other reason,

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

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

SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

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

Non-executive Director:
Mr. Choi Kin Pui, Russelle

Independent non-executive Directors:
Mr. Luk Ka Yee, Patrick
Mr. Yim Kai Pung
Ms. Yeung Mo Sheung, Ann

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

Head office and principal place of business in Hong Kong:
Suite 1601-2 & 8-10, 16/F.
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

22 November 2011

To the Shareholders

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE AND (II) APPLICATION FOR WHITEWASH WAIVER

1. INTRODUCTION

On 25 October 2011, the Board announced that the Company proposed to raise approximately HK$308.9 million, before expenses, by issuing 1,625,976,154 Rights Shares (assuming no new Shares will be issued on or before the Record Date) to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK$0.19 per Rights Share on the basis of two Rights Shares for every three existing Shares held on the Record Date.

The Rights Issue is fully underwritten by the Underwriter, a controlling Shareholder. The Underwriting Agreement was entered into between the Company and the Underwriter on 19 October 2011. As at the Latest Practicable Date, the Underwriter was beneficially interested in 1,010,953,432 Shares, representing approximately 41.45% of the existing issued share capital of the Company. Save for the 1,010,953,432 Shares held by the Underwriter, none of the members of the Concert Group had any shareholding interest in the Company as at the Latest Practicable Date. The Underwriter has irrevocably agreed and undertaken to the Company that, among other things, (i) it shall accept and take up all the SR Shares, the aggregate Subscription Price of which shall be paid by way of setting off against the Assigned Loans; (ii) it shall not dispose of or transfer, or create any option, charge or other encumbrances in respect of any Existing Shares or any interests therein (so far as applicable) from the date of the Underwriting Agreement and up to and including the Business Day after the Latest Acceptance Date; (iii) it shall procure that excess application in respect of all the Underwritten Shares, with cheques for the full amount payable thereof, shall be lodged with the Registrar by no later than the Latest Acceptance Date; and (iv) the Concert Group will not acquire (except by taking up the SR Shares and the Underwritten Shares pursuant to the terms of the Underwriting Agreement) or dispose of (except for the entering into of legally binding agreement(s) before the bulk-printing of this circular for the placing down or otherwise disposal of the Shares by the Underwriter after completion of the Rights Issue for the purpose of maintaining sufficient public float requirement of the Company under the Listing Rules) any voting rights of the Company from the date of the Underwriting Agreement and up to completion of the Rights Issue or the termination of the Underwriting Agreement, whichever is earlier. Details of the major terms and conditions of the Underwriting Agreement are set out in the paragraph headed "Underwriting arrangement" below.

As a result of the subscription of the SR Shares and the Underwritten Shares pursuant to the terms of the Underwriting Agreement, the shareholding of the Concert Group in the Company may increase from approximately 41.45% of the existing issued share capital of the Company to a maximum of approximately 64.87% (assuming that the number of the issued Shares remains unchanged on or before the Record Date) of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue. In such circumstances, under Rule 26 of the Takeovers Code, the acquisition of such voting rights will trigger a mandatory general offer by the Underwriter for all the securities of the Company other than those already owned or agreed to be acquired by the Concert Group unless the Whitewash Waiver is obtained from the Executive. Application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Further details of the Whitewash Waiver are set out in the paragraph headed "Whitewash Waiver" below.

The Independent Board Committee comprising all the independent non-executive Directors (but not the non-executive Director who has taken part in finalising the terms of the Rights Issue), namely Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, has been established for the purpose of advising the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, (i) information on the Rights Issue and the Whitewash Waiver; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver; (iii) the notice of the SGM; and (iv) other information as required under the Listing Rules and the Takeovers Code.

PROPOSED RIGHTS ISSUE

Issue statistics

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

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

The number of Rights Shares was arrived based on two Rights Shares for every three existing Shares held on the Record Date, (i) taking into account the 2,438,964,233 Shares in issue as at the Latest Practicable Date; and (ii) assuming no new Shares will be issued after the Latest Practicable Date and up to the Record Date. The Rights Shares represent approximately 66.7% of the Company's existing issued share capital and approximately 40.0% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

Qualifying Shareholders

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

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge the relevant transfers of Shares (together with the relevant share certificates) with the Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration by no later than 4:30 p.m. on 14 December 2011.

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

Rights of Overseas Shareholders

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

The Company will ascertain whether there will be any Overseas Shareholders at the close of business on the Record Date. Such Overseas Shareholders may or may not be eligible to participate in the Rights Issue. The Directors will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries as to whether the offer and the issue of the Rights Shares to the Overseas Shareholders, if any, may contravene the applicable securities legislation of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places.

If after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account of either the legal restrictions under the laws of the relevant places or any applicable requirements of the relevant regulatory bodies or stock exchanges in those places, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be extended to such Overseas Shareholders who will become the Excluded Shareholders. The results of enquires and the basis of the exclusion of the Overseas Shareholders, if any, will be included in the Prospectus. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send the Application Forms to them. The Excluded Shareholders, as long as they are Independent Shareholders, are entitled to attend and vote on the proposed resolutions to consider, and if thought fit, approve the Rights Issue and the Whitewash Waiver at the SGM.

According to the register of members of the Company as at the Latest Practicable Date, there were 595 Overseas Shareholders (holding in aggregate 466,295 Shares, representing less than 0.02% of the existing issued share capital of the Company) with registered addresses located in Australia (with 540 Shareholders holding a total of 228,620 Shares), Singapore (with 22 Shareholders holding a total of 226,277 Shares), New Zealand (with 19 Shareholders holding a total of 5,486 Shares), the United Kingdom (with 9 Shareholders holding a total of 4,992 Shares), Malaysia (with 3 Shareholders holding a total of 540 Shares), Canada (with 1 Shareholder holding 250 Shares) and Spain (with 1 Shareholder holding 130 Shares).

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

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

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

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

Closure of register of members

The register of members of the Company will be closed from 15 December 2011 to 20 December 2011, both dates inclusive. No transfers of Shares will be registered during the book closure period.

Subscription Price

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

(i) a discount of approximately 24.00% to the closing price of HK$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 28.30% to the average of the closing prices of approximately HK$0.265 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iii) a discount of approximately 26.36% to the average of the closing prices of approximately HK$0.258 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iv) a discount of approximately 8.65% to the closing price of HK$0.208 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(v) a discount of approximately 15.93% to the theoretical ex-rights price of approximately HK$0.226 per Share calculated based on the closing price of HK$0.250 per Share on the Last Trading Day;

(vi) a discount of approximately 9.09% to the unaudited consolidated net assets value attributable to Shareholders of approximately HK$0.209 per Share as at 30 June 2011; and

(vii) equivalent to the unaudited consolidated net tangible assets of the Group of approximately HK$0.19 per Share as at 30 June 2011.

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

Basis of provisional allotment

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

Fractional entitlements

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

Status of the Rights Shares

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

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any unsold fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders.

Application for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance of the aggregate Subscription Price for the excess Rights Shares being applied for with the Registrar. The Board (excluding Mr. Yeung and Dr. Ma Ho Man, Hoffman, a nephew of Mr. Yeung, both are members of the Concert Group) will allocate the excess Rights Shares at its discretion on a fair and equitable basis, and on the following principles:

(i) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Board that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and

(ii) subject to the availability of excess Rights Shares after allocation under principle (i) above, the remaining excess Rights Shares will be allocated to the Qualifying Shareholders applying therefor based on a sliding scale with reference to the number of excess Rights Shares applied by them (such that Qualifying Shareholders applying for less Rights Shares will be allocated with a higher percentage of successful application but will receive a smaller number of Rights Shares, whereas Qualifying Shareholders applying for more Rights Shares will be allocated with a smaller percentage of successful application but will receive a greater number of the Rights Shares). Board lot allocations will be considered and made on best effort basis.

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

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners of the Shares individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company prior to the Record Date must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on 14 December 2011.

Share certificates and refund cheques of Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 18 January 2012. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 18 January 2012 by ordinary post to the applicants at their own risk.

Application for listing

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

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

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

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date	:	19 October 2011 (after trading hours)
Parties	:	(i) the Company; and (ii) the Underwriter.
Underwriter	:	Silver Rich Macau Development Limited The Underwriter is wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family. As at the Latest Practicable Date, the Underwriter was interested in 1,010,953,432 Shares, representing approximately 41.45% of the existing issued share capital of the Company. Mr. Yeung is the Chairman of the Company and an executive Director. The Underwriter does not underwrite issues of securities in its ordinary course of business. The Underwriter will be entitled to subscribe for 673,968,954 Rights Shares (being the SR Shares as defined in this circular) under the Rights Issue.
Number of the Rights Shares underwritten by the Underwriter	:	All the Rights Shares under the Rights Issue but excluding the SR Shares undertaken to be subscribed for by the Underwriter pursuant to the Irrevocable Undertaking.

		Assuming that there is no change in the issued share capital of the Company up to the close of business on the Record Date, the total number of Underwritten Shares will be 952,007,200 Rights Shares.
Commission	:	2.5% of the aggregate Subscription Price in respect of the Underwritten Shares, which will amount to approximately HK$4.5 million.

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

Irrevocable Undertaking by the Underwriter

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

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

Information on the Assigned Loans and the Setting Off

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

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

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

Termination of the Underwriting Agreement

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

(i) the Underwriter shall become aware of the fact that, or shall, in its reasonable opinion, believe that, any warranties contained in the Underwriting Agreement was untrue, inaccurate misleading or breached, and in each case the same represents or is likely to represent (in the reasonable opinion of the Underwriter) a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue;

(ii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement; or

(iii) (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency, epidemic or other nature (whether or not sui generis with any of the foregoing, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);

(c) any change in the conditions of local, national or international securities or currency markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise);

(d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

(e) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which shall or may materially and adversely affect the Group or a material proportion of the shareholders in their capacity as such; or

(f) any withdrawal of the listing of the Shares or suspension in their trading on the Stock Exchange for more than fourteen consecutive trading days (save for the purposes of clearing the Announcement or any other announcements, circulars or prospectus(es) relating to the Underwriting Agreement and the ancillary agreements thereto) or indication being received from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to in connection with the terms of the Underwriting Agreement or for any other reason,

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

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

WHITEWASH WAIVER

The Underwriter, being the controlling Shareholder, is wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family. As at the Latest Practicable Date, the Underwriter was interested in 1,010,953,432 Shares, representing approximately 41.45% of the existing issued share capital of the Company. Save for the 1,010,953,432 Shares held by the Underwriter, none of the members of the Concert Group had any shareholding interest in the Company as at the Latest Practicable Date. As a result of the subscription of the SR Shares and in the event that (i) all the Underwritten Shares are allotted and issued to the Underwriter under the excess application made pursuant to the Irrevocable Undertaking (assuming all Qualifying Shareholders (other than the Underwriter) do not accept their respective provisional allotment of the Rights Shares nor apply for any excess Rights Shares); or (ii) the Underwriter is called upon to subscribe for all the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the shareholding of the Concert Group in the Company may increase from approximately 41.45% of the existing issued share capital of the Company to a maximum of approximately 64.87% (assuming that the number of the issued Shares remains unchanged on or before the Record Date) of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue. Under Rule 26 of the Takeovers Code, the acquisition of voting rights under such circumstances will trigger a mandatory general offer by the Underwriter for all the securities of the Company other than those already owned or agreed to be acquired by the Concert Group, unless the Whitewash Waiver is obtained from the Executive and approved by the Independent Shareholders at the SGM by way of poll. Application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. If the Whitewash Waiver is not granted by the Executive or is not approved by the Independent Shareholders, the Rights Issue will not become unconditional and will not proceed. The Executive has indicated that the Whitewash Waiver will be granted subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll.

Based on the shareholdings structure of the Company as at the Latest Practicable Date and assuming no change in the issued share capital of the Company from the Latest Practicable Date up to completion of the Rights Issue save for the issue of the Rights Shares, upon completion of the Rights Issue, the Underwriter may hold more than 50% of the total voting rights of the Company. In such circumstances, the Underwriter may thereafter increase its holding of Shares without incurring any further obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

Conditions of the Rights Issue

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

(i) the passing of the requisite resolutions by the Independent Shareholders at the SGM (a) approving, confirming and ratifying (as appropriate), among other things, the Rights Issue and the transactions contemplated thereunder and authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms); and (b) approving the Whitewash Waiver, each in accordance with the bye-laws of the Company, the Listing Rules and the Takeovers Code (if applicable) on or before the Record Date;

(ii) the Executive granting to the Underwriter the Whitewash Waiver and the satisfaction of all conditions (if any) attached thereto and such other necessary waiver or consent of the Executive for the transactions contemplated under the Rights Issue;

(iii) the delivery to the Stock Exchange and the filing with and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Prospectus Posting Date of one copy of each of the Prospectus Documents duly certified in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;

(iv) the delivery and filing of the Prospectus Documents (all having been received or accepted by the Stock Exchange and duly signed by or on behalf of all Directors) with the Registrar of Companies in Bermuda in compliance with the Companies Act prior to, or as soon as reasonably practicable after, the Prospectus Posting Date;

(v) the posting on the Prospectus Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders and of the Prospectus marked “For information only” to the Excluded Shareholders;

(vi) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, all the Rights Shares in both their nil-paid and fully-paid forms before 9:00 a.m. on the Nil-paid Rights Shares Trading Date, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) and the Listing Committee not having withdrawn or revoked such listing and permission before 9:00 a.m. on the Nil-paid Rights Shares Trading Date;

(vii) the due execution of the SS Loan Assignment and the Yeung Loan Assignment by the respective parties thereto prior to the Prospectus Posting Date;

(viii) obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof;

(ix) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Underwriting Agreement and the representations and warranties given by the Underwriter under the Underwriting Agreement remaining true and correct in all material respects and not misleading;

(x) the compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true and correct in all material respects and not misleading; and

(xi) if necessary, the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares on or before the Prospectus Posting Date.

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

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

The Rights Issue is conditional, inter alia, upon the fulfillment or waiver (where applicable) of the conditions set out under the sub-paragraph headed "Conditions of the Rights Issue" above. In particular, the Rights Issue is conditional upon, among other things, (i) the Whitewash Waiver having been granted by the Executive; and (ii) the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as described above. Accordingly, the Rights Issue may or may not be able to proceed.

Any dealings in the Shares immediately after the date of this circular and up to the date on which all the conditions of the Rights Issue are fulfilled or waived (where applicable) and any dealings in the Rights Shares in their nil-paid form from 23 December 2011 to 4 January 2012 (both dates inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares (in their nil-paid form) are advised to consult their own professional advisers.

INFORMATION ON THE COMPANY

Principal businesses

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

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

Financial information

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

Results

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

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

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

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

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

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

Assets and liabilities

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

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

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

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

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

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

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

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

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

Effect of the Setting Off

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

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

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

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

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

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

(i) the Setting Off arrangement will effectively capitalise the Assigned Loans of HK$128,054,101.26 into new equity of the Company, thus reducing the gearing of the Group; and at the same time maintaining the availability of the facility under the Facility Letter by the amount of HK$104,667,902.02 (being the same amount of the Assigned Yeung Loan), thus providing more financial resources of the Company to meet its working capital requirements;

(ii) although there is no cash inflow from the Underwriter for its subscription of the SR Shares under the Setting Off arrangement, the Underwriter has committed to underwrite the Underwritten Shares at a total subscription amount of HK$180,881,368 to be settled in cash at the Subscription Price of HK$0.19 per Rights Share pursuant to the Underwriting Agreement. This underwriting commitment of the Underwriter underpins the certainty of the cash inflow to the Company;

(iii) if the Underwriter were to subscribe for the SR Shares in cash, instead of by the Setting Off arrangement to effectively capitalise the Assigned Loans into new equity of the Company, it is not certain if the Underwriter would still commit to underwrite the Underwritten Shares. This will cast uncertainty to the Rights Issue in view of the prevailing high volatility of the stock market; and

(iv) if the Underwriter were to subscribe for the SR Shares in cash and the subscription monies thereof were used to repay other third party loans outstanding instead of the Assigned Loans, the Company considers that there is uncertainty as to whether the Group would be able to secure new third party loans in future in case of any financial needs (for more details, please refer to the sub-paragraph headed "Assets and liabilities" under the paragraph headed "Information on the Company" above) given the difficult market conditions prevailing nowadays.

Based on the aforesaid and in view of the recent market conditions, and given that the Rights Issue will provide the Qualifying Shareholders an opportunity to maintain their respective pro-rata shareholding interests in the Company, the Board (excluding members of the Independent Board Committee whose view on the Rights Issue is set out in the "Letter from the Independent Board Committee" contained in this circular) considers that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

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

SHAREHOLDINGS STRUCTURE

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

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

Notes:

1. *Assuming (i) all Qualifying Shareholders (save for the Underwriter which subscribes for the SR Shares provisionally allotted to it under the Rights Issue and pays the aggregate Subscription Price thereof by way of the Setting Off) do not subscribe for any Rights Shares; and (ii) all Underwritten Shares are taken up by the Underwriter pursuant to the underwriting obligations of the Underwriter or by way of the excess application by the Underwriter pursuant to the Irrevocable Undertaking on the basis of the terms of the Placing Agreement as more particularly described below.*

2. *Assuming all Qualifying Shareholders accept their respective provisional allotments of the Rights Shares in full.*

3. *The Underwriter is wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family. Save for the Underwriter, none of the members of the Concert Group has any shareholding interest in the Company.*

4. *As at the Latest Practicable Date, the Company had no knowledge of the intention of Maruhan on whether it would accept any of the Rights Shares to be provisionally allotted to it.*

5. *Pursuant to the Placing Agreement, the Placing Agent (as defined below) shall ensure that the placees and their ultimate beneficial owners are third parties independent of and not connected or acting in concert with (a) any directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates; and (b) any members of the Concert Group.*

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

GENERAL

In accordance with Rule 7.19(6)(a) of the Listing Rules, the Rights Issue is conditional on, among other things, the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll whereby the Underwriter, the controlling Shareholder, and its associates shall abstain from voting in favour of the Rights Issue. In accordance with the Takeovers Code, the Concert Group, the respective associates of the Underwriter and the Yeung Family, and all those parties who are involved or interested in the Underwriting Agreement and/or the Whitewash Waiver will abstain from voting on the proposed resolutions approving the Rights Issue and the Whitewash Waiver at the SGM. Accordingly, the Concert Group, the respective associates of the Underwriter and the Yeung Family, and all those parties who are involved or interested in the Underwriting Agreement and/or the Whitewash Waiver are required to abstain from voting in favour of the proposed resolutions approving the Rights Issue and the Whitewash Waiver at the SGM.

Subject to, among other things, the Rights Issue and the Whitewash Waiver being approved at the SGM, the Prospectus Documents or the Prospectus, where appropriate, will be despatched to the Qualifying Shareholders, and for information only, to the Excluded Shareholders in due course.

SGM

The SGM will be convened and held to consider and, if thought fit, to approve the Rights Issue and the Whitewash Waiver. A notice convening the SGM to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 3:45 p.m. on Friday, 9 December 2011 is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing the proxy shall be deemed to have been revoked. Voting on the proposed resolutions at the SGM will be taken by poll.

RECOMMENDATIONS

The Directors (excluding members of the Independent Board Committee whose view on the Rights Issue is set out in the "Letter from the Independent Board Committee" contained in this circular) consider that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. The Independent Board Committee has been appointed to give recommendation to the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver. Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 41 and 42 of this circular and the letter from the Independent Financial Adviser on pages 43 to 77 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue and the Whitewash Waiver as well as the principal factors and reasons taken into consideration in arriving at its advice. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser as set out in this circular before deciding how to vote on the resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

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

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

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver prepared for the purpose of incorporation in this circular.

SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

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

22 November 2011

To the Independent Shareholders

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE AND (II) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated 22 November 2011 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Rights Issue and the Whitewash Waiver. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out on pages 43 to 77 of the Circular. Your attention is also drawn to the "Letter from the Board" in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Rights Issue and the Whitewash Waiver, and taking into account the advice of the Independent Financial Adviser, in particular the principal factors, reasons and recommendation as set out in its letter, we consider that the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Rights Issue and the Whitewash Waiver.

Yours faithfully,
Independent Board Committee
Luk Ka Yee, Patrick **Yim Kai Pung** **Yeung Mo Sheung, Ann**
Independent non-executive Directors

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver which has been prepared for the purpose of incorporation in this circular.

ALTUS CAPITAL LIMITED

8/F Hong Kong Diamond Exchange Building
8 Duddell Street, Central
Hong Kong

22 November 2011

To the Independent Board Committee and
the Independent Shareholders
Success Universe Group Limited
Suite 1601-2 & 8-10
16th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE AND (II) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver. Details of the transactions are set out in the "Letter from the Board" contained in the circular of the Company dated 22 November 2011 ("**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 25 October 2011, the Company announced, among other things, the Rights Issue and the Whitewash Waiver. The Company proposes to raise approximately HK$308.9 million before expenses by way of a rights issue of 1,625,976,154 Rights Shares (assuming no new Shares will be issued on or before the Record Date) at the Subscription Price of HK$0.19 per Rights Share on the basis of two Rights Shares for every three existing Shares held on the Record Date.

Silver Rich Macau Development Limited, wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family, is the Underwriter and the controlling Shareholder, holding an aggregate of 1,010,953,432 Shares, representing approximately 41.45% of the existing total issued share capital of the Company as at the Latest Practicable Date. As a result of the subscription of the SR Shares and in the event that (i) all the Underwritten Shares are allotted and issued to the Underwriter under the excess application made pursuant to the Irrevocable Undertaking (assuming all Qualifying Shareholders (other than the Underwriter) do not accept their respective provisional allotment of the Rights Shares nor apply for any excess Rights Shares); or (ii) the Underwriter is called upon to subscribe for all the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the shareholding of the Concert Group in the Company would increase from approximately 41.45% of the existing total issued share capital of the Company to a maximum of approximately 64.87% (assuming that the number of the issued Shares remains unchanged on or before the Record Date) of the enlarged total issued share capital of the Company immediately upon completion of the Rights Issue.

Accordingly, without the Whitewash Waiver, the subscription of the SR Shares and the taking up of the Underwritten Shares by the Underwriter may trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code. An application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will not become unconditional and will not proceed.

In short, the Rights Issue is conditional, among other things, upon the following conditions being fulfilled:

(i) the passing of the requisite resolutions by the Independent Shareholders at the SGM by way of poll to approve, ratify (where applicable) and confirm the Rights Issue, the Whitewash Waiver, the allotment and issue of the Rights Shares and the transactions contemplated thereunder; and

(ii) the Executive granting to the Underwriter the Whitewash Waiver and the satisfaction of any condition(s) attached to the Whitewash Waiver granted.

The SGM will be convened to approve, among other things, the Rights Issue and the Whitewash Waiver. As at the Latest Practicable Date, the Underwriter and the parties acting in concert with it were interested in an aggregate of 1,010,953,432 Shares, representing approximately 41.45% of the existing total issued share capital of the Company. The Concert Group, the respective associates of the Underwriter and the Yeung Family and all those parties who are involved or interested in the Underwriting Agreement and/or the Whitewash Waiver are required to abstain from voting at the SGM in respect of the Rights Issue and the Whitewash Waiver.

The Independent Board Committee comprising all the independent non-executive Directors (but not the non-executive Director who has taken part in finalising the terms of the Rights Issue, and accordingly Mr. Choi Kin Pui, Russelle is considered not appropriate to act as a member of the Independent Board Committee), namely Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, has been established to make recommendations to the Independent Shareholders as to whether the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and whether they are in the interests of the Company and the Shareholders as a whole.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Rights Issue (including the Setting Off) and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Rights Issue (including the Setting Off) and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the proposed resolutions relating to the Rights Issue and the Whitewash Waiver at the SGM.

Apart from the normal advisory fee payable to us in connection with our appointment, as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and its management. We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions, and representations provided to us by the Directors, the Company and its management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed; thus we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by them.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which make any statement in the Circular misleading. We have relied on such information and opinions and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Rights Issue and the Whitewash Waiver, we have taken into consideration the following principal factors:

1. Background information of the Company

(a) Principal business

As at the Latest Practicable Date, the Group's principal businesses and investments comprise of:

(i) a travel agency business in Canada and the United States of America ("USA") (which it owns 80%);

(ii) the leasing and management of a cruise ship (which it owns 55%); and

(iii) a 49% interest in "Ponte 16", an integrated resort in Macau with hotel and entertainment-related facilities.

In addition, the Group also invested in a JV Company which it owns 70% interest (as defined in paragraph 1(c) below), which is to provide technology services platform and technical support as well as sports lottery sales agency service to the PRC's mobile sports lottery market.

(b) Historical financial information

Set out below is a summary of the audited financial results of the Group for each of the years ended 31 December 2009 and 2010 and the 15 months ended 31 December 2008 as extracted from the Company's annual reports as well as the unaudited financial results of the Group for the six months ended 30 June 2011 as extracted from the Company's 2011 interim report. Your attention is also drawn to the "Financial information of the Group" set out in Appendix I to the Circular.

	For the six months ended 30 June 2011 (unaudited)	**For the year ended 31 December 2010 (audited)**	**For the year ended 31 December 2009 (audited)**	**For the 15 months ended 31 December 2008 (audited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	763,050	1,444,902	1,202,239	627,254
Gross profit	35,373	92,128	87,650	134,557
(Loss) before taxation	(41,368)	(79,494)	(172,896)	(238,219)
(Loss) for the year/period	(39,793)	(81,664)	(174,686)	(239,078)
(Loss) attributable to owners of the Company	(37,612)	(80,782)	(173,797)	(238,304)

	As at 30 June 2011 (unaudited)	**As at 31 December 2010 (audited)**	**As at 31 December 2009 (audited)**	**As at 31 December 2008 (audited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents	79,095	108,042	42,308	66,675
Net current assets	87,906	117,933	23,603	56,425
Total equity attributable to owners of the Company	510,892	547,890	627,659	884,838
Gearing ratio *(Note)*	76%	71%	32%	2%

Source: Company's annual and interim reports

Note: The gearing ratio was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company

For the year ended 31 December 2009

Based on the Company's annual report for the year ended 31 December 2009 (the "2009 Annual Report"), the Group posted turnover of approximately HK$1,202.2 million for the year ended 31 December 2009, representing an increase of approximately 92% from approximately HK$627.3 million in 2008. Gross profit reached approximately HK$87.7 million (2008: approximately HK$134.6 million), while loss attributable to owners of the Company narrowed to approximately HK$173.8 million (2008: loss approximately HK$238.3 million).

As set out in the 2009 Annual Report, turnover from the Group's travel business was up by approximately 122% to approximately HK$1,129.6 million in 2009, driven by the Group's acquisition of an 80% stake in certain travel agency companies located in Canada and USA (the "Jade Travel Group") in the second half of 2008. The negative impact brought by the H1N1 flu virus in the first half of 2009 was offset by the rebound in the market in the second half of 2009. Still, the travel business recorded a loss during 2009 principally due to impairment loss on certain assets.

Also set out in the 2009 Annual Report, turnover from the leasing and management of a cruise ship was approximately HK$72.6 million in 2009 and recorded a segmental profit of approximately HK$2.2 million.

Ponte 16 further strengthened its unique positioning during the year and delivered a positive EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) of approximately HK$68.7 million. However, its results were still affected by the high depreciation and amortisation charges during the initial stage of its operations. As a result, Ponte 16 incurred a loss during the year under review. The Group's shared loss of the associates relating to Ponte 16 for the year ended 31 December 2009 amounted to approximately HK$115.7 million (2008: loss approximately HK$170.3 million).

According to the 2009 Annual Report, as at 31 December 2009, the Group had net current assets of approximately HK$23.6 million (31 December 2008: approximately HK$56.4 million) and total equity attributable to owners of the Company of approximately HK$627.7 million (31 December 2008: approximately HK$884.8 million).

The Company entered into a letter agreement with Mr. Yeung on 1 December 2008 regarding the provision of a HK$200 million term loan facility by Mr. Yeung to the Company. The move was expected to strengthen the Group's total equity attributable to owners of the Company, improve its liquidity and cash flows, and sustain the Group as a going concern. 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. On 14 April 2009, the Company and Mr. Yeung entered into a supplemental letter agreement to increase the principal amount of the loan facility to up to HK$290 million (together with the letter agreement dated 1 December 2008, collectively the "Facility Letter"). In addition, Mr. Yeung undertook to the Company not to demand early repayment of the loan and all other sums owing to Mr. Yeung under the Facility Letter before 30 June 2010 (the "Final Repayment Date"). Besides, on 25 June 2009, the Company entered into another letter agreement with Mr. Yeung to extend the Final Repayment Date to 30 June 2011. During 2009, the Company had utilised the loan facility under the Facility Letter in the amount of approximately HK$47.5 million (31 December 2008: Nil).

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 (i.e. 22 October 2012). The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development Limited ("Pier 16 – Property Development") to meet the cashflow requirements of Pier 16 – Property Development and its subsidiaries and not for any other purposes. As at 31 December 2009, the Company had utilised the Revolving Credit Facility in the amount of approximately HK$132.0 million.

Apart from the aforesaid loans, as at 31 December 2009, the Group had interest-bearing loan from a related company of approximately HK$21.0 million (31 December 2008: approximately HK$17.6 million). The loan is unsecured and charged with interest at the rate of 4% per annum and has no fixed term of repayment.

As at 31 December 2009, there were loans from minority shareholders of approximately HK$10.0 million (31 December 2008: approximately HK$8.7 million) and other loans payables of approximately HK$171.7 million (31 December 2008: approximately HK$159.2 million). These loans were interest-free, unsecured and would not be repaid within the next 12 months.

Total equity attributable to owners of the Company as at 31 December 2009 was approximately HK$627.7 million (31 December 2008: approximately HK$884.8 million). Accordingly, the gearing ratio, which was measure on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 32% as at 31 December 2009 (31 December 2008: approximately 2%).

For the year ended 31 December 2010

Based on the Company's annual report for the year ended 31 December 2010 (the "2010 Annual Report"), 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 a loss of approximately HK$173.8 million in 2009.

As set out in the 2010 Annual Report, 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 USA. This segment also posted a profit during 2010 as a result of strong revenue growth and reversal of impairment loss on certain assets, with a segmental profit reaching approximately HK$8.2 million, compared with a segmental loss of approximately HK$9.4 million in the previous year.

Also set out in the 2010 Annual Report, turnover from the leasing and management of a cruise ship was approximately HK$69.6 million, which was slightly less than a year ago; but due to the high fuel cost, it had recorded a segmental loss of approximately HK$1.9 million.

With its distinctive positioning that appeals to visitors from the PRC, 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 result during 2010, the loss had been reduced 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 lower than that for 2009 of approximately HK$115.7 million.

According to the 2010 Annual Report, 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 total equity attributable to owners of the Company of approximately HK$547.9 million (31 December 2009: approximately HK$627.7 million).

Pursuant to the Facility Letter, Mr. Yeung provided a HK$290 million term loan facility to the Company. The Final Repayment Date of the loan facility was further extended by Mr. Yeung to 30 October 2012 by a letter agreement dated 23 June 2010. As at 31 December 2010, the Company had utilised the loan facility under the Facility Letter in the amount of approximately HK$105.0 million (31 December 2009: approximately HK$47.5 million).

As at 31 December 2010, the Company had utilised the Revolving Credit Facility in the amount of approximately HK$246.0 million (31 December 2009: approximately HK$132.0 million).

During 2010, 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 carried a fixed interest rate and the loans would be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 31 December 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 term 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 were interest-free, unsecured and would 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 measure 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%).

For the six months ended 30 June 2011

Based on the Company's interim report for the six months ended 30 June 2011 (the "2011 Interim Report"), the Group posted a turnover of approximately HK$763.1 million for the six months ended 30 June 2011, representing a decrease from approximately HK$782.9 million in the previous corresponding period. Gross profit reached approximately HK$35.4 million (2010: approximately HK$43.8 million), while loss attributable to owners of the Company narrowed to approximately HK$37.6 million (2010: approximately HK$38.0 million).

Turnover from the Group's travel business decreased to approximately HK$728.3 million in the first half of 2011, compared to approximately HK$748.1 million in the same period of 2010, due to sluggish economic recovery and concerns over the revival of terrorism in its core market of North America. The Group's travel business posted a segmental loss of approximately HK$5.5 million for the six months ended 30 June 2011, as compared with a segmental profit of approximately HK$2.6 million in the previous corresponding period.

As set out in the 2011 Interim Report, turnover from the leasing and management of a cruise ship was approximately HK$34.8 million for the six months ended 30 June 2011, which was similar to the same period a year ago; but due to the high fuel cost it had recorded a segmental loss of approximately HK$2.3 million as compared to a segmental profit of approximately HK$1.1 million for the same period a year ago.

According to the 2011 Interim Report, Ponte 16 achieved a positive EBITDA with a growth rate of approximately 17% to approximately HK$129.0 million in the first half of 2011. During the period under review, Ponte 16 attained continuous growth in gross gaming revenue. The Group's shared loss of the associates relating to Ponte 16 reduced from approximately HK$18.6 million in 2010 to approximately HK$9.5 million for the six months ended 30 June 2011.

As at 30 June 2011, the Group had net current assets of approximately HK$87.9 million (31 December 2010: approximately HK$117.9 million) and total equity attributable to owners of the Company of approximately HK$510.9 million (31 December 2010: approximately HK$547.9 million).

As at 30 June 2011, the Company had utilised the loan facility under the Facility Letter in the amount of approximately HK$105.0 million (31 December 2010: approximately HK$105.0 million) and the Revolving Credit Facility in the amount of approximately HK$246.0 million (31 December 2010: approximately HK$246.0 million).

As at 30 June 2011, the outstanding loans relating to Jade Travel, Canada were approximately HK$14.6 million (31 December 2010: approximately HK$14.5 million).

Apart from the aforesaid loans, as at 30 June 2011, the Group had an interest-bearing loan from a related company of approximately HK$24.3 million (31 December 2010: approximately HK$23.2 million). The loan is unsecured and charged with interest at the rate of 4% per annum and has no fixed term of repayment.

As at 30 June 2011, there were loans from shareholders of non-controlling interests of approximately HK$18.1 million (31 December 2010: approximately HK$16.4 million) and other loans payable of approximately HK$192.2 million (31 December 2010: approximately HK$192.2 million). These loans were interest-free, unsecured and would not be repaid within the next 12 months.

Total equity attributable to owners of the Company as at 30 June 2011 was approximately HK$510.9 million (31 December 2010: approximately HK$547.9 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 76% as at 30 June 2011 (31 December 2010: approximately 71%).

(c) Subsequent development since 30 June 2011

Pursuant to a co-operative agreement entered into on 20 September 2010 between (i) Victory Devotion Limited ("Victory Devotion", a wholly-owned subsidiary of the Company); (ii) Mr. Wu Hong ("Mr. Wu"); and (iii) Up Fly Limited ("Up Fly", a company ultimately and beneficially owned by Mr. Wu), the parties thereto agreed to establish a joint venture company to be owned as to 70% by Victory Devotion and as to 30% by Up Fly ("JV Company"), which would engage in the provision of technology services platform and technical support to the mobile sports lottery market in the PRC.

As stated in the announcement of the Company dated 25 August 2011 ("August 2011 Announcement"), to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except for Up Fly, being a 30% shareholder of the JV Company, and Mr. Wu, being a director of the JV Company, Up Fly and Mr. Wu are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Under the aforesaid co-operative agreement, Victory Devotion and Up Fly were required to advance to the JV Company a sum not exceeding RMB24,900,000 (equivalent to approximately HK$30,703,000) and not exceeding RMB5,100,000 (equivalent to approximately HK$6,289,000) respectively and Victory Devotion further agreed to advance to Mr. Wu a sum of not exceeding RMB5,100,000 (equivalent to approximately HK$6,289,000) for his on-lending to Up Fly to finance the said capital commitment.

As announced in the August 2011 Announcement, Victory Devotion entered into a supplemental agreement with Up Fly and Mr. Wu, pursuant to which Victory Devotion agreed to provide further shareholder's loans to the JV Company from time to time up to not more than HK$69,868,000 (exclusive of approximately HK$22,827,000 already advanced by Victory Devotion).

Up to the August 2011 Announcement, each of Victory Devotion and Up Fly had contributed approximately HK$22,827,000 and HK$7,305,000 to the JV Company respectively and Victory Devotion had advanced approximately HK$5,867,000 to Mr. Wu and/or Up Fly.

Also stated in the August 2011 Announcement, a PRC subsidiary of the JV Company was authorised to provide sports lottery sales agency services in Jiangxi Province, the PRC via telephone for a term from May 2011 to December 2013 through the provision of technology services platform and related technical support.

(d) Maruhan Put Option and SBI Macau Put Option

Maruhan Put Option

As disclosed in note 5(b)(iii) to the consolidated financial statements of the 2010 Annual Report, 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"), an independent third party at that time, as purchaser regarding (i) the disposal of 10.2% of the entire issued share capital of World Fortune Limited ("World Fortune"), a subsidiary of Golden Sun; and (ii) the assignment of all rights, title, interests and benefits of and in the shareholder's loan of approximately HK$66,468,000 due by World Fortune to Golden Sun for a total consideration of approximately HK$208,501,000 (the "World Fortune Disposal"). The World Fortune Disposal was completed on 29 October 2007.

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

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 (i.e. 29 October 2012), the date of entering into the World Fortune Shareholders' Agreement, and ending on the day falling six months thereafter (i.e. 29 April 2013). The consideration payable by Golden Sun if the Maruhan Put Option is exercised 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 said consideration shall be calculated with reference to HK$6,500 million or HK$3,900 million (as the case may be), and to be settled as to 50% by cash and 50% by allotment and issue of new Shares by the Company. Based upon the aforesaid capped minimum value of HK$3,900 million and capped maximum value of HK$6,500 million, the settlement amount (if the Maruhan Put Option is exercised) will fall within the range of approximately HK$194.9 million to HK$324.9 million, of which 50% will be settled by cash and the balance by allotment and issue of new Shares. However, taking into account the price fluctuations in the property market, the sum to be settled within the next 12 months is subject to variations, but should still fall within the aforesaid range. The uncertainty is also due to the reference to the share price of the Company at the time.

In short, potential investors and the Shareholders should note that within the next 12 months from the date of the Circular, the Group may need to settle a sum by cash amounting to 50% of the range between HK$194.9 million to HK$324.9 million if the Maruhan Put Option is exercised.

SBI Macau Put Option

As disclosed in note 5(b)(iv) to the consolidated financial statements of the 2010 Annual Report, 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 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 had guaranteed that SBI Macau would 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 have been set out in note 30 to the consolidated financial statements of the 2010 Annual Report.

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 SBI Macau's entire equity interest in Golden Sun and the entire amount of the shareholder's loan provided by SBI Macau to Golden Sun (the "SBI Macau Put Option").

The consideration payable by Favor Jumbo if the SBI Macau Put Option is exercised shall be HK$99,465.77 per share 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 (i.e. 8 August 2013), the date of entering into the Golden Sun Shareholders' Agreement, and ending on the day falling two months thereafter (i.e. 8 October 2013).

In short, potential investors and the Shareholders should note that although it is beyond the next 12 months from the date of the Circular, the Group may need to settle a sum being HK$130.0 million as at the Latest Practicable Date, plus the reserve as calculated in accordance with the terms of the Golden Sun Shareholders' Agreement, of which 50% will be settled by cash and the balance by allotment and issue of new Shares, provided that the Company would be able to comply with minimum public float requirements under the Listing Rules after the issuance of the new Shares, the number of new Shares to be issued would be reduced and the outstanding balance would be settled in cash accordingly, if the SBI Macau Put Option is exercised.

(e) Future prospects

According to the 2011 Interim Report and also as stated in the paragraph headed "Financial and trading prospects of the Group" under "Financial information of the Group" in Appendix I to the Circular, based on the economic outlook for the PRC, Hong Kong and Macau, the management of the Group will use its best endeavour to maintain and solidify the business platform and competitive edge of the Group by continuing the implementation of its three-pronged strategy and investing in new businesses (as described below).

With regard to the travel agency business, the business environment for the Jade Travel Group in North America may remain relatively challenging in the second half of 2011 as concerns over the shed momentum of the economic recovery in the North America and the European sovereign debt crisis may have a discouraging impact on consumer sentiment in that market. Although the uncertainties over the economic outlook may affect demands for outbound tours from North America, the Board believes that the existing Chinese economy will lead to opportunities in inbound tours from the PRC. The granting of "Approved Destination Status" to Canada by the PRC authorities has further opened up opportunities. To channel business to the Jade Travel Group, the Group is actively identifying business partners with sound credibility in the PRC.

For the leasing and management of a cruise ship, although the Group expects this business to continue to provide a relatively steady income, it may remain challenging in the year to come due to the volatility of fuel cost, which constituted the largest component of total cost at approximately 30% and 36% of the cost of that cruise business for the year ended 31 December 2010 and six months ended 30 June 2011 respectively (with staff cost as the next largest component at approximately 23.57% and 22.68% of the cost of the cruise business for the year ended 31 December 2010 and six months ended 30 June 2011 respectively.) We concur with the view of the management that this line of business may remain challenging due to volatility of fuel cost as extra oil output amongst the member countries of Organisation of the Petroleum Exporting Countries ("OPEC") are limited by the speed and refinery capacity, whilst there are increasing demand from developing countries like the PRC and India as described in the 2011 World Oil Report of OPEC.

With regard to Ponte 16, the management of the Group views that the opening of new resorts has enriched the entertainment scene of Macau as a whole and boosted the overall tourist arrival for the entire market. While Ponte 16 is set to continue to benefit from the growing momentum of Macau's gaming industry, the Board believes the combination of its unique positioning and quality services is a winning strategy in the market. As such, this resort destination will continue to strengthen its unique global status by exploring new Hollywood elements to enhance its exclusive entertainment offering. Furthermore, Ponte 16 is planning on the development of its Phase 3, which will include a shopping arcade that offers an array of shops and restaurants as well as new entertainment facilities. This new phase is expected to further diversify the shopping, dining and entertainment experiences to be offered by Ponte 16, but will also serve as another stable revenue contributor for the Group. Notwithstanding that the management of the Group expects to enjoy the potential benefits upon completion of the expansion plan of Ponte 16, Shareholders and potential investors should note that the implementation of the expansion plan on this Phase 3 is still subject to the approval of building plan by Macau Government which is yet to be confirmed. Since it is uncertain as to when the building plan will be approved by the Macau Government and even if approval is obtained, it will take at least another 24 months to construct a project of this scale. We, therefore, are of the view that the benefit of Phase 3 will not arise in the near future.

Taking into account the rapid growth potential of PRC's lottery industry, with a compound annual growth rate ("CAGR") of lottery sales revenue of approximately 25% in the last ten years and a growth of approximately 34% in the first nine months of 2011 to approximately RMB157.8 billion as compared to that of 2010, the Group believes that there will be ample opportunities for players who possess well-connected networks and sound business strategy. In particular, the sports lottery sales for the nine months of 2011 had increased approximately 33.8% to approximately RMB66 billion. Further, Jiangxi Province, the PRC, where the Group intends to start the provision of technology services platform and technical support as well as sports lottery sales agency services to the PRC's mobile sports lottery market under the JV Company, experienced approximately 40.8% growth in sports lottery sales for the nine months ended 30 September 2011 as compared to the same period in 2010. Accordingly, the management of the Group expects the mobile sports lottery business (which the Group has a 70% interest via its investment in the JV Company) to be a growth driver for the Group. Based on the above statistics, we concur that there is growth potential of PRC's lottery industry. By starting the aforesaid mobile sports business in Jiangxi, which place has experienced significant growth, we believe that if the Group can grow this business steadily and scale up in the future, it will be a growth driver of the Group.*

* *the statistics shown in the paragraph above are under《2011 National Lottery Sales Report 2011年全國彩票銷售情況》and the respective monthly reports issued by the Ministry of Finance of the PRC*

Earlier this year in March, the world was shocked by the devastating earthquake and tsunami that hit Japan. Then in the middle of the year, the political turmoil in the Middle East triggered concerns on the supply of petroleum and caused price escalation. At the same time, the economic activities in the US continues to soften, for example, from a political impasse over fiscal consolidation and a deteriorating financial condition. Europe also suffers set back when the Euro Zone area encounters major financial turbulence, and such crisis runs beyond the control of the policymakers. Unless the European policymakers contain the crisis in the Euro Zone area and the US policymakers strike a balance between support for the economy and medium-term fiscal consolidation, the outlook of the world economies remains challenging. As described in this paragraph above, (i) the price escalation of petroleum as a consequent of the political turmoil in the Middle East has a direct impact of the fuel price, which constitutes a major portion of the cost of the cruise business, thereby affecting the profitability of this line of business; and (ii) the continual slowing down of economic activities in the USA and the financial crisis in the Euro Zone area is likely to discourage spending in the leisure industry as consumer confidence falls, thereby influencing the Group's travel agency business, Ponte 16 and the mobile sports lottery business, which all falls within the leisure-entertainment industry that is relatively responsive to a reduction in disposable income in the economy. Hence, we believe that the abovementioned lines of businesses of the Group are all likely to be affected by fluctuations in the world economy.

2. Reasons for the Rights Issue and use of proceeds

As described in paragraph 1(b) above, the Company has incurred consecutive losses for the years ended 31 December 2009 and 2010, and for the six months ended 30 June 2011. Although the amount of losses has narrowed over the years/period, the Group relies heavily on the financial assistance provided by its controlling Shareholder and third party interest-bearing loans to continue to operate. 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, has risen substantially over time from approximately 2% as at 31 December 2008, to approximately 76% as at 30 June 2011.

Given that (i) the financial assistance provided by its controlling Shareholder and third party interest-bearing loans as described in paragraph 1(b) above will be repayable within the next twelve months from the date of the Circular; and (ii) based on the unaudited consolidated statement of the financial position of the Group as at 30 June 2011, the aforesaid loans (a total of approximately HK$351.0 million) would be reclassified as current liabilities. As described in paragraph 1(d) above, the Maruhan Put Option is exercisable within the next 12 months from the date of the Circular; then the loans payables (i.e. approximately HK$152.7 million) and long-term payables (i.e. approximately HK$142.0 million) relating to the Maruhan Put Option in aggregate of approximately HK$294.7 million (based on the unaudited consolidated statement of financial position of the Group as at 30 June 2011) would also become mature and be reclassified as current liabilities. Nevertheless, this reclassification would not have any impact to the Group's profit and loss, and the financial position can be improved in the event the Rights Issue is completed (as there are approximately HK$173.4 million of net cash proceeds receivable by the Company under the Rights Issue to enhance the current assets position of the Group and the Setting Off arrangement helps to reduce the total liabilities position).

In view of the above circumstances, the Company proposes to raise approximately HK$308.9 million, before expenses, by way of the Rights Issue of 1,625,976,154 Rights Shares at the Subscription Price of HK$0.19 per Rights Share on the basis of two Rights Shares for every three existing Shares held on the Record Date, to reduce its liabilities due to the Director and to fund its business operations and future growth.

With the net cash proceeds from the Rights Issue receivable by the Company (which is estimated to be approximately HK$173.4 million), the Company intends to apply up to HK$100.0 million for settlement of certain of the Group's loans payables (excluding the Yeung Loan) when they fall due, approximately HK$29.0 million for fulfilment of its commitment to provide financial assistance to the JV Company as mentioned in paragraph 1(c) above and the remaining balance of approximately HK$44.4 million for general working capital of the Group.

As at 19 October 2011, the date of the Underwriting Agreement, the Company was indebted to Mr. Yeung for a principal amount of HK$135.0 million and Smart Class was indebted to Star Spangle for a total sum of HK$23,386,199.24. Smart Class is a wholly-owned subsidiary of the Company and Star Spangle is a company beneficially wholly-owned by Mr. Yeung. According to the terms of the Underwriting Agreement, the Underwriter and the Company have agreed to execute, and procure the execution of, the SS Loan Assignment and the Yeung Loan Assignment for the assignment of the Assigned SS Loan and the Assigned Yeung Loan prior to the Prospectus Posting Date and the obligations of the Underwriter under the Underwriting Agreement are also conditional on, among other things, the due execution of the SS Loan Assignment and the Yeung Loan Assignment. The Assigned SS Loan in the amount of HK$23,386,199.24 represents the total sum owing by Smart Class to Star Spangle under the SS Loan as at the date of the Underwriting Agreement. The Assigned Yeung Loan in the amount of HK$104,667,902.02 represents a portion of the principal amount owing by the Company to Mr. Yeung under the loan being drawn down and owing by the Company to Mr. Yeung under the Facility Letter as at the date of the Underwriting Agreement. Upon execution of the SS Loan Assignment and the Yeung Loan Assignment, the Company will be indebted to the Underwriter for the aggregate amount of the Assigned SS Loan and the Assigned Yeung Loan.

Pursuant to the terms of the Underwriting Agreement, the Underwriter and the Company have agreed that the entire amount of the Assigned Loans shall be used to set off against the aggregate Subscription Price of the SR Shares.

The Company considers that the Rights Issue, which is on a fully underwritten basis, will (i) increase the total equity attributable to owners of the Company; (ii) provide funding to the Company (up to HK$100.0 million as mentioned above) to repay certain of its interest-bearing loans payable (amount to approximately HK$246.0 million as at 30 June 2011), fulfill its financial assistance commitment to the JV Company and for the operation of the Group's business; and (iii) reduce the liability due to its Director (i.e. the entire sum under the Assigned Yeung Loan in the amount of HK$104,667,902.02) which in turn will enhance the financial position of the Company. In addition, it is expected that, upon completion of the Rights Issue, the Company will be able to reduce the Group's gearing ratio (approximately 76% as at 30 June 2011 to approximately 32%) without having to incur further interest expenses in respect of the Assigned Loans and the entire amount of the Assigned Loans could be settled without any cash outflow of the Group while the Company, pursuant to the Facility Letter, is permitted to draw the facility until the earlier of (a) 30 September 2012, being one month before the final repayment date under the Facility Letter; and (b) the date on which the amount of available facility is reduced to zero.

Under the Rights Issue, the Underwriter, as a Qualifying Shareholder, will be provisionally allotted with the SR Shares based on its existing shareholding in the Company. The aggregate Subscription Price of the SR Shares will be settled by way of setting off of the entire amount of the Assigned Loans on a dollar-to-dollar basis. Accordingly, the entire amount of the Assigned Loans could be settled without any cash outflow of the Group while the Company, pursuant to the Facility Letter is permitted to draw the facility until the earlier of (a) 30 September 2012, being one month before the final repayment date under the Facility Letter; and (b) the date on which the amount of available facility is reduced to zero.

We have discussed with the Company on its latest financial performance and development plans as well as its funding needs. After taking into account the following factors:

(a) the latest financial performance of the Group;

(b) the future prospects of the Group as described in paragraph 1(e) above;

(c) that certain loans of the Group will become mature and due for repayment within the coming twelve months from the date of the Circular as described in paragraph 1(b) above;

(d) that the Maruhan Put Option will become exercisable within the next twelve months from the date of the Circular as described in paragraph 1(d) above;

(e) that additional funds may be required for deployment to the JV Company as described in paragraph 1(c) above;

(f) the challenging outlook of the world's economic situation as described in paragraph 1(e) above; and

(g) global equities went into a tailspin during the summer this year, as the world economic outlook deteriorated. Amid a global sell-off, equity markets in the Asia-Pacific region including Hong Kong were hit hard as reflected by a repatriation of equity-related funds and reduced equity fund-raising activities since the second half of this year. The Hang Seng index plummeted from a high of 24,434 in January 2011 to a low of 18,868 in August 2011 within the first 8 months, then further dropped to a low of 16,170 in early October 2011 within a two months period, and rebound and traded in the 18,300 region up to 19 October 2011 (the date when the Company signed the Underwriting Agreement). Against this background, market sentiment remains fragile in view of the uncertainties over the external environment, particularly the prospect of a double-dip recession in the US and the spillover of the crisis in the Euro Zone area (as described in paragraph 1(e) above),

we concur with the Board that it is justifiable to raise additional funds to repay its loans and to finance its business operations and future growth.

In addition, the Board considers that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and, hence the Board considers that fund raising through the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

The Directors have advised us that they have considered alternative means for fund raising, such as bank borrowings, placement of Shares and/or issuance of convertible securities of the Company. The Directors are of the view that bank borrowings will inevitably increase interest expenses and the debt to equity ratio of the Group; notwithstanding the fact that it is unlikely to obtain, due to the Group's already high gearing position (even if possible, under the current financial market, the interest rate and its terms and conditions may not be desirable and affordable by the Group). Despite the Company has not approached any independent underwriter to underwrite a fund raising exercise, due to the latest financial performance of the Company and the volatility of the stock market in Hong Kong, even if there exists a willing underwriter, the amount that may be raised from the Rights Issue are lower than the present level and the underwriting commission may not be the same or at even higher than the present level. Besides, we believe that the possibility of raising a larger amount with a lower underwriting commission to be unlikely under the current market environment.

The Company has agreed to the Setting Off arrangement which in effect capitalised the Assigned Loans of HK$128,054,101.26 into new equity of the Company thus reducing the gearing of the Group; and at the same time increasing the availability of the facility under the Facility Letter by the amount of HK$104,667,902.02 (being the amount of the Assigned Yeung Loan) and providing more financial resources of the Company to meet its working capital requirement. Mr. Yeung has confirmed this notion by providing a letter of financial support to the Company, dated 10 November 2011, stating his intention to provide financial support (no stated limitation on the amount, no stated conditions and no stated period of time) for the continuing operations of the Company so as to enable it to meet its liabilities as fall due and to carry on its business without a significant curtailment of operation.

Lastly, the Directors consider that any private placement of the Shares and/or issue of convertible securities of the Company would be dilutive to the interest of the existing Shareholders as they might not be able to participate on an equitable basis. By taking up their provisional allotments under the Rights Issue in full, the Rights Issue would enable the Qualifying Shareholders to maintain their respective percentage interests in the Company and participate in the future growth and development of the Company.

On the basis of the above and taking into consideration,

- the alternative means for fund raising, such as (i) bank borrowings, which is (aa) unlikely to obtain, due to the Group's already high gearing position (even if possible, under the current financial market, the interest rate and its terms and conditions may not be desirable and affordable by the Group); and (bb) not desirable as it would increase the interest costs and the gearing ratio of the Group as compared with the Rights Issue which will increase the total equity attributable to owners of the Company without incurring any additional financing costs; (ii) the Company has not approached independent underwriter to underwrite a rights issue due to the reasons above; and (iii) placement of Shares and/or issue of convertible securities of the Company, which would be dilutive to the interests of the existing Shareholders as they might not be able to participate on an equitable basis;

- the funds to be raised from the Rights Issue will be used for the Group to set off the liabilities due to the Director (i.e. the entire sum under the Assigned Yeung Loan in the amount of HK$104,667,902.02), repay certain of its interest-bearing loans payable amount to approximately HK$246.0 million as at 30 June 2011, fulfill its financial assistance commitment to the JV Company and for the operation of the Group's business; and

- the Subscription Price is at a discount to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day and equivalent to the unaudited consolidated net tangible assets of the Group per Share as at 30 June 2011,

we concur with the views of the Directors that the Rights Issue is a more desirable means for the Company to obtain additional funds to repay its loans and to finance its business operations and future growth.

3. Principal terms of the Rights Issue

(a) Basis of the Rights Issue

Details of the issue statistics of the Rights Issue are set out in the "Letter from the Board" in the Circular.

(b) Subscription Price

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

(i) a discount of approximately 24.00% to the closing price of HK$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 28.30% to the average of the closing prices of approximately HK$0.265 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iii) a discount of approximately 26.36% to the average of the closing prices of approximately HK$0.258 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iv) a discount of approximately 15.93% to the theoretical ex-rights price of approximately HK$0.226 per Share calculated based on the closing price of HK$0.250 per Share on the Last Trading Day;

(v) a discount of approximately 8.65% to the closing price of HK$0.208 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a discount of approximately 9.09% to the unaudited consolidated net assets value attributable to Shareholders of approximately HK$0.209 per Share as at 30 June 2011; and

(vii) equivalent to the unaudited consolidated net tangible assets of the Group as at 30 June 2011 of approximately HK$0.19 per Share as disclosed in Appendix II to the Circular.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares prevailing during the negotiations. The Board having taken into account the factors set out in the "Letter from the Board" considers that the Subscription Price is fair and reasonable.

In order to assess the reasonableness of the Subscription Price, we have compared the Rights Issue with the rights issues/open offers conducted by other companies listed on the Stock Exchange in the three months preceding the date of the Underwriting Agreement. Shareholders should note that while listed companies differ from one another, it is a common market practice to price a rights issue/open offer at a discount to the market price of the relevant shares in order to encourage subscription by their shareholders. We have reviewed all rights issues/open offers which were announced by the companies listed on the Stock Exchange during the three-month period prior to the Latest Practicable Date. Details of our findings on these rights issues/open offers (the "Comparables") are summarised in the table below.

During the aforesaid 3-month period, there are a total of 9 rights issues/open offers announced as compared to 10 cases in the 7-month period prior to August 2011, representing approximately 47.4% of the total number of rights issues/open offers announced since 1 January 2011 to 19 October 2011 (the date when the Company signed the Underwriting Agreement). One of the Comparables, Heritage International Holdings Limited has a 20% interest in a PRC lottery related business, which is part of the investment holding segment of the Group and a smaller sector of the Group's business; and the rest of the Comparables are not engaged in any similar businesses of the Group. Also, 2 of the Comparables, New Smart Energy Group Limited and China Water Property Group Limited raised funds by means of the rights issue to partly repay its outstanding convertible notes or to set off certain loans due to the underwriter; and the rest of the Comparables are for expansion capital with specific purpose. Notwithstanding the aforesaid 3 Comparables have some similarities either to the business of the Group or to the use of proceeds, we note that they all announced in the same week (between 4 to 11 August 2011) when the Hang Seng Index was traded within the range of 21,884 to 19,595; then the Hang Seng Index dropped to a low of 16,822 on 3 October 2011 and rebound to 18,309 on the Last Trading Day when the Underwriting Agreement was signed; we therefore consider that by including the rest of the Comparables (in particular, 3 Comparables were announced between 11 and 18 October 2011) will better enable our analysis on the determination of the Subscription Price under the then prevailing market condition. Based on the aforesaid, we consider that the selection of the Comparables within the three-month period (rather than just comparing with Heritage International Holdings Limited, New Smart Energy Group Limited and China Water Property Group Limited) is fair and representative for our analysis and at the relevant time in general plays an important role in the determination of the Subscription Price.

Date of announcement	Company (stock code)	Principal business	Market capitalisation as at the Latest Practicable Date *(HK$' million)*	Maximum size of rights issue/ open offer *(HK$' million)*	Basis of entitlement	Subscription price *HK$*	Closing price of the last full trading day prior to/on the date of the announcement in relation to the respective rights issue/ open offer *HK$*	Discount of the subscription price to closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue/ open offer *%*	Discount of the subscription price to the theoretical ex-entitlement price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue/ open offer *%*	Maximum dilution *%*	Independent third party underwriter *(Y/N)*	Underwriting commission *%*
4/8/2011	New Smart Energy Group Limited (00091)	Coalbed methane gas exploration and exploitation, sale of electronic components, and securities trading and money-lending business.	643.9	325.29	1 for 1 consolidated share	0.098	0.160	38.75	24.03	50.00	Y	2.5
5/8/2011	China Water Property Group Limited (02349)	Property development and investment in the PRC, and production and distribution of snack food, convenient frozen food and other food products	844.2	250.0	2 for 5 consolidated shares	0.500	0.111	54.95	46.58	28.57	N	nil
11/8/2011	Heritage International Holdings Limited (00412)	Property related investments, investment in securities, investment in advertising and lottery related business and money-lending business	1,274.2	388	22 for 1	0.062	0.460	86.52	22.50	95.65	N	3.0
17/8/2011	Quam Limited (00952)	Securities and futures dealing, placement services, margin financing and money lending, the provision of fund management services and wealth management services, website management and related services, provision of advisory service and investment holding and securities trading	287.6	61.4	1 for 4	0.250	0.255	2.00	nil	20.00	N	2.0

Date of announcement	Company (stock code)	Principal business	Market capitalisation as at the Latest Practicable Date (HK$' million)	Maximum size of rights issue/ open offer (HK$' million)	Basis of entitlement	Subscription price HK$	Closing price of the last full trading day prior to/on the date of the announcement in relation to the respective rights issue/ open offer HK$	Discount of the subscription price to closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue/ open offer %	Discount of the subscription price to the theoretical ex-entitlement price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue/ open offer %	Maximum dilution %	Independent third party underwriter (Y/N)	Underwriting commission %
5/9/2011	Pioneer Global Group Limited (00224)	Property and hotel investments and asset management	784.7	280.8	1 for 2	0.730	0.750	2.70	1.80	33.33	N	1.0
11/10/2011	Unity Investments Holdings Limited (00913)	Investments in listed securities in Hong Kong and other main stock market around the world and also in unlisted companies	63.0	112.11	2 for 1	0.100	0.185	45.95	21.88	66.67	N	3.0
18/10/2011	New World Development Company Limited (00017)	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	42,135.7	12,336.7	1 for 2	5.680	9.000	36.89	28.04	33.33	*Note*	2.5
18/10/2011	New World China Land Limited (00917)	Property development and property related investment as well as rental and hotel operation in the PRC	10,084.6	4,346.5	1 for 2	1.490	2.240	33.48	25.13	33.33	N	2.5
	High							**86.52**	**46.58**	**96.65**		**3.0**
	Low							**2.00**	**nil**	**20.00**		**nil**
	Average							**37.66**	**21.25**	**45.11**		**2.1**
	Success Universe Group Limited (00487)	Leasing and management of cruise ship, travel and entertainment-related businesses and other investments	548.8	308.9	2 for 3	0.190	0.258	24.00	15.93	40.00	N	2.5

Note: According to the announcement dated 18 October 2011, there are three underwriters, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Securities (Hong Kong) Limited, both independent third parties, and Chow Tai Fook Enterprises Limited, a major shareholder of New World Development Company Limited.

As shown in the above table, all Comparables had the subscription prices set at discount to their respective closing prices per share on the last full trading day prior to the release of the relevant announcements, ranging from approximately 2.00% to 86.52%, with an average of approximately 37.66%. In the case of the Rights Issue, the discount of the Subscription Price of HK$0.19 to the closing price per Share on the Last Trading Day is approximately 24.00% which is within the range of the Comparables and below the average discount of the Comparables. With regard to the discount to the theoretical ex-entitlement price per share of the Comparables, they ranged from approximately no difference to 46.58%, with an average of approximately 18.88%. In the case of the Rights Issue, the Subscription Price has a discount of approximately 15.93% to the theoretical ex-entitlement price per Share, which is also within the range of the Comparables and below the average discount of the Comparables.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter, with reference to the market price of the Shares. In addition, it is a common market practice to price a rights issue at a discount to the market price of the shares so as to encourage subscription by the shareholders.

By taking up their provisional allotments of the Rights Shares under the Rights Issue, the Qualifying Shareholders will be able to maintain their respective shareholding interests in the Company and participate in any potential future growth of the Company. As for all rights issues, the interests of the Qualifying Shareholders will not be prejudiced by the relatively big discount of the Subscription Price so long as they are offered an equal opportunity to participate in the exercise.

Having considered the subscription prices under the Comparables, the reasons for the Rights Issue as discussed above, including but not limited to, (i) taking into consideration the alternative means for fund raising, such as bank borrowings, third party underwritten rights issue and placement of Shares and/or issue of convertible securities of the Company; (ii) the funds to be raised from the Rights Issue will be used to repay its loans and to finance its business operations and future growth; and (iii) a lower Subscription Price may likely attract the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their respective shareholding interests in the Company, we are of the view that the respective discounts as represented by the Subscription Price to the closing price and the theoretical ex-entitlement price of the Shares are acceptable. On this basis, we are of the view that the Subscription Price is fair and reasonable.

4. Possible financial effects of the Rights Issue

(a) Adjusted net tangible assets

Based on the information set out in the "Unaudited pro forma statement on the adjusted consolidated net tangible assets of the Group" contained in Appendix II to the Circular, the unaudited pro forma adjusted consolidated net tangible assets of the Group ("Pro Forma NTA") would increase from approximately HK$463.7 million to approximately HK$765.1 million as a result of the estimated proceeds less related expenses generated from the Rights Issue of approximately HK$301.4 million. In other words, assuming completion of the Rights Issue, the Pro Forma NTA per Share would be approximately HK$0.19 (based on the enlarged issued share capital of 4,064,940,387 Shares upon completion of the Rights Issue) which is the same as the unaudited consolidated net tangible asset value per Share as at 30 June 2011.

(b) Cash resources

As noted from the 2010 Annual Report, the Group had total cash and cash equivalents of approximately HK$108,042,000 as at 31 December 2010. According to the 2011 Interim Report, the Group had total cash and cash equivalents of approximately HK$79,095,000 as at 30 June 2011.

With the net cash proceeds from the Rights Issue receivable by the Company (which is estimated to be approximately HK$173.4 million), the Company intends to apply up to HK$100.0 million for settlement of certain of the Group's loans payables (excluding the Yeung Loan) when they fall due, approximately HK$29.0 million for fulfilment of its commitment to provide financial assistance to the JV Company as mentioned in paragraph 1(c) above and the remaining balance of approximately HK$44.4 million for general working capital of the Group.

(c) Gearing ratio

As noted from the 2011 Interim Report, the Group's total interest-bearing borrowings and total equity attributable to owners of the Company were approximately HK$389.9 million and approximately HK$510.9 million respectively as at 30 June 2011. 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 76% as at 30 June 2011.

Based on the reduced interest-bearing borrowings as a result of the Setting Off (as described in paragraph 5(a) below) (i.e. reduce from approximately HK$389.9 million as at 30 June 2011 to approximately HK$260.9 million) and the enlarged total equity attributable to owners of the Company upon completion of the Rights Issue (i.e. increase from approximately HK$510.9 million as at 30 June 2011 to approximately HK$812.3 million), the Group's gearing ratio is expected to be improved to approximately 32%.

Based on the above analysis, we are of the view that the overall expected financial effects of the Rights Issue would improve the financial position of the Company and is the interests of the Company and the Shareholders as a whole.

5. Terms of the Underwriting Agreement

(a) The Setting Off

Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite 952,007,200 Underwritten Shares not taken up by the Qualifying Shareholders. Details of the terms of the Underwriting Agreement are stated in the paragraph headed "Underwriting Agreement" in the "Letter from the Board" in the Circular.

Also pursuant to the Underwriting Agreement, the Underwriter and the Company have agreed that the entire amount of the Assigned Loans shall be used to set off against the aggregate Subscription Price of the SR Shares. Accordingly, upon completion of the Rights Issue, the Company will be able to reduce the Group's gearing ratio without having to incur further interest expenses in respect of the Assigned Loans and the entire amount of the Assigned Loans could be settled without any cash outflow of the Group, while the Company, pursuant to the Facility Letter, is permitted to draw the facility until the earlier of (a) 30 September 2012, being one month before the final repayment date under the Facility Letter; and (b) the date on which the amount of available facility is reduced to zero.

Shareholders should note that (i) per this Rights Issue, approximately 42% of the proceeds less related expenses will be used to set off the Assigned Loans; (ii) the Company has other external loans due within the upcoming 12 months from the date of the Circular, whereby the net cash proceeds generated from the Rights Issue would not satisfy the repayment of the entire amount; (iii) by means of the Setting Off arrangement, the Company would not receive cash from the controlling Shareholder for subscription of the SR Shares; and (iv) the Subscription Price of HK$0.19 per Share represents a discount of approximately 24.00% to the closing price of HK$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day. However, we have taken into account the following reasons as described in paragraphs 2 and 3 above:

- the aggregate Subscription Price of the SR Shares will be settled by way of setting off of the entire amount of the Assigned Loans on a dollar-to-dollar basis;

- the entire amount of the Assigned Loans could be settled without any cash outflow of the Group;

- the interest expense which would have been incurred by the Group in relation to the Assigned Loans will be saved as a result of the Setting Off;

- pursuant to the Facility Letter, the Company is permitted to draw the facility until the earlier of (a) 30 September 2012, being one month before the final repayment date under the Facility Letter; and (b) the date on which the amount of available facility is reduced to zero;

- by early repayment of other external loans which charge a lower interest rate than the Yeung Loan as at the Latest Practicable Date, (i.e. if the Company received cash from the controlling Shareholder for subscription of the SR Shares and used the proceeds to settle other external loans (please note that the other external loans, being the Revolving Credit Facility as described in paragraph 1(b) above is for the cashflow requirement of Pier 16 – Property Development and its subsidiaries and not for any other purposes) rather than setting off the loans, which matures in October 2012, due to the controlling Shareholder of which no demand of repayment has been made), there is, which we are also of the view, uncertainty if the Group would be able to secure new third party loans in future if needed to satisfy its financial needs (see the assets and liabilities position set out in the Letter from the Board) given the challenging outlook of the financial market (even if possible, the interest rate and its terms and conditions may not be desirable and affordable by the Group);

- the arrangement to use a portion of the proceeds to be raised by the Rights Issue as repayment to Mr. Yeung is a means to enable the facility which has already been drawn to be made available again as financial support in the future;

- although the Rights Issue was priced at a discount of approximately 24.00% to the closing price per Share on the Last Trading Day, the nature of a rights issue enables the Qualifying Shareholders (all Shareholders, that is, not just the controlling Shareholder) the opportunity to maintain their respective pro-rata shareholding interests in the Company at the same price;

- the discount rate of the Subscription Price to the closing price per Share on the Last Trading Day falls within the range of the Comparables and below the average discount of the Comparables; and

- as for all rights issues, the interests of the Qualifying Shareholders will not be prejudiced by the relatively big discount of the Subscription Price so long as they are offered an equal opportunity to participate in the exercise,

we consider the Setting Off arrangement as prescribed in the Underwriting Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

(b) Silver River Macau Development Limited – the Underwriter and the controlling Shareholder

Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite 952,007,200 Underwritten Shares not taken up by the Qualifying Shareholders.

As described in the "Letter from the Board", with regard to the Rights Shares under the Rights Issue (other than the SR Shares) undertaken to be subscribed for by the Underwriter pursuant to its obligations under the Underwriting Agreement, in the event that the Underwriter is called upon to subscribe for any of such Rights Shares subject to the terms of the Underwriting Agreement, the Underwriter is obliged to pay the aggregate Subscription Price in respect thereof in form of cash (less the underwriting commission payable under the Underwriting Agreement) by way of telegraphic transfer or bankers' draft or cashier order.

As shown in the table under paragraph 3 above, it is not an uncommon phenomenon within the Comparables that 6 out of 8 rights issues/open offers were not underwritten by independent third party underwriters. However, Shareholders should take note that those 6 rights issues/open offers not underwritten by independent third party underwriters may have their own merits and reasons.

As mentioned in paragraph 2 above, notwithstanding that the Company has not approached any independent underwriter to underwrite a fund raising exercise, due to the latest financial performance of the Company and the volatility of the stock market in Hong Kong, even if there exists a willing underwriter, the amount that may be raised from the Rights Issue are lower than the present level and the underwriting commission may not be the same or at even higher than the present level. Besides, we believe that the possibility of raising a larger amount with a lower underwriting commission to be unlikely under the current market environment.

Given that (i) the particular reasons and benefits of the Setting Off set out in paragraph 5(a) above; (ii) the reasons for the Rights Issue as described in paragraph 2 above, namely (aa) the consecutive losses incurred by the Group, (bb) the high gearing ratio of the Group (which the Company intends to reduce), (cc) additional funds required to fund the Group's business operations and future growth and (dd) certain loans and payables are due for repayment within the next twelve months from the date of the Circular; (iii) the proceeds of the Rights Issue will be used to provide funding to the Company to repay certain of its loans and to finance the Group's business operations; (iv) the controlling Shareholder is the Underwriter which is not uncommon as mentioned above; and (v) the fact that the Company had not approached any independent underwriter due to the abovementioned reason; we consider that the Rights Issue (including the Setting Off) underwritten by the Underwriter is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

(c) The underwriting commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate Subscription Price in respect of the Underwritten Shares, such commission was arrived at after arm's length negotiations between the Company and the Underwriter and having taken into account of the factors set out in the "Letter from the Board", and the Board (excluding the Directors who are members of the Concert Group) considers that the underwriting commission rate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on our review of the underwriting arrangements of the Comparables, we have noticed that the underwriting commission rates paid by the listed companies under the Comparables ranged from nil to 3.0% with an average of 2.1%. The rate of underwriting commission under the Underwriting Agreement is within the range of the Comparables and above the average of the Comparables, we consider the underwriting commission of 2.5% in the present case to be in line with the market practice and is fair and reasonable as far as the Independent Shareholders are concerned.

6. Possible dilution effect of the Rights Issue on the shareholding interests

As the Rights issue is to be offered to all Qualifying Shareholders on the same basis, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their provisional allotments of the Rights Shares under the Rights Issue in full. Any Qualifying Shareholders who choose not to take up in full their assured allotments under the Rights Issue will have their shareholdings in the Company diluted by up to a maximum of approximately 40%. The possible dilution of the Rights Issue on shareholding interests is set out in the paragraph headed "Shareholdings structure" in the "Letter from the Board" in the Circular.

As in all rights issues, a dilution in the shareholding of those Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issue is inevitable. Based on our review of the Comparables, the effect of such maximum dilution ranged from 20.00% to 96.65% and the possible maximum dilution of 40% as in the case of the Rights Issue is slightly below the average of the Comparables of approximately 45.11% and within such range of the Comparables. Given the inherent dilutive nature of rights issue in general, we are of the view that such potential dilution to the shareholding interests of the Shareholders as a result of the Rights Issue is acceptable. Besides, the Qualifying Shareholders should note that, subject to the securities market condition, the nil-paid Rights Shares are tradable if they decided not to take up their entitlements (in part or in whole).

7. Whitewash Waiver

Silver Rich Macau Development Limited, wholly-owned by a discretionary trust, the beneficiaries of which are the Yeung Family, is the Underwriter and controlling Shareholder, holding an aggregate of 1,010,953,432 Shares, representing approximately 41.45% of the existing total issued share capital of the Company as at the Latest Practicable Date.

In the event that the Underwriter fully subscribes the SR Shares and (i) all the Underwritten Shares are allotted and issued to the Underwriter under the excess application made pursuant to the Irrevocable Undertaking (assuming all Qualifying Shareholders (other than the Underwriter) do not accept their respective provisional allotment of the Rights Shares nor apply for any excess Rights Shares); or (ii) the Underwriter is called upon to subscribe for all the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the shareholding of the Concert Group in the Company would increase from approximately 41.45% of the existing total issued share capital of the Company to a maximum of approximately 64.87% (assuming that the number of the issued Shares remains unchanged on or before the Record Date) of the enlarged total issued share capital of the Company immediately upon completion of the Rights Issue.

Accordingly, the Underwriter and the parties acting in concert with it will be obliged under Rule 26 of the Takeovers Code to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and the parties acting in concert with it. An application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, and the Executive has indicated that the Whitewash Waiver will be granted subject to, among other things, the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll.

Upon completion of the Rights Issue, the Underwriter and the parties acting in concert with it may hold more than 50% of the then issued share capital of the Company and in which case, the Underwriter and the parties acting in concert with it may thereafter increase its holding of Shares without incurring any further obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

As stated in the "Letter from the Board" in the Circular, the Rights Issue is conditional upon, among other things, the Executive granting the Whitewash Waiver to the Underwriter. Based on our analysis of the terms of the Rights Issue, reasons for the Rights Issue and the use of proceeds of the Rights Issue as set out above, we consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole. If the Whitewash Waiver is not granted by the Executive or if the Whitewash Waiver is not approved by the Independent Shareholders, the Rights Issue will not become unconditional and will not proceed and the Company will not receive the proceeds from the Rights Issue. Given that (i) the Group's financial position and the total equity attributable to the owners of Company will be strengthened as a result of the Rights Issue; (ii) the net cash proceeds from the Rights Issue are intended to be used to provide funding to repay certain of its interest-bearing loans and to fund its business operations; and (iii) all Qualifying Shareholders will be provided with an equal opportunity to take up the Rights Shares in accordance with their provisional entitlements under the Rights Issue and their respective interests in the Company will not be diluted if they elect to take up in full of their provisional allotments under the Rights Issue, we are in the opinion that, for the purposes of implementing the Rights Issue as discussed above, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Rights Issue (including the Setting Off) and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole to the extent that the Rights Issue will enlarge the total equity attributable to owners of the Company, provide funding to the Company to repay certain of its interest-bearing loans, fulfill its financial assistance commitment to the JV Company and for the operation of the Group's business operations and reduce the liability due to the Director which in turn will enhance the financial position of the Company. Furthermore, there would be no dilution effect on those Qualifying Shareholders who take up their entitlements in full under the Rights Issue. Accordingly, we recommend the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Arnold Ip
Executive Director

1. SUMMARY OF FINANCIAL INFORMATION

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

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

CONSOLIDATED INCOME STATEMENT

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

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

ASSETS AND LIABILITIES

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	1,418,947	1,345,509	1,475,374	1,430,658
Total liabilities	(487,788)	(671,636)	(881,823)	(876,094)
Non-controlling interests	(46,321)	(46,214)	(45,661)	(43,672)
Total equity attributable to owners of the Company	884,838	627,659	547,890	510,892

Notes:

1. *The consolidated financial statements of the Group for the financial period/years ended 31 December 2008 and 2009 were audited by CCIF CPA Limited, who resigned on 21 July 2010, and HLB Hodgson Impey Cheng was then appointed to audit the consolidated financial statements of the Group for the financial year ended 31 December 2010. No qualified opinion has been given in the auditors' reports in respect of the three financial period/years ended 31 December 2008, 2009 and 2010.*

2. *There was no extraordinary or exceptional items affecting the consolidated financial statements of the Group for the three financial period/years ended 31 December 2008, 2009 and 2010.*

3. *No dividend was declared for the three financial period/years ended 31 December 2008, 2009 and 2010.*

4. *Save for the adoption of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants, there has been no change in the accounting policies of the Group for the three financial period/ years ended 31 December 2008, 2009 and 2010.*

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2011

1. Organisation and Principal Activity

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

The principal activity of the Company is investment holding.

2. Basis of Preparation

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

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

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

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

3. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

1 *Effective for annual periods beginning on or after 1 July 2011*

2 *Effective for annual periods beginning on or after 1 January 2012*

3 *Effective for annual periods beginning on or after 1 July 2012*

4 *Effective for annual periods beginning on or after 1 January 2013*

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

4. Segment Information

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment. The Group has identified the following two reportable segments:

– Cruise leasing and management business: the leasing of cruise and the provision of cruise management services.

– Travel business: sales of air tickets and provision of travel-related services.

(a) Segment results and assets

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

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

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

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

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

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

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

	Cruise leasing and management		Travel		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30/6/2011	**31/12/2010**	**30/6/2011**	**31/12/2010**	**30/6/2011**	**31/12/2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	96,090	96,183	98,663	102,192	194,753	198,375

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

	Unaudited For the six months ended 30/6/2011 *HK$'000*	Unaudited For the six months ended 30/6/2010 *HK$'000*
Revenue		
Reportable segment revenue	763,630	783,112
Elimination of inter-segment revenue	(580)	(259)
Consolidated turnover	763,050	782,853
(Loss)/profit		
Reportable segment (loss)/profit	(7,810)	3,713
Share of results of jointly controlled entities	(59)	169
Share of results of associates	(9,481)	(18,563)
Unallocated corporate income	10,805	10,652
Depreciation	(718)	(1,061)
Finance costs	(10,643)	(10,198)
Unallocated corporate expenses	(23,462)	(21,433)
Consolidated loss before taxation	(41,368)	(36,721)

	Unaudited At 30/6/2011 *HK$'000*	Audited At 31/12/2010 *HK$'000*
Assets		
Reportable segment assets	194,753	198,375
Interest in associates	1,155,767	1,171,087
Interest in jointly controlled entities	1,634	1,693
Unallocated		
– Tax recoverable	2,267	184
– Corporate assets	76,237	104,035
Consolidated total assets	1,430,658	1,475,374

5. Other Revenue and Gains

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

6. Loss Before Taxation

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

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

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

7. Income Tax in the Condensed Consolidated Income Statement

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

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

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

8. Dividends

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

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

9. Loss Per Share

(a) Basic loss per share

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

(b) Diluted loss per share

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

10. Property, Plant and Equipment

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

11. Goodwill

	HK$'000
Cost	
At 1 January 2010, 31 December 2010, 1 January 2011 and 30 June 2011	8,332
Accumulated impairment losses	
At 1 January 2010	(1,504)
Impairment loss for the year	–
At 31 December 2010 and 1 January 2011	(1,504)
Impairment loss for the period	–
At 30 June 2011	(1,504)
Carrying amount	
At 30 June 2011 (unaudited)	6,828
At 31 December 2010	6,828

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

	Unaudited At 30/6/2011 *HK$'000*	**Audited At 31/12/2010** *HK$'000*
Cruise management CGU	1,313	1,313
Travel CGU	5,515	5,515
	6,828	6,828

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

Key assumptions used for value in use calculations:

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

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

12. Intangible Assets

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

Trademark

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

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a discount of 12.97% (31 December 2010: 13.1%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2010: 3%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

Client list

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

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a discount rate of 12.97% (31 December 2010: 13.1%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2010: 3%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

13. Interest in Associates

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

(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 – Gaming Promotion, Limited	Macau	1 share of MOP 50,000	49	–	49	Provision of gaming promotion services
Pier 16 – Management Limited	Macau/ Hong Kong and Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Hotel operations
Pier 16 – Property Development Limited ("Pier 16 – Property Development")	Macau	100,000 shares of MOP100 each	49	–	49	Property holding

(b) Goodwill

Because goodwill is included in the carrying amount of the interest in associates and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing in HKAS 36 "Impairment of Assets". Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 13(d) below.

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

(d) Impairment test for interest in associates

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

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

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

	Unaudited At 30/6/2011 *HK$'000*	Audited At 31/12/2010 *HK$'000*
Assets	3,399,242	3,372,507
Liabilities	3,281,780	3,392,167
Equity	117,462	(19,660)

	Unaudited For the six months ended 30/6/2011 *HK$'000*	30/6/2010 *HK$'000*
Revenues	586,787	382,531
Loss	(19,350)	(37,884)

14. Interest in Jointly Controlled Entities

	Note	Unaudited At 30/6/2011 *HK$'000*	Audited At 31/12/2010 *HK$'000*
Share of net assets		284	343
Amount due from a jointly controlled entity	*(b)*	12.050	12.050
		12,334	12,393
Less: Impairment loss	*(c)*	(10,700)	(10,700)
		1,634	1,693

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

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

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

(c) The Group has advanced HK$12 million to the jointly controlled entity to finance the acquisition of certain assets. The advance was unsecured and interest-free. In the opinion of the directors of the Company, the amount will not be repaid within twelve months from 30 June 2011 and is therefore classified as non-current assets. As the recoverable amount of the advance is expected to be less than its carrying amount, an impairment loss of HK$10.7 million has been recognised for the previous year. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.

(d) The following is summary of aggregate amounts of assets, liabilities, revenues and results of the jointly controlled entities:

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

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

15. Trade and Other Receivables

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

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

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

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

16. Pledged Bank Deposits/Cash and Cash Equivalents

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

17. Trade and Other Payables

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

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

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

18. Profit Guarantee Liabilities

	HK$'000
Carrying amount	
At 1 January 2010	41,708
Payment to SBI Macau Holdings Limited ("SBI Macau") under the profit guarantee	(9,100)
At 31 December 2010 and 1 January 2011	32,608
Payment to SBI Macau under the profit guarantee	(9,100)
At 30 June 2011 (Unaudited)	23,508

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

The profit guarantee liabilities are carried at amortised cost.

19. Bank Loans

	Unaudited At 30/6/2011 *HK$'000*	**Audited At 31/12/2010** *HK$'000*
Bank loans, secured	14,613	14,496

The maturity of the above borrowings is as follow:

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

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

20. Loans Payables

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

Notes:

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

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

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

(iv) *The amount represented the shareholder's loan of approximately HK$66,468,000 due by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company to Golden Sun Profits Limited ("Golden Sun"), an indirect subsidiary of the Company, taken up by Maruhan upon the completion of the World Fortune Disposal (as defined in note 5(b)(iii) to the Annual Report 2010) on 29 October 2007 and further shareholder's loan of approximately HK$86,270,000 (31 December 2010: approximately HK$86,270,000) advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders' Agreement (as defined in note 5(b)(iii) to the Annual Report 2010). The loans are unsecured, interest-free and not expected to be settled within one year.*

(v) *As mentioned in note 5(b)(iv) to the Annual Report 2010, pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo Limited ("Favor Jumbo"), an indirect wholly-owned subsidiary of the Company assigned the loan of approximately HK$39,486,000 due by Golden Sun to SBI Macau. The loan is unsecured, interest-free and not expected to be settled within one year.*

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

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

21. Long-term Payables

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

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

22. Financial Guarantee Contract

	HK$'000
Carrying amount	
At 1 January 2010	31,500
Amortisation for the year	(12,600)
At 31 December 2010 and 1 January 2011	18,900
Amortisation for the period	(6,300)
At 30 June 2011 (Unaudited)	12,600

	Unaudited At 30/6/2011 *HK$'000*	**Audited At 31/12/2010** *HK$'000*
Current liabilities	12,600	12,600
Non-current liabilities	–	6,300
	12,600	18,900

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

The financial guarantee contract is carried at amortised cost.

23. Share Capital

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

24. Related Party Transactions

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

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

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

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

Notes:

(i) *The related company is an investment holding company beneficially wholly- owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"). The amount due to a related company is unsecured, bearing interest at the rate of 4% per annum and not repayable within one year.*

(ii) *The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The final repayment date of the loan and all other sums owing to Mr. Yeung was further extended to 30 October 2012 by a letter agreement dated 23 June 2010.*

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

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

(b) The amount is the prepayment for consultancy services in respect of the New Business paid to the JV Partner. The amount is secured by cash which is equivalent to RMB5 million, such secured cash subsequently released after 30 June 2011.

(c) Key management personnel compensation

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

	Unaudited For the six months ended	
	30/6/2011	**30/6/2010**
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	2,103	2,201
Retirement benefit scheme contributions	30	30
Total emoluments are included in "staff costs"	2,133	2,231

25. Commitments

(a) At 30 June 2011 and 31 December 2010, the Group and the Company did not have any material capital commitments.

(b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

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

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

26. Contingent Liabilities

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

27. Pledge of Assets

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

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

(b) World Fortune pledged all (31 December 2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development;

(c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (31 December 2010: 51%) of the entire issued share capital from time to time of Favor Jumbo to a financial institution which is a third party independent of the Company in respect of the revolving credit facility granted to the Company; and

(d) The Group's self-occupied properties with carrying amount of equivalent to approximately HK$21.9 million (31 December 2010: equivalent to approximately HK$21.6 million) was pledged to a bank to secure bank loans to Jade Travel Ltd., an 80% indirectly owned subsidiary of the Company which was incorporated in Canada.

28. Event After the Reporting Period

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

29. Seasonality

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

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

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

		2010	2009
	Notes	*HK$'000*	*HK$'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)

	Notes	2010 *HK$'000*	2009 *HK$'000*
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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	**2009**
	HK$'000	*HK$'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)

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

	Note	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
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
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

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

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

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)

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. Organisation and principal activities

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

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

2. Significant accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the consolidated financial statements

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

(i) Going Concern

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

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

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

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

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

(ii) Basis of measurement

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

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

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

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

(c) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

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

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

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

(e) Goodwill

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

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

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

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

(f) Property, plant and equipment

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

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

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

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

(h) Operating lease charges

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

(i) Impairment of assets

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

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

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

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

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

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

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

(ii) Impairment of other assets

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

– property, plant and equipment;

– intangible assets;

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

– goodwill

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(j) Inventories

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

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

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

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

(k) Trade and other receivables

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

(l) Trade and other payables

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

(m) Cash and cash equivalents

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

(n) Employee benefits

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

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

(ii) Termination benefits

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

(o) Income tax

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

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

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

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

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

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

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

(q) Revenue recognition

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

(i) Cruise leasing and management fee income

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

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

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

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

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

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

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

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

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

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

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

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

(r) Translation of foreign currencies

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

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

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

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

(s) Borrowing costs

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

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

(t) Related parties

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

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

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

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

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

(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.

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 Adopters[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.

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	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

	At 31 December 2009				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

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.

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

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

(i) Impairment test for interest in associates

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

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

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

(ii) Going concern

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

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

(iii) Maruhan Put Option

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

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

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

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

(iv) SBI Macau Put Option

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

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

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

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

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

6. Segment information

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

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

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

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

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

	Cruise leasing and management		Travel		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	69,600	72,600	1,375,302	1,129,639	1,444,902	1,202,239
Inter-segment revenue	–	–	946	788	946	788
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

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

	2010	2009
	HK$'000	*HK$'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

Other items

	Cruise leasing and management		Travel		Unallocated		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amortisation on intangible assets	–	–	339	541	–	–	339	541
Impairment loss recognised on								
– intangible assets	–	–	–	6,711	–	–	–	6,711
– goodwill	–	–	–	895	–	–	–	895
Depreciation	7,052	6,994	1,391	1,435	1,870	2,999	10,313	11,428
Reversal of impairment loss recognised on intangible assets	–	–	(4,542)	–	–	–	(4,542)	–
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	2009
	HK$'000	*HK$'000*
Sales of air tickets	1,281,477	1,055,558
Travel and related services fee income	93,825	74,081
Cruise leasing and management fee income	69,600	72,600
	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.

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

	Note	2010 HK$'000	2009 HK$'000
(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.

(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:

Name	Directors' fees		Salaries, allowances and other benefits		Retirement benefit scheme contributions		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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	**2009**
	HK$'000	*HK$'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

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.

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	
		At 31 December 2010	**At 31 December 2009**
	Note	*HK$'000*	*HK$'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.*

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.

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest: Group's effective interest %	Proportion of ownership interest: Held by the Company %	Proportion of ownership interest: Held by subsidiaries %	Principal activities
Macau Success (Hong Kong) Limited	Hong Kong	10,000,000 shares of HK$0.01 each	100	100	–	Investment holding
Capture Success Limited	British Virgin Islands/ South China Sea, other than in Hong Kong	100 shares of US$1 each	55	–	55	Cruise leasing
Favor Jumbo Limited	British Virgin Islands	100 shares of US$1 each	100	–	100	Investment holding
Golden Sun Profits Limited	British Virgin Islands	20,000 shares of US$1 each	100	–	100	Investment holding
Hover Management Limited	Hong Kong/South China Sea, other than in Hong Kong	100 shares of HK$1 each	55	–	55	Provision of cruise management services
Macau Success Management Services Limited	Hong Kong	100 shares of HK$1 each	100	–	100	Provision of administration services
Travel Success Limited	Hong Kong	500,000 shares of HK$1 each	100	–	100	Travel agency
World Fortune Limited	Hong Kong	1,000 shares of HK$1 each	100	–	100	Investment holding
665127 British Columbia Ltd.	Canada	(i) 10,000 common shares without par value; and (ii) 1,400 Class A Preferred shares with CAD0.01 par value (without voting right)	80	–	80	Investment holding
Jade Travel Ltd. ("Jade Travel Ltd. (Canada)")	Canada	7 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages
Jade Travel Ltd.	United States of America	100 common shares without par value	80	–	80	Wholesale and retail business of selling airline tickets and tour packages

20. Interest in associates

		The Group	
		At 31 December 2010	At 31 December 2009
	Note	*HK$'000*	*HK$'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

(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:

			Proportion of ownership interest			
Name of associate	Place of incorporation/ operations	Particulars of issued and paid up share capital	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.

(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.

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	**At 31 December 2009**
	HK$'000	*HK$'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	2009
	HK$'000	*HK$'000*
Carrying amount of inventories use	23,079	17,870

25. Trade and other receivables

		The Group		The Company	
		At 31 December 2010	At 31 December 2009	At 31 December 2010	At 31 December 2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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.

(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	At 31 December 2009
	HK$'000	*HK$'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	**At 31 December 2009**
	HK$'000	*HK$'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

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

		The Group
	Note	*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	At 31 December 2009	At 31 December 2010	At 31 December 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	85,042	21,708	67,334	7,788
Non-pledged time bank deposits	23,000	20,600	–	–
Cash and cash equivalents in the consolidated statements of financial position and cash flows	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	At 31 December 2009	At 31 December 2010	At 31 December 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	9,536	9,122	–	–
Accrued charges and other payables	13,000	12,975	2,119	2,076
Amounts due to subsidiaries	–	–	50,368	50,188
Financial liabilities measured at amortised cost	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	**At 31 December 2009**
	HK$'000	*HK$'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	**At 31 December 2009**
	HK$'000	*HK$'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	
		At 31 December 2010	At 31 December 2009	At 31 December 2010	At 31 December 2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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	At 31 December 2009
	HK$'000	*HK$'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	**At 31 December 2009**
	HK$'000	*HK$'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

(b) Recognised deferred tax (assets)/liabilities

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

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

	At 31 December 2010	At 31 December 2009
	HK$'000	*HK$'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	**At 31 December 2009**
	HK$'000	*HK$'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	**Nominal value**
	'000	*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.

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	Distribution reserve	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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.

The Company

	Share premium	Retained profits	Total
	HK$'000	*HK$'000*	*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	
		At 31 December 2010	At 31 December 2009	At 31 December 2010	At 31 December 2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for					
– acquisition of properties	*22*	–	14,915	–	–
– renovation of properties		–	1,560	–	–
		–	16,475	–	–

(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	At 31 December 2009	At 31 December 2010	At 31 December 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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:

		The Group	
		2010	**2009**
	Note	*HK$'000*	*HK$'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.

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

		The Group	
		At 31 December 2010	**At 31 December 2009**
	Note	*HK$'000*	*HK$'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	
		2010	**2009**
	Note	*HK$'000*	*HK$'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

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

45. Capital risk management

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

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

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

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

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

46. Pledge of assets

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

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

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

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

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

4. INDEBTEDNESS

Borrowings

As at the close of business on 30 September 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from intra-group liabilities, the Group had outstanding secured and unsecured borrowings of approximately HK$809.33 million as follow:

	HK$'000
Secured:	
Bank loans, secured	13,544
Unsecured:	
Loans payables	455,787
Long-term payables	212,095
Amount due to a related company	22,908
Loan from a director and controlling shareholder	105,000
	795,790
Total outstanding secured and unsecured borrowings	809,334

Guarantee

As at 30 September 2011, the Company executed a corporate guarantee as security for the syndicated loan facilities of HK$1,600 million granted to Pier 16 – Property Development, which is held as to 49% by World Fortune. The maximum guarantee amount which the Company would be responsible under the corporate guarantee was HK$860 million. The total loan outstanding and the bank guarantee facility from syndicated loan facilities as at 30 September 2011 were HK$620 million and HK$240 million respectively.

Pledge of assets

As at 30 September 2011, the following assets of the Group were pledged:

(a) The Group pledged time deposits of approximately HK$7.8 million in favour of certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK$9.8 million for the operations of the Group;

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

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

(d) The Group's self-occupied properties with carrying amount equivalent to approximately HK$20.4 million were pledged in favour of a bank to secure bank loans to Jade Travel Ltd., an 80% indirectly owned subsidiary of the Company incorporated in Canada.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 30 September 2011, the Group had no debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured, bank borrowings including, bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase or finance lease commitments, mortgages, charges, guarantees or other material contingent liabilities.

5. WORKING CAPITAL

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

6. MATERIAL CHANGE

Save for the followings, there was no material change in the financial or trading position or outlook of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Group were made up:

(a) the challenging economic outlook of the travel and the cruise businesses of the Group as described in the paragraph headed "7. Financial and trading prospects of the Group" in this appendix below; and

(b) as described in the sections headed "Letter from the Board" and "Letter from the Independent Financial Adviser" of this circular, as at the Latest Practicable Date, certain loans and payables of the Group would become mature within the coming twelve months and be reclassified as current liabilities, but there would not be any impact on the Group's profit and loss as a result of such reclassification.

7. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

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

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

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

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

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

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

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

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

Notes:

(a) *The unaudited consolidated net tangible assets of the Group as at 30 June 2011 is calculated based on the capital and reserves attributable to the owners of the Company as at 30 June 2011 of approximately HK$510,892,000 after deducting goodwill of approximately HK$6,828,000 and intangible assets of approximately HK$40,407,000 as at 30 June 2011 as extracted from the interim report of the Company for six months ended 30 June 2011.*

(b) *The estimated proceeds less related expenses from the Rights Issue of approximately HK$301,435,000 are calculated based on 1,625,976,154 Rights Shares to be issued at the Subscription Price of HK$0.19 per Rights Share after deducting estimated expenses of approximately HK$7,500,000.*

(c) *The number of Shares used for the calculation of this amount is 2,438,964,233, representing the Shares in issue as at 30 June 2011.*

(d) *The number of Shares used for the calculation of this amount is 4,064,940,387 which is the total number of Shares in issue after completion of the Rights Issue, representing the 2,438,964,233 Shares in issue as at 30 June 2011 and 1,625,976,154 Shares to be issued pursuant to the Rights Issue.*

(e) *No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 June 2011.*

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

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

HLB 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

22 November 2011

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

Dear Sirs,

We report on the unaudited pro forma statement on adjusted consolidated net tangible assets (the "Unaudited Pro Forma Consolidated Net Tangible Assets") of Success Universe Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed rights issue of the Company on the basis of two rights shares for every three existing shares held on the record date at HK$0.19 per rights share (the "Rights Issue") might have affected the financial information of the Company presented, for inclusion in Appendix II to the circular of the Company dated 22 November 2011 (the "Circular").

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

Respective responsibilities of directors of the Company and reporting accountants

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

Basis of opinion

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

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

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Consolidated Net Tangible Assets has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Consolidated Net Tangible Assets as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

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

1. RESPONSIBILITY STATEMENT

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

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

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

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

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

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

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

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

As at the Latest Practicable Date, the Company did not have any outstanding warrants, options or securities convertible into Shares.

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

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

3. MARKET PRICES

The table below shows the closing prices of the Shares as recorded on the Stock Exchange on (i) the last trading day of the Stock Exchange for each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
29 April 2011	0.620
31 May 2011	0.620
30 June 2011	0.500
29 July 2011	0.500
31 August 2011	0.380
30 September 2011	0.280
19 October 2011 (Last Trading Day)	0.250
31 October 2011	0.220
Latest Practicable Date	0.208

The highest and lowest closing prices of the Shares as recorded on the Stock Exchange during the Relevant Period were HK$0.620 per Share on 29 April 2011, 26 May 2011, 30 May 2011 and 31 May 2011 and HK$0.208 per Share on the Latest Practicable Date, being 18 November 2011 respectively.

4. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Name	**Address**
Executive Directors	
Mr. Yeung Hoi Sing, Sonny	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Dr. Ma Ho Man, Hoffman	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Non-executive Director	
Mr. Choi Kin Pui, Russelle	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Independent non-executive Directors	
Mr. Luk Ka Yee, Patrick	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Mr. Yim Kai Pung	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

Name	**Address**
Ms. Yeung Mo Sheung, Ann	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Senior management	
Ms. Chiu Nam Ying, Agnes	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Mr. Wong Chi Keung, Alvin	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

Executive Directors

Mr. Yeung Hoi Sing, Sonny, aged 57, joined the Group in 2003. He is an executive Director and the Chairman of the Company as well as a director of the subsidiaries of the Company. He is also the chairman of the remuneration committee (the "**Remuneration Committee**") and the executive committee (the "**Executive Committee**") of the Company. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He has been a member of the National Committee of the Chinese People's Political Consultative Conference, the PRC since 1993 and has over 27 years of experience in finance industry in Hong Kong. Prior to joining the Group, Mr. Yeung held managerial roles in several financial service sectors such as leveraged foreign exchange trading, and securities and futures brokerage. He is presently the sole beneficial owner of Success Securities Limited ("**Success Securities**"), which is a licensed corporation under the SFO as well as a participant of the Stock Exchange, principally engaged in the provision of securities brokerage services. Mr. Yeung has certain private investments in property development businesses in Hong Kong, Macau and Canada. He is also a director of the Underwriter. Mr. Yeung is the uncle of Dr. Ma Ho Man, Hoffman, an executive Director and the Deputy Chairman of the Company.

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

Non-executive Director

Mr. Choi Kin Pui, Russelle, aged 57, joined the Group in 2003. He is a non-executive Director as well as a member of the audit committee of the Company (the "**Audit Committee**") and the Remuneration Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 17 years of management experience in the telecommunication industry in Hong Kong and the United States of America (the "**US**"). Mr. Choi established Elephant Talk Limited in 1994, a wholly-owned subsidiary of an American corporation, Elephant Talk Communications Inc. ("**ETCI**"), whose securities are quoted on the Over-The-Counter Bulletin Board in the US and engages in the provision of telecommunications services in Hong Kong and the US. Mr. Choi was a director of ETCI from 2002 to 2008 as well as the president and the chief executive officer of ETCI from 2002 to 2006 and was responsible for the planning of the overall strategy of ETCI. He also served as the chairman of ET Network Services Limited, a Hong Kong company 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 50, joined the Group in 2003. He is an independent non-executive Director as well as a member of the Audit Committee and the Remuneration Committee. Mr. Luk obtained a 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 46, joined the Group in 2004. He is an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Yim holds a Bachelor degree of Accountancy with honours from City University of Hong Kong in 1993 and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 20 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC. Mr. Yim is presently the sole proprietor of David Yim & Co., Certified Public Accountants, and a director as well as the managing director of CCTH CPA Limited. He is currently an independent non-executive director of Greens Holdings Ltd., a company whose issued shares are listed on the main board of the Stock Exchange. Mr. Yim was a director (who was first appointed as an executive director and then redesignated as a non-executive director) of Sanyuan Group Limited, a company previously listed on the main board of the Stock Exchange.

Ms. Yeung Mo Sheung, Ann, aged 46, joined the Group in 2004. She is an independent non-executive Director as well as a member of the Audit Committee and the Remuneration Committee. Ms. Yeung holds a Bachelor degree of Retail Marketing with honours in the United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice in the United Kingdom in 1998 and is presently a partner of Messrs. Fung & Fung, Solicitors, a legal firm in Hong Kong. Ms. Yeung is currently an independent non-executive director of Hao Wen Holdings Limited, a company whose issued shares are listed on the growth enterprise market of the Stock Exchange.

Senior Management

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

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

5. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business in Hong Kong	Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Authorised representatives in Hong Kong	Dr. Ma Ho Man, Hoffman Ms. Chiu Nam Ying, Agnes Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Company secretary	Ms. Chiu Nam Ying, Agnes

Underwriter of the Rights Issue	Silver Rich Macau Development Limited *Registered office:* P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands *Correspondence address:* Suite 1601-2 & 8-10, 16/F. Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Financial adviser to the Company	Optima Capital Limited Suite 1501, 15th Floor Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Company	*As to Bermuda law:* Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong *As to Hong Kong law:* Iu, Lai & Li 20/F., Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong

Auditors	HLB Hodgson Impey Cheng (“**HLB**”) *Chartered Accountants* *Certified Public Accountants* 31/F., Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Altus Capital Limited 8/F., Hong Kong Diamond Exchange Building 8 Duddell Street Central Hong Kong
Principal share registrar and transfer agent in Bermuda	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke, HM 08 Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Tengis Limited 26th Floor Tesbury Centre 28 Queen’s Road East Wanchai Hong Kong

Principal bankers	Chong Hing Bank Limited Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong Fubon Bank (Hong Kong) Limited 38 Des Voeux Road Central Hong Kong Royal Bank of Canada 260 East Beaver Creek Road Richmond Hill, Ontario Canada, L4B 3M3 The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Stock code	00487
Website	www.successug.com

6. DISCLOSURE OF INTERESTS

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

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

Interest in the Shares

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

Notes:

1. *Mr. Yeung was deemed to have corporate interest in 2,636,929,586 Shares comprising: (i) 1,010,953,432 Existing Shares held by the Underwriter; (ii) 673,968,954 SR Shares to be accepted by the Underwriter in respect of its entitlement to the Rights Shares as a Qualifying Shareholder under the Rights Issue; and (iii) 952,007,200 excess Rights Shares which might be allotted to the Underwriter pursuant to the Irrevocable Undertaking or 952,007,200 Underwritten Shares which might be taken up by the Underwriter pursuant to the underwriting obligation under the Underwriting Agreement, details of which are set out in the section headed "Letter from the Board" in this circular. Mr. Yeung was deemed to be interested in these Shares by virtue of his family members being the eligible beneficiaries of the discretionary trust holding the Underwriter.*

2. *The approximate percentage of shareholding was calculated based on 2,636,929,586 Shares interested or deemed to be interested by Mr. Yeung in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.*

3. *Mr. Yeung was deemed to have a short position in these Shares pursuant to the Placing Agreement and the approximate percentage of shareholding was calculated based on his short position in 26,452,296 Shares as at the Latest Practicable Date in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.*

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

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

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

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

Interest in the Shares

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

Notes:

1. *The entire issued share capital of the Underwriter is held by Fiducia Suisse SA (formerly known as KF Suisse SA), which is a trustee of a discretionary trust, the beneficiaries of which are the Yeung Family. Fiducia Suisse SA is wholly-owned by Mr. David Henry Christopher Hill. Accordingly, each of Fiducia Suisse SA and Mr. David Henry Christopher Hill was deemed to be interested in 2,636,929,586 Shares, which comprised: (i) 1,010,953,432 Existing Shares held by the Underwriter; (ii) 673,968,954 SR Shares to be accepted by the Underwriter in respect of its entitlement to the Rights Shares as a Qualifying Shareholder under the Rights Issue; and (iii) 952,007,200 excess Rights Shares which might be allotted to the Underwriter pursuant to the Irrevocable Undertaking or 952,007,200 Underwritten Shares which might be taken up by the Underwriter pursuant to the underwriting obligation under the Underwriting Agreement, details of which are set out in the section headed "Letter from the Board" in this circular.*

2. *Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 2,636,929,586 Shares in which Mr. David Henry Christopher Hill had a deemed interest.*

3. *Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung, was deemed to be interested in 2,636,929,586 Shares in which Mr. Yeung had a deemed interest.*

4. *The approximate percentage of shareholding was calculated based on 2,636,929,586 Shares interested or deemed to be interested by the relevant person in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.*

5. *The short position in Shares was arised pursuant to the Placing Agreement and the approximate percentage of shareholding was calculated based on the short position in 26,452,296 Shares held by the relevant person as at the Latest Practicable Date in the enlarged issued share capital of the Company of 4,064,940,387 Shares upon completion of the Rights Issue.*

Long positions in other members of the Group

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

Save as disclosed above, so far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital.

7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

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

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

8. SERVICE CONTRACTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the Announcement; (b) are continuous contracts with a notice period of 12 months or more; or (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

9. OTHER DISCLOSURES

(i) As at the Latest Practicable Date, save as disclosed in the paragraph headed "Shareholdings structure" in the "Letter from the Board" of this circular and in the paragraphs headed "Share capital" and "Disclosure of interests" above, none of the Directors, the directors of the Underwriter, the Underwriter or any member of the Concert Group owned or controlled or were interested in any Shares, convertible securities, warrants, options or derivatives of the Company.

(ii) Save for the entering into of the Underwriting Agreement and the Placing Agreement, none of the Directors, the Underwriter or any member of the Concert Group had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(iii) As at the Latest Practicable Date, the Underwriter was wholly-owned by a discretionary trust (the beneficiaries of which are the Yeung Family). Save as disclosed in the paragraph headed "Disclosure of interests" above, none of the Company and the Directors were interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Underwriter as at the Latest Practicable Date nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Underwriter during the Relevant Period.

(iv) None of the advisers to the Company as specified in class (2) of the definition of associate in the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date nor had any of them dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(v) None of the subsidiaries of the Company, or pension fund of the Company or of a subsidiary of the Company owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date nor had any of them dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(vi) No fund managers (other than exempt fund managers) connected with the Company managed on a discretionary basis any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date nor had any of them dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis during the Relevant Period.

(vii) As at the Latest Practicable Date, save for the Underwriting Agreement and the Placing Agreement, there was no agreement, arrangement or understanding between the Underwriter and any other persons whereby the Rights Shares subscribed and acquired under the Rights Issue would be transferred, charged or pledged to any persons.

(viii) As at the Latest Practicable Date, the principal members of the Concert Group were the Underwriter and the Yeung Family. The registered office of the Underwriter is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and its correspondence address is at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The directors of the Underwriter are Mr. Yeung, Mr. Yeung Alfred Onshing (a family member of Mr. Yeung) and Mr. David Henry Christopher Hill.

(ix) As at the Latest Practicable Date, save for the Underwriting Agreement, there was (a) no agreement, arrangement or understanding (including any compensation arrangement) between the members of the Concert Group and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependence upon the Rights Issue and the Whitewash Waiver; and (b) no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Rights Issue and the Whitewash Waiver or otherwise connected with the Rights Issue and the Whitewash Waiver.

(x) As at the Latest Practicable Date, save for the underwriting commission payable under the Underwriting Agreement, no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver.

(xi) As at the Latest Practicable Date, save for the Underwriting Agreement and the Placing Agreement, no material contracts had been entered into by the Underwriter in which any Director had a material personal interest.

(xii) As at the Latest Practicable Date, save for the Underwriting Agreement and the Placing Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which includes any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to such securities which may be an inducement to deal or refrain from dealing) with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code and no person had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(xiii) As at the Latest Practicable Date, save for the Placing Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which includes any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to such securities which may be an inducement to deal or refrain from dealing) with the Concert Group.

(xiv) As at the Latest Practicable Date, none of the Company and the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.

(xv) As at the Latest Practicable Date, none of the members of the Concert Group had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.

(xvi) Save for the Underwriter, no persons who owned or controlled any shareholding in the Company had irrevocably committed themselves to accept or reject the Rights Issue or to approve or disapprove the Whitewash Waiver prior to the posting of this circular.

(xvii) There was no arrangement to which the Underwriter was a party (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Rights Issue.

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

(xix) As at the Latest Practicable Date, the Maruhan Put Option was not exercisable until 29 October 2012. If it shall be exercised by Maruhan, the consideration payable by Golden Sun shall be calculated by reference to a minimum value of HK$3,900 million and a maximum value of HK$6,500 million for the properties held by Pier 16 – Property Development multiplied by Maruhan's attributable interest in Pier 16 – Property Development and shall be settled as to 50% by cash and as to 50% by allotment and issue of new Shares by the Company at an issue price equivalent to the closing price per Share on the date of the exercise notice. Accordingly, the number of new Shares to be issued by the Company, if the Maruhan Put Option is exercised, could not be ascertained as at the Latest Practicable Date. For further information on the Maruhan Put Option, please refer to pages I-74 to I-75 under paragraph headed "3. Audited consolidated financial statements of the Group for the year ended 31 December 2010" in Appendix I to this circular.

(xx) As at the Latest Practicable Date, the SBI Macau Put Option was not exercisable until 8 August 2013. If it shall be exercised by SBI Macau, the consideration payable by Favor Jumbo shall be the aggregate of HK$99,465.77 per ordinary share of Golden Sun held by SBI Macau and the face value of the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau as at completion of such purchase (as at the Latest Practicable Date, being in aggregate of HK$130.0 million), and the reserve as calculated in accordance with the terms of the shareholders' agreement dated 8 August 2008 entered into between, inter alia, Favor Jumbo and SBI Macau and shall be settled as to 50% by cash and as to 50% by allotment and issue of new Shares by the Company at an issue price equivalent to the closing price per Share on the date of the exercise notice. Accordingly, the number of new Shares to be issued by the Company, if the SBI Macau Put Option is exercised, could not be ascertained as at the Latest Practicable Date. For further information on the SBI Macau Put Option, please refer to pages I-75 to I-76 under paragraph headed "3. Audited consolidated financial statements of the Group for the year ended 31 December 2010" in Appendix I to this circular.

10. MATERIAL CONTRACTS

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

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

(ii) the cooperative agreement dated 20 September 2010 (the "**Cooperative Agreement**") entered into between Victory Devotion Limited ("**Victory Devotion**", a wholly-owned subsidiary of the Company), Mr. Wu Hong ("**Mr. Wu**") and 上海唐路科技有限公司 ("**上海唐路科技**", an entity controlled by Mr. Wu), in relation to the formation of companies and the cooperative arrangements for the intended provision of technology services platform and technical support to the mobile sports lottery market in the PRC (the "**New Business**");

(iii) the deed of share mortgage dated 20 September 2010 executed by Ms. Yuen Tung Me ("**Ms. Yuen**") as chargor in favour of Victory Devotion as chargee in relation to the mortgage of certain shares held by Ms. Yuen in a company whose shares are listed on the Stock Exchange as security for, inter alia, repayment of the amount advanced to Mr. Wu regarding the consultancy services fee for the New Business as mentioned in the Cooperative Agreement;

(iv) the deed of share mortgage dated 30 September 2010 executed by Up Fly Limited ("**Up Fly**", a company wholly-owned by Mr. Wu), as mortgagor in favour of Victory Devotion as mortgagee in relation to the mortgage of all shares held by Up Fly in Honour Rich China Development Limited ("**Honour Rich**", a subsidiary of the Company);

(v) two letters of confirmation dated 14 December 2010 from Pier 16 – Property Development, Pier 16 – Management Limited, Early Success Limited, Pier 16 – Entertainment Group Corporation Limited, Pier 16 – Resort Hotel Management Limited, Pier 16 – PR Marketing Limited, Pier 16 – Antique Collections Limited and Pier 16 – Property Consultancy Services Limited, all being associates of the Company, Sociedade de Jogos de Macau S.A., the Company, SJM – Investment Limited, World Fortune and Vast Base Limited to BNP Paribas Hong Kong Branch and Banco Weng Hang, S.A. both to confirm (i) their consent to, and the agreement with, all the contents of the facility agreement dated 28 June 2007 regarding the syndicated loan facility of HK$1,600 million granted by a syndicate of lenders to Pier 16 – Property Development (the "**Syndicated Loan Facility**"), as supplemented by, inter alia, a supplemental agreement dated 14 December 2010; and (ii) that all security documents in relation to the Syndicated Loan Facility remained in full force and effect;

(vi) the supplemental agreement dated 18 March 2011 (the "**Supplemental Agreement I**") entered into between Victory Devotion, Mr. Wu and 上海唐路科技 in respect of, inter alia, the extension of certain dates concerning the pledge and the consultancy services fee respectively as mentioned in the Cooperative Agreement;

(vii) the second supplemental agreement dated 25 August 2011 entered into between Victory Devotion, Mr. Wu and Up Fly in relation to, inter alia, the provision of further shareholders' loans by Victory Devotion to Honour Rich, details of which have been set out in the announcement of the Company dated 25 August 2011;

(viii) the letter of confirmation dated 25 August 2011 from 上海唐路科技 to Victory Devotion and Mr. Wu to confirm its withdrawal from the Cooperative Agreement, as supplemented by the Supplemental Agreement I, without any compensation;

(ix) the letter of agreement dated 19 October 2011 made between Smart Class and Star Spangle confirming the agreement for, inter alia, the novation of the SS Loan from Smart Class to the Company and the assignment of the SS Loan by Star Spangle to the Underwriter pursuant to the Underwriting Agreement; and

(x) the Underwriting Agreement (including the Irrevocable Undertaking).

11. LITIGATION

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

12. CONSENT OF EXPERTS

The following are the qualifications of the professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
Altus Capital Limited	A licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities under the SFO
HLB	Chartered Accountants, Certified Public Accountants, Hong Kong

Each of the Independent Financial Adviser and HLB has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither the Independent Financial Adviser nor HLB had: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

13. EXPENSES

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

14. DOCUMENTS AVAILABLE FOR INSPECTION

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

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

(ii) the memorandum and articles of association of the Underwriter;

(iii) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" of this circular;

(iv) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;

(v) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;

(vi) the report from HLB on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(vii) the material contracts as referred to in the paragraph headed "Material contracts" above in this appendix;

(viii) the written consents given by the Independent Financial Adviser and HLB as referred to in the paragraph headed "Consent of experts" above in this appendix;

(ix) the annual reports of the Company for the two years ended 31 December 2009 and 2010; and

(x) the interim report of the Company for the six months ended 30 June 2011.

Copies of the above documents in electronic form will be displayed on (i) the Company's website (www.successug.com); and (ii) the SFC's website (www.sfc.hk) and available for inspection from the date of this circular until the date of the SGM.

15. MISCELLANEOUS

(i) The secretary of the Company is Ms. Chiu Nam Ying, Agnes. 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.

(ii) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text thereof.

SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Success Universe Group Limited (the "**Company**") will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 3:45 p.m. on Friday, 9 December 2011 for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** subject to and conditional upon (i) the passing of the ordinary resolution numbered 2 as set out in the notice convening this meeting; (ii) the fulfilment or waiver (as applicable) of the conditions set out in the underwriting agreement dated 19 October 2011 (the "**Underwriting Agreement**") made between the Company and Silver Rich Macau Development Limited ("**Silver Rich**"), a copy of which has been produced to this meeting marked "**A**" and signed by the Chairman of this meeting for the purpose of identification; and (iii) the Underwriting Agreement not being terminated in accordance with its terms:–

   (a) the issue by way of rights (the "**Rights Issue**") of 1,625,976,154 ordinary shares of HK$0.01 each in the share capital of the Company (the "**Rights Share(s)**") to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company at the close of business on Tuesday, 20 December 2011 (or such other date as may be agreed in writing between Silver Rich and the Company) (the "**Record Date**") other than those Shareholders (the "**Excluded Shareholders**") whose registered addresses as shown on the register of members of the Company are outside Hong Kong and whom the directors of the Company (the "**Director(s)**"), after making relevant enquiries, consider it is necessary or expedient not to offer the Rights Shares to them on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places, in the proportion of two Rights Shares for every three existing shares of the Company then held on the Record Date at the subscription price of HK$0.19 per Rights Share and otherwise on the terms and conditions as set out in the circular of the Company dated 22 November 2011 (the "**Circular**") despatched to the Shareholders containing the notice convening this meeting, a copy of the Circular has been produced to this meeting marked "**B**" and signed by the Chairman of this meeting for the purpose of identification, be and is hereby approved;

(b) any one Director be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the Shareholders and, in particular, any one Director be and is hereby authorised to make such exclusions or other arrangements in relation to the Excluded Shareholders and/or fractional entitlements as he/she may, at his/her absolute discretion, deem necessary, desirable or expedient;

(c) the arrangement for application by the Shareholders (other than the Excluded Shareholders) for the Rights Shares in excess of their entitlements under the Rights Issue be and is hereby approved, confirmed and ratified;

(d) the performance of all transactions contemplated under the Rights Issue be and is hereby approved, confirmed and ratified; and

(e) any one Director be and is hereby authorised to do all acts, deeds and things and to sign and execute all documents as he/she may, at his/her absolute discretion, deem necessary, desirable or expedient to carry out or to give effect to the Rights Issue and any or all transactions contemplated in this resolution."

2. "**THAT** the waiver (the "**Whitewash Waiver**") granted or to be granted by the executive director (the "**Executive Director**") of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director to Silver Rich Macau Development Limited ("**Silver Rich**") pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") in respect of the obligation on the part of Silver Rich to make a mandatory general offer for all the issued shares of the Company other than those already owned or agreed to be acquired by Silver Rich, the family members of Mr. Yeung Hoi Sing, Sonny (the Chairman and an executive director of the Company) and the parties acting in concert with any of them under Rule 26 of the Takeovers Code, as a result of the subscription of the SR Shares (as defined in the Underwriting Agreement, which term is defined in the ordinary resolution numbered 1 set out in the notice convening this meeting of which this resolution forms part (the "**Notice**")) and the excess Rights Shares (as defined in the ordinary resolution numbered 1 set out in the Notice) allocated to Silver Rich under the excess application made by Silver Rich or the taking up of the Underwritten Shares (as defined in the Underwriting Agreement) pursuant to the terms of the Underwriting Agreement be and is hereby approved and **THAT** any one director of the Company be and is hereby authorised to do all acts, deeds and things and to sign and execute all documents as he/she may, at his/her absolute discretion, deem necessary, desirable or expedient to carry out or to give effect to any matters relating to or in connection with the Whitewash Waiver."

By Order of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Chiu Nam Ying, Agnes
Company Secretary

Hong Kong, 22 November 2011

Notes:

1. *A proxy form to be used for the Meeting is enclosed with the circular dated 22 November 2011 issued by the Company.*

2. *Any shareholder of the Company ("**Member**") entitled to attend and vote at the Meeting may appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to attend and vote on his behalf at the Meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same power on behalf of the Member which he or they represent as such Member could exercise.*

3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.*

4. *To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or any adjournment thereof at which the person named in the instrument proposes to vote.*

5. *Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the Meeting and in such event, the instrument appointing a proxy shall be deemed to have been revoked.*

6. *Where there are joint holders of any share of the Company, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.*

7. *The above ordinary resolutions will be put to vote at the Meeting by way of poll.*