首長四方（集團）有限公司*

SHOUGANG CONCORD GRAND (GROUP) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Shougang Concord Grand (Group) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 with comparative figures for the year ended 31 December 2009. These final results have been reviewed by the Audit Committee of the Company.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
Continuing operations			
Revenue	3	**57,147**	109,247
Cost of sales		**(31,653)**	(69,918)
Gross profit		**25,494**	39,329
Interest income from entrusted loan receivables		**307**	3,882
Other income	5	**2,590**	528
Distribution costs and selling expenses		**(928)**	(2,589)
Administrative expenses		**(37,695)**	(35,660)
Impairment loss on finance lease receivables		**(21,201)**	–
Increase in fair value of investment properties		**38,140**	24,961
Changes in fair value of held-for-trading investments		**(282)**	16,814
Finance costs	6	**(2,649)**	(2,958)
Share of results of associates		**(16,388)**	–
Discount on acquisition of additional interest in a subsidiary		**–**	2,154
Profit on disposal of partial interests in an associate		**1,358**	–
(Loss) profit before tax		**(11,254)**	46,461
Income tax expense	8	**(4,204)**	(6,021)
(Loss) profit for the year from continuing operations	9	**(15,458)**	40,440
Discontinued operations	7		
Profit for the year from discontinued operations		**135,233**	18,099
Profit for the year		**119,775**	58,539
Other comprehensive income (expense):			
Exchange differences on translation of foreign operations:			
Exchange gain (loss) arising during the year		**11,954**	(55)
Share of translation difference of an associate		**3,778**	–
Release of translation reserve upon deemed disposal of subsidiaries		**(10,934)**	–
Release of special reserve upon deemed disposal of subsidiaries		**21,354**	–
		26,152	(55)
Total comprehensive income for the year		**145,927**	58,484

	Note	2010 HK$'000	2009 HK$'000 (Restated)
Profit for the year attributable to:			
Owners of the Company			
– (Loss) profit for the year from continuing operations		**(15,421)**	39,661
– Profit (loss) for the year from discontinued operations		**45,269**	(965)
		29,848	38,696
Non-controlling interests			
– (Loss) profit for the year from continuing operations		**(36)**	779
– Profit for the year from discontinued operations		**89,963**	19,064
		89,927	19,843
		119,775	58,539
Total comprehensive income for the year attributable to:			
Owners of the Company		**54,325**	38,677
Non-controlling interests		**91,602**	19,807
		145,927	58,484
Earnings (loss) per share	10		
From continuing and discontinued operations			
Basic and diluted		**HK2.59 cents**	HK3.36 cents
From continuing operations			
Basic and diluted		**(HK1.34 cents)**	HK3.44 cents

Consolidated Statement of Financial Position
At 31 December 2010

	Notes	**31.12.2010** **HK$'000**	31.12.2009 HK$'000 (Restated)	1.1.2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	11	**30,459**	144,696	60,510
Prepaid lease payments	12	**–**	5,799	7,512
Investment properties	13	**190,590**	152,450	125,200
Goodwill	14	**52,935**	52,935	52,935
Intangible asset		**–**	–	244,111
Interests in associates	15	**204,888**	21,569	21,856
Other receivables	16	**–**	20,657	–
Advances		**–**	–	126,547
Finance lease receivables	17	**342,228**	429,347	827,138
Entrusted loan receivables	18	**–**	227	25,499
Restricted bank deposits		**10,619**	56,958	66,069
Pledged bank deposit		**–**	1,956	665
Available-for-sale investments	24	**4,941**	37,477	–
		836,660	924,071	1,558,042
Current assets				
Inventories	19	**–**	34,947	21,904
Production work in progress		**–**	–	3,875
Amounts due from customers for contract work	20	**–**	5,795	16,935
Amount due from an associate		**396**	–	–
Finance lease receivables	17	**206,414**	464,519	463,170
Entrusted loan receivables	18	**235**	25,873	26,879
Trade receivables	21	**132**	41,477	20,524
Prepayments, deposits and other receivables		**6,284**	93,746	22,957
Prepaid lease payments	12	**–**	125	156
Convertible loan receivable	22	**–**	119,255	–
Held-for-trading investments	23	**15,002**	25,420	85,668
Pledged bank deposit		**–**	–	2,808
Bank balances and cash		**308,337**	372,847	195,381
		536,800	1,184,004	860,257
Current liabilities				
Amounts due to customers for contract work	20	**–**	366	1,763
Trade payables	25	**–**	32,969	8,117
Other payables and accruals		**6,504**	58,316	53,492
Income received in advance		**4,896**	43,427	38,108
Rental and management fee deposits received		**1,210**	1,248	1,189
Amount due to an associate		**–**	20,874	–
Tax liabilities		**10,855**	19,526	9,506
Security deposits received		**–**	50,168	–
Secured bank borrowings – due within one year	26	**333,803**	596,642	579,973
		357,268	823,536	692,148
Net current assets		**179,532**	360,468	168,109
Total assets less current liabilities		**1,016,192**	1,284,539	1,726,151

	Notes	**31.12.2010**	31.12.2009	1.1.2009
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Capital and reserves				
Share capital	27	**11,522**	11,514	11,514
Retained earnings		**520,794**	438,708	382,689
Other reserves		**171,434**	158,773	157,441
Equity attributable to owners of the Company		**703,750**	608,995	551,644
Non-controlling interests		**661**	288,377	319,530
Total equity		**704,411**	897,372	871,174
Non-current liabilities				
Income received in advance		**3,520**	7,754	16,393
Secured bank borrowings – due after one year	26	**295,691**	367,737	777,323
Security deposits received		**10,588**	10,000	60,168
Deferred tax liabilities		**1,982**	1,676	1,093
		311,781	387,167	854,977
Total equity and liabilities		**1,016,192**	1,284,539	1,726,151

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Share capital HK$'000	Share premium HK$'000	Capital contribution reserve HK$'000 (Note (a))	Contributed surplus reserve HK$'000 (Note (b))	Translation reserve HK$'000	Share options reserve HK$'000	Statutory reserve HK$'000 (Note (c))	Special reserve HK$'000 (Note (d))	Retained earnings HK$'000	Attributable to owners of the company HK$'000	Non-controlling interests: Share options reserve of a subsidiary HK$'000	Non-controlling interests: Share of net assets of subsidiaries HK$'000	Total HK$'000
At 1 January 2009	11,514	559	445	115,576	40,853	23,504	–	(23,496)	382,689	551,644	54,603	264,927	871,174
Exchange differences on translation of foreign operations	–	–	–	–	(19)	–	–	–	–	(19)	–	(36)	(55)
Profit for the year	–	–	–	–	–	–	–	–	38,696	38,696	–	19,843	58,539
Total comprehensive income (expense) for the year	–	–	–	–	(19)	–	–	–	38,696	38,677	–	19,807	58,484
Exercise of share option of a subsidiary	–	–	–	–	–	–	–	–	–	–	(6)	236	230
Transfer to statutory reserve	–	–	–	–	–	–	2,879	–	(5,682)	(2,803)	–	2,803	–
Lapse/cancellation of share options	–	–	–	–	–	(1,528)	–	–	1,528	–	–	–	–
Cancellation of share options granted by subsidiaries	–	–	–	–	–	–	–	–	21,477	21,477	(21,477)	–	–
Capital contribution from a non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	5,816	5,816
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(38,332)	(38,332)
At 31 December 2009 and 1 January 2010	11,514	559	445	115,576	40,834	21,976	2,879	(23,496)	438,708	608,995	33,120	255,257	897,372
Exchange difference on translation of foreign operations	–	–	–	–	10,279	–	–	–	–	10,279	–	1,675	11,954
Share of translation difference of an associate	–	–	–	–	3,778	–	–	–	–	3,778	–	–	3,778
Release upon deemed disposal of subsidiaries	–	–	–	–	(10,934)	–	–	21,354	–	10,420	–	–	10,420
Profit for the year	–	–	–	–	–	–	–	–	29,848	29,848	–	89,927	119,775
Total comprehensive income for the year	–	–	–	–	3,123	–	–	21,354	29,848	54,325	–	91,602	145,927
Exercise of share options	8	448	–	–	–	(128)	–	–	–	328	–	–	328
Partial disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	2,769	2,769
Recognition of equity-settled share-based payment	–	–	–	–	–	7,590	–	–	–	7,590	–	–	7,590
Release upon deemed disposal of subsidiaries	–	–	(445)	–	–	–	(2,879)	–	28,902	25,578	(25,578)	(384,338)	(384,338)
Release upon disposal of subsidiaries	–	–	–	–	(18,194)	–	–	–	18,194	–	–	–	–
Lapse of share options	–	–	–	–	–	(350)	–	–	350	–	–	–	–
Lapse of share options granted by subsidiaries *(Note (e))*	–	–	–	–	–	–	–	–	4,792	4,792	(7,542)	2,750	–
Non-controlling interest arising on acquisition of a subsidiary *(Note 28)*	–	–	–	–	–	–	–	–	–	–	–	27,927	27,927
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	236	236
Difference arising on dilution of interest in a subsidiary *(Note (f))*	–	–	–	–	–	–	–	2,142	–	2,142	–	4,458	6,600
At 31 December 2010	11,522	1,007	–	115,576	25,763	29,088	–	–	520,794	703,750	–	661	704,411

Notes:

(a) Capital contribution reserve represents accumulated effect of imputed interest on amount due to other related party.

(b) The contributed surplus reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in 1991 over the nominal value of the Company's shares issued in exchange, and the transfers as mentioned in note (e) below.

(c) As stipulated by the rules and regulations in the People's Republic of China (the "PRC", for the purpose of this announcement does not include Hong Kong, Macau and Taiwan), the subsidiaries of the Company established in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior years' losses) to a general reserve fund until the balance of the fund reaches 50% of their registered capital thereafter any further appropriation is optional and is determinable by the companies' boards of directors.

(d) Special reserve as at 31 December 2009 represented the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in a subsidiary being acquired by GDC Group (as defined in Note 7) from non-controlling interests during the year ended 31 December 2007. This special reserve was released to profit and loss upon the deemed disposal of GDC Group during the year.

(e) During the year ended 31 December 2010, 920,000 share options issued by a subsidiary of the Company lapsed on the expiry of the three-month period following the dates of cessation of the respective employees and 5,423,000 share options issued by a subsidiary of the Company lapsed on the expiry dates of the respective exercise periods of the options.

(f) During the year ended 31 December 2010, the difference arising on dilution of interest in a subsidiary represents the excess of proceeds received from exercise of share options of a subsidiary over the carrying amount of non-controlling interests deemed to be disposed.

Consolidated Statement of Cash Flows
For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
OPERATING ACTIVITIES		
(Loss) profit for the year		
– continuing operations	**(15,458)**	40,440
– discontinued operations	**135,233**	18,099
Adjustments for:		
Impairment loss on convertible loan receivable	**7,519**	–
Profit on disposal of partial interests in an associate	**(1,358)**	–
Share-based payment expense	**7,590**	–
Depreciation of property, plant and equipment	**13,182**	8,328
Allowance for inventories	**–**	6,368
Allowance for production work in progress	**–**	4,811
Interest expenses (included in finance cost and cost of sales)	**36,557**	73,404
Allowance for bad and doubtful debts, net	**20,182**	3,309
Amortisation of intangible asset	**–**	633
Share of loss of associates	**16,465**	287
Loss on dilution of interest in a subsidiary	**–**	165
Amortisation of prepaid lease payments	**119**	148
(Gain) loss on disposal of property, plant and equipment	**(277)**	21
Increase in fair value of investment properties	**(38,140)**	(24,961)
Changes in fair value of held-for-trading investments	**41**	(10,436)
Interest income	**(5,755)**	(17,335)
Interest income from entrusted loan receivables	**(307)**	(5,686)
Gain on disposal of intangible asset	**–**	(2,543)
Discount on acquisition of additional interest in a subsidiary	**–**	(2,154)
Dividend income from held-for-trading investments	**(392)**	(91)
Gain on disposal of subsidiaries	**(9,899)**	–
Income tax expense	**15,036**	13,013
Operating cash flows before movements in working capital	**180,338**	105,820
Increase in inventories	**(23,698)**	(19,411)
Decrease (increase) in production work in progress	**1,563**	(936)
(Increase) decrease in amounts due from customers for contract work	**(462)**	13,719
Increase in amount due from an associate	**(396)**	–
Decrease in security deposits received	**(51,704)**	–
Decrease in finance lease receivables	**356,590**	396,442
Increase in trade receivables	**(62,045)**	(24,271)
Increase in prepayments, deposits and other receivables	**(232,770)**	(87,689)
Decrease in held-for-trading investments	**7,814**	70,684
(Decrease) increase in amounts due to customers for contract work	**(249)**	1,182
Increase in trade payables	**8,086**	24,852
Increase in other payables and accruals	**35,480**	4,823
(Decrease) increase in rental and management fee deposits received	**(38)**	59
Increase (decrease) in income received in advance	**12,074**	(3,320)
Cash generated from operations	**230,583**	481,954
Dividend received from held-for-trading investments	**392**	91
Income tax paid	**(6,732)**	(2,410)
Interest paid	**(36,557)**	(73,404)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**187,686**	406,231

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
INVESTING ACTIVITIES			
Purchase of structured deposit		**(41,169)**	–
Proceeds from disposal of partial interests in an associate		**1,993**	–
Purchases of property, plant and equipment		**(154,331)**	(98,750)
Acquisition of a subsidiary	*28*	**(63,149)**	–
(Increase) decrease in pledged bank deposits		**(42,005)**	1,517
Disposal of subsidiaries	*7*	**9,321**	–
Proceeds from redemption of (investment in) a convertible loan receivable		**113,016**	(45,454)
Decrease in restricted bank deposits		**48,349**	9,111
Decrease in entrusted loan receivables		**25,955**	20,592
Interest received		**4,109**	10,542
Interest received from entrusted loan receivables		**307**	5,686
Investment in available-for-sale investments		**–**	(5,341)
Proceeds from disposal of property, plant and equipment		**1,859**	340
Proceeds from disposal of intangible asset, net of transaction costs		**–**	249,148
Purchases of investment properties		**(9,132)**	–
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		**(104,877)**	147,391
FINANCING ACTIVITIES			
Repayment of bank loans		**(372,189)**	(702,008)
New bank loans raised		**209,647**	309,091
Proceeds from issue of shares of a subsidiary upon exercise of its share options		**6,600**	65
Acquisition of additional interest in a subsidiary		**–**	(9,949)
Proceeds from exercise of share options		**328**	–
Capital contribution from non-controlling interests		**236**	5,816
Advance from an associate		**–**	20,874
NET CASH USED IN FINANCING ACTIVITIES		**(155,378)**	(376,111)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(72,569)**	177,511
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**372,847**	195,381
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**8,059**	(45)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**308,337**	372,847

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the financial year beginning on 1 January 2010.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The application of the revised Standard has affected the accounting for the Group's deemed disposal of subsidiary, Global Digital Creations Holdings Limited ("GDC"), in the current year. The change in policy has resulted in the fair value of HK$550,136,000 being recognised in derecognising the residual interest in GDC when the control over GDC has been lost. The fair value has become the deemed cost of the interests in associates and impairment loss on initial carrying amount of HK$332,003,000 was resulted when comparing the fair value and the recoverable amount of GDC at the date that control was lost. Details are set out in note 7(b).

The impact on basic and diluted earnings per share arising from the change in accounting policies is HK0.83 cents per share.

The application of the revised Standard has also affected the accounting for the Group's dilution of interest in GDC Technology Limited ("GDC Technology"), an indirect non-wholly owned subsidiary of the Company, upon exercise of its share options in the current year. The change in policy has resulted in the difference of approximately HK$2,142,000 between the proceeds received upon exercise of these share options of HK$6,600,000 and the non-controlling interests recognised of approximately HK$4,458,000 being recognised directly in equity attributable to the owners of the Company, instead of in profit or loss. In addition, the proceeds received in the current year of HK$6,600,000 has been included in cash inflow from financing activities.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The application of the revised Standard has resulted in share options reserve relating to the employee share option scheme of GDC Technology, being included as part of non-controlling interest in the consolidated statement of financial position and consolidated statement of changes in equity prior to disposal. Previously, such share options reserve was presented separately in the consolidated statement of financial position and consolidated statement of changes in equity.

Amendments to HKAS 7 Statement of Cash Flows

As a part of the consequential amendments of HKAS 27, HKAS 7 specifics that the cash flows arising from changes in ownership interest in a subsidiary that do not result in a loss of control should be classified as financing activities in the consolidated statement of cash flows. This change has been applied retrospectively Accordingly, the cash consideration paid in the prior year of HK$9,949,000 for acquisition of additional interest in subsidiary has been reclassified from cash flows used in investing activities to cash flows used in financing activities.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of approximately HK$57,316,000 and HK$152,925,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of approximately HK$52,964,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

Summary of the effects of the above changes in according policies

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 January 2009 and 31 December 2009 is as follows:

	As at 1.1.2009 (originally stated)	Adjustments	As at 1.1.2009 (restated)	As at 31.12.2009 (originally stated)	Adjustments	As at 31.12.2009 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings – current	427,048	152,925	579,973	539,326	57,316	596,642
Borrowings – non-current	930,248	(152,925)	777,323	425,053	(57,316)	367,737
Total effects on net assets	1,357,296	–	1,357,296	964,379	–	964,379

New and revised Standard Amendments and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards, Amendments to Standards or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

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

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition:

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company ("Directors") anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and the application of the new Standard may not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The Directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The Directors are still in the progress of assessing the financial impact.

The Directors anticipate that the application of the other new and revised Standards, Amendments to Standards or Interpretations will have no material impact on the consolidated financial statements.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

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

Estimated impairment of finance lease receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows and fair value of the pledged assets less cost to sell. The amount of the impairment loss is measured as the difference between the asset's carrying amount and higher of the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) and the fair value of the pledged assets less cost to sell. Where the actual future cash flows or the net selling price of the pledged assets are less than expected, a material impairment loss may arise.

At 31 December 2010, impairment loss of HK$21,201,000 have been recognised for finance lease receivables (2009: Nil). As at 31 December 2010, the carrying amount of finance lease receivables is approximately HK$548,642,000 (2009: HK$893,866,000).

3. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2010	2009
	HK$'000	*HK$'000*
Finance lease income	**51,350**	102,929
Property leasing and management fee income	**5,797**	6,318
	57,147	109,247

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("CODM"), being the Managing Director of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided, which is also the basis of organisation, is set out below.

For the year ended 31 December 2009, there were eight reportable segments of the Group, namely (i) digital content distribution and exhibitions, (ii) deployment of digital cinema network in Asia; (iii) CG creation and production; (iv) CG training courses; (v) films and television programme production; (vi) property leasing and building management services; (vii) finance leasing – leasing income and (viii) asset management – asset management service income. During the year ended 31 December 2010, a new reportable segment, (ix) cultural park, was reported to CODM.

Upon disposal of Grand Award Group and GDC Group in 2010, reportable segments (i) to (v) and (ix) were discontinued. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 7.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

For the year ended 31 December 2010

Continuing operations

	Property leasing and building management services	Finance leasing	Assets management	Total
	HK$000	*HK$000*	*HK$000*	*HK$000*
Segment revenue	**5,797**	**51,350**	**–**	**57,147**
Segment result	**42,888**	**(1,405)**	**(647)**	**40,836**
Investment income				**1,569**
Central administration costs				**(35,698)**
Changes in fair value of held-for-trading investments				**(282)**
Finance costs				**(2,649)**
Share of results of associates				**(16,388)**
Profit on disposal of partial interests in an associate				**1,358**
Loss before tax (continuing operations)				**(11,254)**

For the year ended 31 December 2009

	Property leasing and building management services *HK$000*	Finance leasing *HK$000*	Assets management *HK$000*	Total *HK$000*
Segment revenue	6,318	102,929	–	109,247
Segment result	30,108	28,863	(5,196)	53,775
Investment income				16
Central administration costs				(23,340)
Changes in fair value of held-for-trading investments				16,814
Finance costs				(2,958)
Discount on acquisition of additional interest in a subsidiary				2,154
Profit before tax (continuing operations)				46,461

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior years.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administration costs including Directors' salaries, share of results of associates, investment and other income, finance costs, changes in fair value of held-for-trading investments, discount on acquisition of additional interest in a subsidiary and profit on disposal of partial interest in an associate. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Segment assets			
Property leasing and building management services	**195,849**	157,627	146,225
Finance leasing	**821,414**	1,169,136	1,577,527
Assets management	**37,046**	4,828	4,818
Total segment assets	**1,054,309**	1,331,591	1,728,570
Interests in associates	**204,888**	21,569	21,856
Held-for-trading investments	**15,002**	25,420	85,668
Unallocated assets	**99,261**	78,066	151,352
Assets relating to discontinued operations	**–**	651,429	430,853
Consolidated assets	**1,373,460**	2,108,075	2,418,299

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Segment liabilities			
Property leasing and building management services	**3,254**	2,867	3,194
Finance leasing	**501,416**	880,726	1,278,449
Assets management	**453**	978	6,329
Total segment liabilities	**505,123**	884,571	1,287,972
Amount due to an associate	**–**	20,874	–
Tax liabilities	**10,855**	19,526	9,506
Unallocated secured bank borrowings	**149,091**	163,151	171,199
Unallocated liabilities	**3,980**	5,699	12,362
Liabilities relating to discontinued operations	**–**	116,882	66,086
Consolidated liabilities	**669,049**	1,210,703	1,547,125

For the purpose of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable segments other than interests in associates, held-for-trading investments, unallocated assets (including primarily unallocated property, plant and equipment, cash and bank balances and prepayments) and assets relating to discontinued operations.

– all liabilities are allocated to reportable segments other than current tax liabilities, secured bank borrowings, unallocated liabilities, amount due to an associate and liabilities relating to discontinued operations.

Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**51,350**	102,929	**82,289**	53,034
Hong Kong	**5,797**	6,318	**191,695**	153,186
	57,147	109,247	**273,984**	206,220

Note:

1. Non-current assets excluded available-for-sale investments, interests in associates, financial instruments and other assets related to discontinued operations.

Information about major customers

Revenue from three customers contributing over 10% of the total revenue of the Group from the continuing operations individually for the year ended 31 December 2010 is approximately HK$19,842,000 (2009: HK$31,042,000), HK$13,343,000 (2009: HK$20,229,000) and HK$5,727,000 (2009: HK$18,992,000) respectively, under reportable segment of finance leasing.

5. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**1,303**	456
Dividend income from held-for-trading investments	**392**	44
Others	**895**	28
	2,590	528

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings wholly repayable within five years	**2,189**	2,958
Other finance costs	**460**	–
	2,649	2,958

Included in cost of sales is interest on bank borrowings wholly repayable within five years amounting to HK$31,653,000 (2009: HK$69,765,000) under the finance leasing segment.

7. DISCONTINUED OPERATIONS

(a) Disposal of subsidiaries

On 16 March 2010, a subsidiary of the Company entered into a share transfer agreement with an independent purchaser and a guarantor, pursuant to which the subsidiary agreed to sell to the purchaser the entire issued share capital of Grand Award Limited for US$1 and to assign the loan to the purchaser for an aggregate consideration of HK$247,920,000 (the "Disposal"). Grand Award Limited and its subsidiaries ("Grand Award Group") carried out all the Group's film and television programme production. The Disposal was completed on 11 June 2010 on which date the Group passed the control of Grand Award Group to the purchaser. Details of the Disposal are set out in the announcement of the Company dated 16 March 2010.

(b) Deemed disposal of subsidiaries

On 10 December 2010, upon allotment and issue of the relevant GDC shares pursuant to its share option scheme, the Company's equity interest in GDC has been diluted and fallen below 50% and was considered as a deemed disposal of GDC. Accordingly, GDC and its subsidiaries ("GDC Group") ceased to be subsidiaries of the Company and became associates of the Company on that day ("Deemed Disposal").

GDC is incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange.

The principal activities of GDC are provision and distribution of cultural recreation content including CG creation and production, digital content distribution and exhibitions, deployment of digital cinema network in Asia, CG training courses, and cultural park. Accordingly, these operations were considered as discontinued since 10 December 2010.

Analysis of profit for the year from discontinued operations

The combined results of discontinued operations from the Grand Award Group and GDC Group included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below. The comparative figures presented in the consolidated statement of comprehensive income and cash flow have been restated in order to re-present those operations classified as discontinued in the current year as discontinued operations.

The profit for the year from discontinued operations is analysed as follows:

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Profit from discontinued operations	**125,334**	18,099
Gain on disposal of discontinued operations	**9,899**	–
	135,233	18,099

The combined results of the Grand Award Group for the period from 1 January 2010 to 10 June 2010 and the GDC Group for the period from 1 January 2010 to 9 December 2010 were as follows. No separate disclosure of the results of Grand Award Group and GDC Group has been made as the results attributed to Grand Award Group is insignificant.

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Revenue	**545,129**	385,294
Cost of sales	**(304,200)**	(288,224)
Gross profit	**240,929**	97,070
Interest income from entrusted loan receivables	**–**	1,804
Other income	**9,754**	26,438
Distribution costs and selling expenses	**(12,971)**	(10,084)
Administrative expenses	**(91,936)**	(82,624)
Changes in fair value for held-for-trading investments	**241**	(6,379)
Finance costs	**(2,255)**	(682)
Share of loss of associates	**(77)**	(287)
Loss on dilution of interests in a subsidiary	**–**	(165)
Impairment loss on convertible loan receivable	**(7,519)**	–
Profit before tax	**136,166**	25,091
Income tax expenses	**(10,832)**	(6,992)
Profit from discontinued operations	**125,334**	18,099

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Profit for the year from discontinued operations included the following:		
Allowance for inventories	**–**	6,368
Allowance for production work in progress	**–**	4,811
(Reversal of) allowance for doubtful debts	**(1,019)**	3,309
Amortisation of repaid lease payment	**119**	125
Amortisation of intangible assets	**–**	633
Depreciation of property, plant and equipment	**13,427**	12,428
Less: amounts included in productions work in progress	**(1,563)**	(5,158)
amounts included in contract cost	**(117)**	–
	11,747	7,270
Auditor's remuneration	**1,070**	1,142
Loss on disposal of property, plant and equipment	**–**	24
Cost of inventories recognised as an expense	**214,329**	180,015
Research and development cost	**6,391**	8,043
Staff cost (including directors' remuneration)		
Salaries and allowance	**50,021**	97,123
Pension scheme contributions	**1,286**	2,729
Less: amount included in contracts work in progress government grants	**–**	(21,095)
Total staff costs	**51,307**	78,757
and after crediting:		
Exchange gain, net	**392**	1,429
Interest income	**4,452**	16,879
Gain on disposal of property, plant and equipment	**283**	–
Gain on disposal of intangible assets	**–**	2,543

The net assets of subsidiaries at the dates of the disposal of Grand Award Group and deemed disposal of GDC Group were as follows. No separate disclosure of the net assets of Grand Award Group and GDC Group has been made as the net assets attributed to Grand Award Group are insignificant.

	HK$'000
Property, plant and equipment	254,920
Prepaid lease payments	5,873
Investment properties	93,605
Interests in associates	21,732
Other receivables	24,121
Available-for-sale investments	32,506
Inventories	59,197
Amounts due from customers for contract work	6,257
Trade receivables	104,471
Prepayments, deposits and other receivables	329,410
Convertible loan receivable	366
Held-for-trading investments	2,639
Pledged bank deposits	44,030
Structured deposits	41,169
Bank balances and cash	245,497
Trade payables	(41,055)
Other payables and accruals	(93,113)
Income received in advance	(56,250)
Amount due to an associate	(21,114)
Tax liabilities	(16,669)
Bank borrowings-due within one year	(42,001)
Bank borrowings-due after one year	(158,621)
	836,970
Non-controlling interests	(384,338)
	452,632

	HK$'000
The gain on disposal of subsidiaries is calculated as follows:	
Cash received	254,818
Fair value of residual interests in GDC Group based on quoted market price of GDC shares at 10 December 2010	550,136
Reclassification of translation and special reserves to profit or loss	(10,420)
Impairment loss on initial carrying amount of interests in GDC Group (note 15)	(332,003)
Less: net assets attributable to GDC Group and Grand Award Group	(452,632)
Gain on disposal	9,899
Net cash inflow (outflow) arising on disposal:	
Cash consideration received	254,818
Less: bank balances and cash disposed of	(245,497)
	9,321

Cash flows from discontinued operations:

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Net cash flows (used in) from operating activities	**(63,242)**	29,931
Net cash flows (used in) from investing activities	**(164,787)**	107,014
Net cash flows from (used in) financing activities	**190,417**	(14,416)
Effect of foreign exchange rate changes	**6,138**	(45)
Net cash flows	**(31,474)**	122,484

8. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong		
Provision for the year	**239**	137
Underprovision in prior year	**–**	31
	239	168
PRC Enterprise Income Tax ("EIT")		
Provision for the year	**3,659**	5,271
Overprovision in prior year	**–**	(1)
	3,659	5,270
	3,898	5,438
Deferred taxation:		
Current year	**306**	583
	4,204	6,021

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Laws of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of certain subsidiaries of the Group operating in the PRC was either reduced from 33% to 25% or was increased from 15% to 25% progressively from 1 January 2008 onwards. For the year ended 31 December 2010, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 22% to 25% (2009: 20% to 25%).

The income tax expense for the year can be reconciled to the (loss) profit before tax from continuing operations in the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	*HK$'000*
(Loss) profit before tax from continuing operations	**(11,254)**	46,461
Tax calculated at PRC EIT rate of 25%	**(2,814)**	11,615
Tax effect on share of results of associates	**4,097**	–
Tax effect of expenses not deductible for tax purposes	**7,113**	2,091
Tax effect of income not taxable for tax purposes	**(6,599)**	(2,884)
Under(over)provision in prior year	**–**	30
Tax effect of deferred tax assets not recognised	**2,336**	4,378
Tax effect of utilisation of deferred tax assets previously not recognised	**–**	(4,487)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(368)**	(3,282)
Others	**439**	(1,440)
Income tax expense for the year	**4,204**	6,021

9. (LOSS) PROFIT FOR THE YEAR

Continuing operations

	2010	2009
	HK$'000	*HK$'000* (Restated)
(Loss) profit for the year has been arrived at after charging:		
Staff costs, including Directors' remuneration:		
– Salaries, wages and other benefits	**19,464**	17,323
– Retirement benefit scheme contributions	**(255)**	660
– Share-based payments	**7,590**	–
Total staff costs	**26,799**	17,983
Impairment loss on finance lease receivable	**21,201**	–
Amortisation of prepaid lease payments	**–**	23
Auditor's remuneration	**1,351**	274
Depreciation	**1,435**	1,058
Loss on disposal of property, plant and equipment	**6**	–
and after crediting:		
Exchange gain, net	**1**	–
Gain on disposal of property, plant and equipment	**–**	3
Gross rent from investment properties	**5,797**	6,318
Less: direct operating expenses from investment properties that generated rental income during the year	**(822)**	(684)
	4,975	5,634

10. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**29,848**	38,696

The incremental shares from assumed exercise of share options has been excluded from the calculation of diluted earnings per share form the continuing and discontinued operations in 2010 even though they are dilutive, because they are antidilutive in calculating the diluted earnings per share from continuing operations.

Accordingly, the denominators used are the same as those detailed below for both basic and diluted earnings per share from continuing operations.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**29,848**	38,696
Less: (Profit) loss for the year from discontinued operations	**(45,269)**	965
(Loss) earnings for the purpose of basic earnings per share from continuing operations	**(15,421)**	39,661

The computation of diluted loss per share from the continuing operations for both years has not assumed the exercise of share options as the effect of which would decrease in loss per share from the continuing operations for the year ended 31 December 2010 and as the exercise prices of the share options were higher than the average market prices of the shares of the Company for the year ended 31 December 2009.

From discontinued operations

Basic earnings per share for the discontinued operations is HK3.93 cents per share (2009: loss of HK0.08 cents per share), based on the profit for the year from the discontinued operations of HK$45,269,000 (2009: loss of HK$965,000) and the denominators detailed above for both basic and diluted earnings per share from continuing operations.

The incremental shares from assumed exercise of share options have been excluded from the calculation of the diluted earnings per share from the discontinued operations in 2010 even though they are dilutive, because they are antidilutive in calculating the diluted earnings per share from continuing operations.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Computer equipment	Other fixed assets	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2009	30,729	10,801	19,825	14,567	8,983	84,905
Additions	–	2,938	11,862	1,473	82,477	98,750
Disposals	–	–	(3,264)	(53)	–	(3,317)
Reclassified to investment properties	(1,043)	–	–	–	–	(1,043)
At 31 December 2009	29,686	13,739	28,423	15,987	91,460	179,295
Exchange realignment	1,029	363	476	153	965	2,986
Additions	895	7,909	6,400	41,195	97,932	154,331
Disposal of subsidiaries	(190,357)	(20,282)	(35,081)	(49,694)	–	(295,414)
Other disposals	–	(126)	(218)	(1,489)	–	(1,833)
Transfer	190,357	–	–	–	(190,357)	–
At 31 December 2010	31,610	1,603	–	6,152	–	39,365
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2009	1,125	7,153	6,616	9,501	–	24,395
Provided for the year	694	2,656	7,888	2,248	–	13,486
Eliminated on disposals	–	–	(2,885)	(47)	–	(2,932)
Eliminated on reclassification to investment properties	(350)	–	–	–	–	(350)
At 31 December 2009	1,469	9,809	11,619	11,702	–	34,599
Exchange realignment	146	1	–	43	–	190
Provided for the year	707	4,202	7,828	2,125	–	14,862
Eliminated on disposal of subsidiaries	–	(12,341)	(19,327)	(8,826)	–	(40,494)
Eliminated on other disposals	–	(77)	(120)	(54)	–	(251)
At 31 December 2010	2,322	1,594	–	4,990	–	8,906
CARRYING VALUES						
At 31 December 2010	29,288	9	–	1,162	–	30,459
At 31 December 2009	28,217	3,930	16,804	4,285	91,460	144,696

The above items of property, plant and equipment other than constructions in progress are depreciated on a straight-line method at the following rates per annum:

Buildings	Over the shorter of term of the lease of the land or 50 years
Leasehold improvements	Over the shorter of term of the lease or 5 years
Computer equipment	$33^1/_3\%$
Other fixed assets	10% – 30%

At 31 December 2009, the construction in progress represented a building in the PRC for the Group's own use in the course of construction. All of the Group's construction in progress were pledged to secure banking facility granted to the Group (see note 26).

The buildings are situated on land with lease term of 50 years.

12. PREPAID LEASE PAYMENTS

As at 31 December 2009, the Group's prepaid lease payments comprised of medium-term leasehold land in the PRC. Approximately HK$125,000 was classified as current and HK$5,799,000 was classified as non-current in the consolidated statement of financial position.

As at 31 December 2009, all of Group's prepaid lease payments were pledged to secure banking facilities granted to the Group (see note 26).

All of the group's prepaid lease payments were disposed of upon the Deemed Disposal as set out in note 7(b).

13. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2009	125,200
Reclassified from property, plant and equipment *(note)*	693
Reclassified from prepaid lease payment *(note)*	1,596
Net increase in fair value recognised in profit or loss	24,961
At 31 December 2009 and 1 January 2010	152,450
Acquired on an acquisition of a subsidiary *(note 28)*	84,473
Additions	9,132
Eliminated upon Deemed Disposal *(note 7(b))*	(93,605)
Net increase in fair value recognised in profit or loss	38,140
At 31 December 2010	190,590

Note: During the year ended 31 December 2009, property, plant and equipment and prepaid lease payments with a carrying amount of approximately HK$2,289,000 which approximated to its fair value at the date of transfer, were reclassified to investment properties. The property was used by the Group as Directors' quarters for the year ended 31 December 2008. During the year ended 31 December 2009, the property was leased to an independent third party and therefore reclassified to investment properties.

The fair value of the Group's investment properties at 31 December 2010 and 2009 have been arrived at on the basis of a valuation carried out on that date by AA Property Services Limited, an independent qualified professional valuer not connected with the Group. AA Property Services Limited is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

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

At 31 December 2010 and 2009, all of the Group's investment properties are located in Hong Kong and held under long leases with the lease terms of 52 to 126 years. All of the Group's investment properties have been pledged to banks to secure general banking facilities granted to the Group (note 26).

14. GOODWILL

	HK$'000
COST	
At 1 January 2009, 31 December 2009 and 2010	254,789
IMPAIRMENT	
At 1 January 2009, 31 December 2009 and 2010	201,854
CARRYING VALUE	
At 31 December 2009 and 2010	52,935

15. INTERESTS IN ASSOCIATES

	2010	2009
	HK$'000	*HK$'000*
Cost of investment in associates	**204,888**	21,569

Details of the Group's associates at 31 December 2010 and 2009 are as follows:

Name of entity	Form of business structure	Place of incorporation/ establishment and operation	Proportion of nominal value of issued share capital /registered capital held by the Group		Proportion of voting power held		Principal activities
			2010	2009	**2010**	2009	
Top Pearl International Development Ltd. ("Top Pearl")	Incorporated	BVI/ The PRC	**50%** *(Note 1)*	50%	**50%**	50%	Property development and became inactive
中影首鋼環球數碼數字影院建設（北京）有限公司 CFGDC Digital Cinema Company Limited ("CFGDC")	Sino-foreign equity joint venture	The PRC/ The PRC	**N/A** *(Note 2)*	49%	**N/A**	40%	Inactive
GDC	Incorporated	Bermuda/ Hong Kong	**49.84%**	52.57%	**49.84%**	52.57%	Provision and distribution of cultural recreation content including CG creation and production, digital content distribution and exhibitions, deployment of digital cinema network in Asia, CG training courses and cultural park

Notes:

1. In the opinion of the Directors, the investment in Top Pearl of approximately HK$780,000, together with the loan to Top Pearl amounting to HK$31,489,000 are considered to be fully impaired at 31 December 2010 and 2009 as Top Pearl has became inactive.

2. As at 31 December 2009, the Group held 49% of the registered capital of CFGDC through GDC and held 2 out of 5 votes (representing 40% of the votes) in the meeting of the board of directors of CFGDC. Pursuant to the Articles of Association of CFGDC, over 50% vote was required to pass a resolution in relation to the financial and operating policies of CFGDC. The Directors considered the Group did not control CFGDC but the Group could exercise significant influence over CFGDC. Hence, CFGDC was classified as an associate of the Group. At 31 December 2010, it was no longer an associate of the Group upon Deemed Disposal as set out in note 7(b).

On initial recognition of the investment in GDC, its entire carrying amount of HK$550,136,000 has been tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset. The recoverable amount of the investment in GDC Group has been determined on the basis of value in use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rates of 4.6%. Cash flow projections during the budget period for the GDC Group are based on the expected revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development. On this basis, the Group recognised an impairment loss of HK$332,003,000 on the initial carrying amount of GDC Group.

The summarised financial information in respect of the Group's associates is set out below:

	2010	2009
	HK$'000	*HK$'000*
Total assets	**1,032,845**	44,018
Total liabilities	**(460,455)**	–
Net assets	**572,390**	44,018
The Group's share of net assets of associates	**204,888**	21,569
Revenue	**39,238***	60
Loss for the year	**(32,775)***	(586)
The Group's share of loss of associates for the year		
– continuing operations	**(16,388)***	–
– discontinued operations	**(77)**	(287)
	(16,465)	(287)
The Group's share of translation difference	**3,778***	–

Contingent liability of GDC Group is set out in note 30.

* Included revenue, profit or other comprehensive income of GDC Group from the date it became an associate of the Group up to 31 December 2010.

16. OTHER RECEIVABLES

During the year ended 31 December 2009, a subsidiary of the GDC Group signed VPF agreements and exhibition agreements (collectively referred to as "VPF Arrangement") with distributors and exhibitors of digital contents (collectively referred to as "Third Parties") in connection with the deployment of digital cinema equipment in cinemas in Asia. Under the VPF Arrangement, the Group would provide (i) assembly and integration services in respect of digital cinema equipment and install the equipments in the exhibitors' cinemas as well as (ii) financing to the Third Parties for a portion of the agreed purchase prices of the digital cinema equipments. These receivables, which were to be settled based on the usage of the digital cinema equipment within 10 years from the date of installation, bear interest at the cost of funds incurred by that subsidiary arising from the VPF Arrangement but subject to a cap of 10% per annum. The Directors expected that approximately HK$4,153,000 would be settled within one year after the end of the reporting period and this amount was therefore classified as current asset at 31 December 2009.

During the year 2010, the Group's balances became nil upon Deemed Disposal as set out in note 7(b).

17. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Variable-interest rate finance lease receivables comprise:				
Within one year	**244,374**	509,737	**206,414**	464,519
In more than one year but not more than two years	**248,826**	220,935	**231,474**	197,595
In more than two years but not more than three years	**62,776**	210,666	**56,359**	200,882
In more than three years but not more than four years	**30,884**	31,414	**27,686**	30,014
In more than four years but not more than five years	**27,790**	705	**26,661**	615
More than five years	**48**	248	**48**	241
	614,698	973,705	**548,642**	893,866
Less: Unearned finance income	**(66,056)**	(79,839)	**N/A**	N/A
Present value of minimum lease receipts	**548,642**	893,866	**548,642**	893,866
Analysed as:				
Current finance lease receivables (receivable within 12 months)			**206,414**	464,519
Non-current finance lease receivables (receivable after 12 months)			**342,228**	429,347
			548,642	893,866

18. ENTRUSTED LOAN RECEIVABLES

One of the PRC subsidiaries of the Company (2009: Two) entered into entrusted loan arrangements with banks, in which the subsidiaries acted as the entrusting parties and the banks acted as the lenders to provide funding to specified borrowers. Details of the entrusted loan receivables are as follows:

	2010	2009
	HK$'000	*HK$'000*
Entrusted loan receivables comprise:		
Within one year	**235**	25,873
In more than one year, but not more than two years	**–**	227
	235	26,100
Less: Amounts due within one year shown under current assets	**(235)**	(25,873)
Amounts due after one year	**–**	227

19. INVENTORIES

	2009
	HK$'000
Raw materials, net of allowance of approximately HK$1,974,000	7,059
Finished goods, net of allowance of approximately HK$5,984,000	27,888
	34,947

During the year 2010, the inventories were disposed of upon Deemed Disposal as set out in note 7(b).

20. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

The following are details of contracts from CG production in progress at the end of the reporting period:

	2009
	HK$'000
Contract costs incurred plus recognised profits less recognised losses	49,991
Less: progress billings	(44,562)
	5,429
Analysed for reporting purposes as:	
Amounts due from customers for contract work	5,795
Amounts due to customers for contract work	(366)
	5,429

During the year 2010, the balances became nil upon Deemed Disposal as set out in note 7(b).

21. TRADE RECEIVABLES

The following is an aged analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0 – 90 days	**132**	39,670
91 – 180 days	**–**	1,484
Over 180 days	**–**	323
	132	41,477

22. CONVERTIBLE LOAN RECEIVABLE

On 23 December 2008, the Group entered into a conditional agreement (the "Loan Facility Agreement") with Southern International Limited (the "Borrower") and its holding company whereby the Group agreed to advance a loan facility in the maximum principal amount of RMB100 million (equivalent to approximately HK$113.6 million) (the "Loan Receivable") and the Borrower agreed to grant to the Group the exclusive rights and options to subscribe for an aggregate of up to 60% of the enlarged issued capital of the Borrower (the "Conversion Option"). Details of the transaction were set out in the circular of the Company dated 23 January 2009.

The transaction was approved by shareholders of the Company at the special general meeting of the Company on 17 February 2009, the advance of approximately HK$68.2 million as at 31 December 2008 formed part of the Loan Receivable thereafter and the Group advanced the remaining approximately HK$45.4 million to the Borrower during the year ended 31 December 2009.

The Conversion Option was granted to the Group pursuant to the Loan Facility Agreement. Accordingly, the Group assessed the fair value of the Loan Receivable with reference to the prevailing market interest of similar non-convertible loans and appointed Messrs. Jones Lang LaSalle Sallmanns ("Sallmanns"), an independent qualified professional valuer not connected with the Group, to ascertain the fair value of the Conversion Option as at 17 February 2009 and 30 June 2009. The fair value of the Conversion Option as at 31 December 2009 had been estimated by the Directors using the same valuation methodology adopted by Sallmanns and the performance of the Borrower since 1 July 2009. The Group concluded that the principal amount of the Loan Receivable approximates to its fair value at initial recognition and the fair value of the Conversion Option was insignificant at both initial recognition and 31 December 2009.

As at 31 December 2009, the carrying amount of the convertible loan receivable of approximately HK$119.3 million comprises principal amount of RMB100 million (equivalent to approximately HK$113.6 million) and the accrued interest thereon. The convertible loan receivable was stated at amortised cost using the effective interest method at 6% per annum less any identified impairment losses. Subsequent to 31 December 2009, the Borrower repaid part of the principal amount of Loan Receivable and the accrued interest thereon amounting to approximately HK$113.6 million. The remaining amount of approximately HK$5.7 million was expected to be settled within one year after the end of reporting period and therefore the whole amount of approximately HK$119.3 million was classified as a current asset as at 31 December 2009.

The convertible loan receivable is stated at amortised cost using the effective interest method at 6% per annum less any identified impairment losses. During the year ended 31 December 2010, the Borrower repaid substantial amount of the principal amount of Loan Receivable and the accrued interest thereon amounting to approximately HK$l13 million. During the year ended 31 December 2010, the Group reviewed the recoverability and recognised a full impairment of approximately HK$7,519,000 in respect of the remaining outstanding balance.

During the year 2010, the convertible loan receivable were disposed of upon Deemed Disposal as set out in note 7(b).

23. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2010 and 2009 represented equity securities as follows:

	2010	2009
	HK$'000	*HK$'000*
Listed in the PRC	**1,843**	2,154
Listed in Hong Kong	**13,159**	23,266
	15,002	25,420

The fair values of the held-for-trading investments were determined based on the quoted market bid prices available on the relevant exchanges.

24. AVAILABLE-FOR-SALE INVESTMENTS

		2010	2009
	Notes	*HK$'000*	*HK$'000*
Unlisted non-performing loans and interests	(i)	–	32,136
Unlisted equity interests	(ii)	**4,941**	5,341
		4,941	37,477

Notes:

(i) On 30 January 2009, the Group entered into two agreements with 中國東方資產管理公司石家莊辦事處 (the "Vendor"), an independent third party pursuant to which the Group acquired two non-performing loans and interest accrued thereon with principal amounts of RMB23 million (equivalent to approximately HK$26.1 million) and RMB30.54 million (equivalent to approximately HK$34.7 million) for considerations of RMB9 million (equivalent to approximately HK$10.2 million) and RMB19 million (equivalent to approximately HK$21.6 million), respectively. The investment was pledged by land and wine in the PRC held by borrower with estimated fair value above the carrying amount of investment at 31 December 2009. Details of which were set out in the announcement of the Company dated 4 February 2009.

The advance of approximately RMB28 million (equivalent to approximately HK$32.1 million) as at 31 December 2008 to the Vendor became the investment costs which were then designated as available-for-sale investments thereafter and the fair value of the investment as at 31 December 2009 was estimated to approximate its cost. Only after such time as the interest-in-suspense was no longer required, interest income would then be subsequently recognised using the effective interest method.

This investment was disposed of upon the disposal of Grand Award Group as set out in note 7(a).

(ii) The investment represents equity interest in private entities established in the PRC.

Certain investments have been disposed of upon the Deemed Disposal as set out in note 7(b).

The remaining investment is measured at cost less impairment at the end of the reporting period because the range of the reasonable fair value estimates is so variable that the Directors are of the opinion that their fair values cannot be measured reliably.

25. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0 – 90 days	**–**	31,153
91 – 180 days	**–**	1,816
	–	32,969

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

26. SECURED BANK BORROWINGS

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Secured variable-rate bank borrowings	**629,494**	964,379
Carrying amount repayable *(note)*:		
Within one year	**280,839**	539,326
More than one year, but not exceeding two years	**202,637**	170,529
More than two years, but not exceeding three years	**38,707**	174,481
More than three years, but not exceeding four years	**27,686**	12,500
More than four years, but not exceeding five years	**26,661**	–
More than five years	**–**	10,227
	576,530	907,063
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**52,964**	57,316
	629,494	964,379
Less: Amounts due within one year shown under current liabilities	**(333,803)**	(596,642)
Amounts due after one year	**295,691**	367,737

Note: The amounts are based on scheduled repayment dates set out in the loan agreements.

27. SHARE CAPITAL

	2010		2009	
	Number of shares	**Nominal value** *HK$'000*	Number of shares	Nominal value *HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At 1 January	**1,151,392,469**	**11,514**	1,151,392,469	11,514
Exercise of share options *(Note)*	**800,000**	**8**	–	–
At 31 December	**1,152,192,469**	**11,522**	1,151,392,469	11,514

Note: For the year ended 31 December 2010, share option holders exercised their right to subscribe 800,000 ordinary shares of the Company at HK$0.41 per share.

28. ACQUISITION OF A SUBSIDIARY

On 30 March 2010, the Group acquired 68% of the issued capital of 廣東時尚置業有限公司 (Guangdong Shishang Zhiye Investment Co., Ltd.) ("Guangdong Shishang") for consideration of RMB56,060,000 (equivalent to approximately HK$63,705,000). The acquisition was completed on 20 April 2010. Details of the acquisition were set out in the announcement of the Company dated 30 March 2010.

Guangdong Shishang is a limited liability company established in the PRC on 23 March 2007. Guangdong Shishang entered into a framework agreement on 28 March 2007 (as supplemented on 3 April 2008) (the "Framework Agreement") with 珠江電影製片有限公司 (Pearl River Film Production Company Limited) ("Pearl River Film Production") to redevelop 珠影文化產業園 ("Pearl River Film Cultural Park"). Pearl River Film Production, as the landlord of the Pearl River Film Cultural Park, agreed to grant the property leasing right to Guangdong Shishang, in return for predetermined fixed monthly payment from Guangdong Shishang for a term up to 31 December 2045. Guangdong Shishang is responsible for the design, financing, construction and operation of the Pearl River Film Cultural Park and the funding of the entire construction project. Upon the expiration of the Framework Agreement, Guangdong Shishang has to return all properties to Pearl River Film Production.

The Pearl River Film Cultural Park is located at No. 352 and 354, Xin Gang Zhong Road, Guangzhou, China and the present land use right is owned by Pearl River Film Production. After the redevelopment, which is expected to be completed in the next 2 to 3 years, the Pearl River Film Cultural Park will have a commercial area, a cultural entertainment area and a film production and development area, which will be held for investment properties purpose.

The acquisition of the subsidiary is accounted for as acquisition of assets and assumption of liabilities.

The net assets of the subsidiary acquired as of the completion date of the acquisition are as follows:

	HK$'000
Net assets acquired:	
Investment properties	84,473
Prepayments, deposits and other receivables	12,305
Bank balances and cash	556
Other payables and accruals	(5,702)
	91,632
Non-controlling interests	(27,927)
Total consideration satisfied by cash	63,705
Net cash outflow arising on acquisition:	
Cash consideration paid	63,705
Bank balances and cash acquired	(556)
	63,149

This subsidiary has been disposed of during the year upon Deemed Disposal as set out in note 7(b).

29. CAPITAL COMMITMENTS

	2010	2009
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**–**	125,733

30. LITIGATION

GDC (previously a non wholly-owned subsidiary of the Company and now became an associate of the Company) received an original complaint in April 2010 and a first amended complaint in July 2010 for damages and injunctive relief, and demand for jury trial (the "Proceeding") filed with the District Court, Central District of California Western Division of the United States (the "Court") by X6D Limited, X6D USA Inc. and XpanD, Inc. (collectively, the "X6D") against, among others, GDC and its subsidiaries namely GDC Technology, GDC Technology China Limited, GDC Technology (USA) LLC and GDC Technology of America LLC (collectively, the "Defendants") for copyright infringement, trademark and trade dress infringement, patent infringement, misappropriation of trade secrets and statutory unfair competition in relation to the 3D glasses sold by the Defendants. Sale of 3D glasses is not a core business of the GDC Group.

The GDC Group filed its answer and counterclaims in November 2010 and amended answer and counterclaims in January 2011 denying X6D's allegations, asserting various affirmative defenses and asserting eight counterclaims against X6D generally that X6D does not own any valid intellectual property rights that cover the Defendants' 3D glasses and X6D wrongfully and intentionally interfered with the Defendants' prospective business relations with their potential customers. In January 2011, X6D filed its answer to the counterclaims denying the Defendants' allegations and asserting various affirmative defenses.

A Joint Rule 26 Statement was submitted to the Court in January 2011 and the Court issued a scheduling order in February 2011 that the motion for summary judgement shall be filed by no later than 30 November 2011. No trial date has been set up to the date of these consolidated financial statements were authorised for issue.

At 31 December 2010, the Directors of GDC are of the opinions that settlement of the claims is remote. Accordingly, no provision for any potential liability has been made in the consolidated financial statements as there is no material impact to the Group.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the year ended 31 December 2010, the business of the Group substained steady growth. Benefited from upsurge of 3D feature films, the Group attained a total turnover of HK$602,276,000 from continuing operations and discontinued operations for the year ended 31 December 2010, when compared with the turnover of approximately HK$494,541,000 for the year 2009, representing a growth of approximately 22%. The Group recorded profit of approximately HK$29,848,000 for the year ended 31 December 2010 attributable to owners of the Company, representing a decrease of approximately 23% when compared with that profit of approximately HK$38,696,000 for the year 2009.

Revenue from continuing operations of the Group for the year ended 31 December 2010 was approximately HK$57,147,000, representing a decrease of approximately 48% when compared with that of approximately HK$109,247,000 for the year of 2009. The decrease was mainly attributable to the decrease in finance lease income by approximately HK$51,579,000.

Cost of sales from continuing operations for the year ended 31 December 2010 amounted to approximately HK$31,653,000, representing a decrease of approximately 55% when compared with that for the year 2009. The decrease was mainly attributable to decrease in finance leasing cost in line with decrease in finance lease income.

The Group made a gross profit from continuing operations of approximately HK$25,494,000 for the year ended 31 December 2010, representing a gross profit margin of approximately 45%. Comparing with the gross profit margin of approximately 36% for the year 2009, the increase was mainly attributable to an one-off penalty charge received from finance leasing customers during the year.

Other income from continuing operations for the year ended 31 December 2010 amounted to approximately HK$2,590,000 (2009: HK$528,000), representing an increase of approximately 391%. The increase was mainly due to an increase in interest income during the year 2010.

Administrative expenses from continuing operations for the year ended 31 December 2010 amounted to approximately HK$37,695,000 (2009: HK$35,660,000), representing an increase of approximately 6%. The increase was mainly due to the expense upon recognition of equity-settled share based payment of approximately HK$7,590,000. Excluding the aforesaid expense, the administrative expenses from continuing operations recorded a decrease of approximately 16%.

For the year ended 31 December 2010, the Group provided for allowance for finance lease receivables made by the finance lease division of approximately HK$21,201,000 (2009: Nil).

Following the disposal of the entire share capital of Grand Award Limited for US$1 and to assign the loan for HK$247,920,000 (the "Grand Award Disposal") and the dilution of interest in Global Digital Creations Holdings Limited ("GDC") upon allotment and issue of the relevant GDC shares pursuant to the share option scheme of GDC to subscribe for shares in GDC (the "GDC Deemed Disposal"), the Group's digital content distribution and exhibitions segment, deployment of digital cinema network in Asia segment, computer graphics ("CG") creation and production segment, CG training courses segment, cultural park segment and films and television programme production segment were being grouped as discontinued operations. The results arising from these discontinued operations for the year ended 31 December 2010 were profit in aggregate of approximately HK$135,233,000 (2009: HK$18,099,000).

Operating profit from discontinued operations for the year ended 31 December 2010 was approximately HK$125,334,000, when compared with that of approximately HK$18,099,000 for the year 2009.

BUSINESS REVIEW AND OUTLOOK

Finance leasing

The global economy remained volatile and uncertain in the year of 2010. At the same time, alongside more financial institutions with strong capital base has entered into the finance leasing market, the market competition became intensified. Under the intense market competition, the finance leasing division recorded a significant drop in the revenue for the year ended 31 December 2010 by approximately 50% to approximately HK$51,350,000 when compared with that for the year 2009. During the year 2010, the finance leasing division carried out a rigorous assessment and review of its credit risk over all its existing and new finance leasing clients. An allowance for doubtful debts amounted to approximately HK$21,201,000 was made towards a particular finance lease receivables. As such, the finance leasing division recorded a reduction in segment result by approximately 105% when compared with that for the year 2009. If the effect of doubtful debts allowance is excluded, the finance leasing division recorded a drop in its segment result by approximately 31% when compared with that for the year 2009. The Group will continue to adopt a prudent credit risk management strategy and will devote all possible efforts in the recovery of impaired receivables.

The outlook of China is expected to continue on the uptrend due to moderate economic growth and strong domestic demand. The Group will continue to focus on finance leasing for large development projects and explore different financing methods to lower its finance costs proactively in response to the intensifing market situation.

Assets management

During the year 2010, the Group operated the business of assets management through Ecko Investment Company Limited. The Group will proactively explore business opportunities to provide customers with assets management services in high growth potential operations.

Property investment and management

The property leasing and building management fee income for the year ended 31 December 2010 decreased by approximately 8% when compared with that for the year 2009. The resalable value of the Group's investment properties have been improved during the year due to the buoyant property market. The Group received stable cash flow from rental income and expected that the investment properties will continue to contribute stable cash return in the foreseeable future.

Following the Grand Award Disposal and the GDC Deemed Disposal, the Group's digital content distribution and exhibitions segment, deployment of digital cinema network in Asia segment, CG creation and production segment, CG training courses segment, cultural park segment and films and television programme production segment were being grouped as discontinued operations. GDC and its subsidiaries ("GDC Group") ceased to be subsidiaries of the Company and became associates of the Company. Accordingly, the cultural recreation content provision and distribution operations was then carried out by GDC Group as associates of the Company, the Group will share its operating results.

Digital content distribution and exhibitions

The significant growths of segment revenue and segment result from the digital content distribution and exhibitions division were mainly due to the success of 3D feature films and the availability of funding for digital cinema deployment, driving the brisk demand for installation of digital equipment in cinemas for digital contents. The Group continuously receives orders of digital cinema equipment and related services from customers in the United States, the PRC, other Asian countries and new markets, such as Australia, Europe and Japan.

Deployment of digital cinema network in Asia

The Group has entered into a non-exclusive virtual print fee ("VPF") agreement with all the six major Hollywood studios for digital cinema deployment in certain Asian countries or cities. These studios are committed to supply Asian exhibitors with feature film content digitally, as well as to provide financial assistance for the hardware cost of DCI compliant digital cinema equipment deployed. The Group has signed up with two major exhibitors in Hong Kong to participate in the VPF arrangement. The Group just signed similar agreements with two other major exhibitors in Japan to participate in the VPF arrangement and endeavors to enter into more similar agreements in Japan and other Asian countries.

CG creation and production

Since the second half of the year 2009, the international animation production industry has been depressed with less investment in new projects, resulting in a decrease in revenue from the CG creation and production division. However, the Group currently has three CG production projects from Australia and Europe in progress, with several other projects in their testing stages.

In view of the growing 3D film market and animation industry in the PRC, the Group promotes new 3D animation programmes and invests in its own traditional and CG animation intellectual property ("IP") assets. During the year, the Group begins production of two 3D-animated films, two CG-animated and one traditional-animated television series, two of which has received subsidies from the local municipal government in the PRC. The two 3D-animated films are currently in their post-production stages while the traditional-animated television series are completed, they are planned to be released during the year 2011.

CG training

CG training division continues to pursue, as a core component of its strategy, towards professionalism and strengthening of training materials. It records nearly 100% employment of the graduates from 8 training courses.

After upgrading the existing training courses with the latest technology of CG production, online games and other games in response to market demands, the Group organises new professional training programmes in other areas, including after effects, virtual reality and case studies for animation. Besides, the Group continues to co-operate with prominent high schools in the PRC to organise "Skills and Qualifications" training programme for their students in achieving "One Course, Multiple Certifications", and to improve their practical skills to prepare for immediate employment after graduation.

Cultural park

During the year, the Group acquires 68% of the registered capital of 廣東時尚置業有限公司 (Guangdong Shishang Zhiye Investment Co., Ltd.*) ("Guangdong Shishang"), a limited liability company established in the PRC. Guangdong Shishang has entered into a framework agreement with 珠江電影製片有限公司 (Pearl River Film Production Company Limited*) to jointly redevelop 珠影文化產業園 (Pearl River Film Cultural Park*). As announced by GDC on 11 January 2011, the construction work for the redevelopment of Phase I of the Pearl River Film Cultural Park with an aggregate consideration of approximately HK$92.0 million has been commenced.

The Group considers that this division provides an opportunity for the Group to participate in the media entertainment and property development business in the PRC. Given the rapid economic growth and the rapid development of its retail and recreation market in the PRC, the Group is of the view that the redevelopment of the Pearl River Film Cultural Park provides a good opportunity for the Group to tap into this fast developing sector, as the market is expected to continue its strong growth in line with the growth in the PRC economy.

Liquidity and Financial Resources

As at 31 December 2010, the Group had bank balances and cash of approximately HK$308.3 million (2009: HK$372.8 million), restricted bank deposits of approximately HK$10.6 million (2009: HK$57.0 million) and pledged bank deposits of approximately HK$2.0 million for the year 2009 which were mainly denominated in Hong Kong dollars and Renminbi. The decrease was mainly from purchase of property, plant and equipment of approximately HK$154.3 million, acquisition of a subsidiary of approximately HK$63.1 million, increase in structured deposit of approximately HK$41.1 million and net repayment of borrowings of approximately HK$162.5 million, netting off with net cash inflow from operating activities of approximately HK$187.7 million, net proceeds from disposal of subsidiaries of approximately HK$9.3 million and repayment by convertible loan receivables of approximately HK$113.0 million.

As at 31 December 2010, the Group's borrowings amounted to approximately HK$629.5 million, of which approximately HK$333.8 million were repayable within twelve months from 31 December 2010 and approximately HK$295.7 million were repayable after twelve months from 31 December 2010. All loans bore interest at market rates.

As at 31 December 2010, gearing ratio (calculated as borrowings net of bank balances and cash, restricted bank deposits and pledged bank deposits divided by total equity) was approximately 44% (2009: 59%). As at 31 December 2010, the Group had current ratio of approximately 150% (2009: 144%) based on current assets of approximately HK$536.8 million and current liabilities of approximately HK$357.3 million. The Group's leverage has improved was mainly attributable to net cash inflow from operating activities.

Capital Structure

The equity attributable to owners of the Company amounted to approximately HK$703.8 million as at 31 December 2010 (2009: HK$609.0 million). The increase was mainly due to profit attributable to owners of the Company of approximately HK$29.8 million, release of reserves upon deemed disposal of subsidiaries amounted to approximately HK$36.0 million, recognition of equity-settled share-based payment of approximately HK$7.6 million, exchange difference arising on translation of foreign operations of approximately HK$10.3 million and transfer of approximately HK$4.8 million from share options reserve of a subsidiary upon cancellation of those share options during the year.

Material Acquisition, Disposals and Significant Investment

Other than disposal and deemed disposal of interest in subsidiaries, acquisition of associates and acquisition of a subsidiary as disclosed in notes 7, 15 and 28, the Group had no material acquisitions, disposals and significant investment during the year ended 31 December 2010.

Charge On Assets

As at 31 December 2010, the Group has the following charge on assets:

i) The Group's investment properties with an aggregate carrying value of approximately HK$190.6 million were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$149.1 million.

ii) The Group's finance lease receivables with a carrying value of approximately HK$501.5 million were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$480.4 million.

Foreign Exchange Exposure

The normal operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign currency exposures. As at 31 December 2010, the Group has no significant exposure under foreign exchange.

Employees

As at 31 December 2010, the Group employed 40 (2009:695) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employee share option scheme are also available to employee of the Group. Remuneration packages are reviewed either annually or by special increment.

During the year ended 31 December 2010, the Company and its subsidiaries has not paid or committed to pay any amount as an inducement to join or upon joining the Company and/or its subsidiaries to any individual.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2010, except for the following deviation:-

– Under the second part of code provision A.4.2 of the Code, every director, including those appointed for a special term, should be subject to retirement by rotation at least once every three years.

  In order to comply with the applicable laws of Bermuda, the Chairman and the Managing Director are not subject to retirement by rotation under the bye-laws of the Company. However, they will voluntarily retire and offer themselves for re-election at least once every three years in order to comply with the second part of code provision A.4.2 of the Code.

Details of the Company's compliance with the provisions of the Code during the year will be set out in the Corporate Governance Report in the Company's 2010 annual report.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Li Shaofeng
Chairman

Hong Kong, 29 March 2011

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman), Mr. Luo Zhenyu (Managing Director), Mr. Chen Zheng (Managing Director of Operations), Mr. Wang Tian (Deputy Managing Director), Mr. Yuan Wenxin (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Ms. Zhou Jianhong (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).

* *For identification purpose only*