FEH

遠東控股國際有限公司
Far East Holdings International Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 36)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2010

RESULTS

The board of directors (the "Board") of Far East Holdings International Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2010 together with the comparative figures for the corresponding period in 2009 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Revenue	2	**29,064**	21,037
Cost of sales		**(26,360)**	(19,988)
Gross profit		**2,704**	1,049
Dividend income from available-for-sale investments		**837**	46
Dividend income from held-for-trading investments		**198**	272
Other income		**462**	520
Other gains and losses	3	**(6,336)**	5,978
Selling and distribution costs		**(11,795)**	(9,392)
Administrative expenses		**(20,577)**	(20,931)
Finance costs		**(401)**	(544)
Share of results of associates		**(5,777)**	(19,826)
Share of results of jointly controlled entities		**462**	(403)
Gain (loss) on deemed disposal of an associate		**188,121**	(222)
Profit (loss) before tax	4	**147,898**	(43,453)
Income tax expense	6	**(333)**	(108)
Profit (loss) for the year		**147,565**	(43,561)
Other comprehensive (expense) income			
Exchange differences arising from the translation of foreign operations		**1,187**	34
Fair value (loss) gain on available-for-sale investments		**(2,174)**	5,622
Reclassification adjustment of exchange reserve upon deemed disposal of an associate		**(21,120)**	–
Share of exchange difference of an associate		**162**	136
Share of exchange difference of a jointly controlled entity		**1,467**	–
		(20,478)	5,792
Total comprehensive income (expense) for the year		**127,087**	(37,769)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the year ended 31st December, 2010

	Note	2010 HK$'000	2009 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**152,060**	(38,700)
Non-controlling interests		**(4,495)**	(4,861)
		147,565	(43,561)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**131,123**	(32,923)
Non-controlling interests		**(4,036)**	(4,846)
		127,087	(37,769)
		HK cents	*HK cents*
EARNING (LOSS) PER SHARE			
– basic	7	**50.2**	(12.8)
– diluted	7	**50.1**	(12.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2010

	Notes	31/12/2010 HK$'000	31/12/2009 HK$'000 (restated)	1/1/2009 HK$'000 (restated)
NON-CURRENT ASSETS				
Investment properties		**18,755**	14,845	23,695
Property, plant and equipment		**18,315**	46,819	44,039
Prepaid lease payments		**1,003**	1,061	1,154
Goodwill		**–**	30,926	27,126
Interests in associates		**–**	109,693	125,160
Interests in jointly controlled entities		**39,918**	37,990	36,643
Available-for-sale investments		**298,644**	27,536	21,868
Other non-current assets		**5,506**	5,477	10,644
Amount due from a jointly controlled entity		**–**	2,030	–
		382,141	276,377	290,329
CURRENT ASSETS				
Prepaid lease payments		**33**	33	35
Held-for-trading investments		**11,067**	23,443	32,291
Inventories		**4,712**	3,613	4,256
Trade and other receivables	8	**5,033**	3,896	2,525
Amount due from a non-controlling interest		**4,146**	4,588	3,057
Amount due from a related company		**9**	9	9
Tax prepaid		**–**	–	106
Deposits held at financial institutions		**4,951**	2,324	3,177
Pledged bank deposits		**2,541**	2,501	–
Bank balances and cash		**29,558**	23,201	26,564
		62,050	63,608	72,020
CURRENT LIABILITIES				
Trade and other payables	9	**16,870**	15,304	10,430
Amounts due to directors		**1,617**	1,565	1,630
Amount due to non-controlling interests		**1,242**	1,207	297
Amounts due to a related company		**1,136**	1,136	1,557
Tax liabilities		**39**	107	–
Derivative financial instruments		**–**	–	109
Bank and other loans	10	**2,952**	24,696	22,712
Dividend payable to a non-controlling interest		**380**	20	175
Obligations under finance leases – due within one year		**479**	336	410
		24,715	44,371	37,320
NET CURRENT ASSETS		**37,335**	19,237	34,700
TOTAL ASSETS LESS CURRENT LIABILITIES		**419,476**	295,614	325,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31st December, 2010

	31/12/2010	31/12/2009	1/1/2009
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
CAPITAL AND RESERVES			
Share capital	**3,028**	3,028	3,028
Share premium and reserves	**399,500**	273,601	298,924
Equity attributable to owners of the Company	**402,528**	276,629	301,952
Non-controlling interests	**15,997**	18,769	22,293
	418,525	295,398	324,245
NON-CURRENT LIABILITIES			
Obligations under finance leases – due after one year	**951**	216	552
Deferred tax liabilities	**–**	–	232
	951	216	784
	419,476	295,614	325,029

Notes:

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

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKAS 28 as part of improvements to HKFRSs issued in 2010
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations 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.

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.

1. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS** *(Continued)*

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

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

The application of the revised Standard has affected the accounting for the Group's acquisiton of additional interests in both Golden Music International Limited ("Golden Music International") and Beijing Golden Music Resources Management Technology Co. Ltd. ("Beijing Golden Music") in the current year. The change in policy has resulted in the amount of HK$3,325,000, being the difference of the consideration paid of HK$3,600,000 and adjustments to non-controlling interests of HK$275,000, recognised directly in equity, instead of in goodwill. The cash consideration paid in the current year of HK$3,600,000 has been included in cash flows used in financing activities.

The application of the revised Standard has also affected the accounting for the Group's change of ownership interests in the same subsidiaries in the current year. The change in policy has resulted in the adjustments to non-controlling interests of HK$1,899,000 arising from the capital contribution to the subsidiaries by the Company.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27(as revised in 2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss. In addition, as part of *Improvements to HKFRSs* issued in 2010, HKAS 28 (as revised in 2008) has been amended to clarify that the consequential amendments to HKAS 28 in relation to transactions where the investor loses significant influence over an associate should be applied prospectively. The Group has applied the amendments to HKAS 28 (as revised in 2008) as part of *Improvements to HKFRSs* issued in 2010 in advance of their effective dates (annual periods beginning on or after 1st July, 2010).

The application of HKAS28 (as revised in 2008) has changed the Group's accounting policy on disposal of interest in an associate that results in the Group losing significant influence over that associate.

In prior years, the carrying amount of the interest in the associate as at the date the Group lost significant influence would have been regarded as cost for the purpose of subsequent accounting as an available-for-sale investment under *HKAS 39 Financial Instruments: Recognition and Measurement* and the movement in fair value would have been recognised in other comprehensive income.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKAS 28 (as revised in 2008) Investments in Associates *(Continued)*

Under the revised standard, upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

This change in policy has affected the accounting for the deemed disposal of the Group's and Company's interest in Chinasoft International Limited ("Chinasoft") in the current year.The interest in Chinasoft recognised in the company and consolidated statement of financial position of the Company has been measured at fair value of HK$271,030,000 on initial recognition as an available-for-sale investment upon the deemed disposal. The difference of HK$146,381,000 between the Group's carrying amount of the interest retained in Chinasoft and its fair value at the date of deemed disposal together with the release of translation reserve of HK$21,120,000 has been recognised in profit or loss in the current year. The Group's profit for the current year has therefore been increased by HK$167,501,000.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$22,521,000 and HK$23,084,000 as at 31st December, 2009 and 1st January, 2009 respectively being reclassified to property, plant and equipment.

As at 31st December, 2010, no leasehold land that qualifies for finance lease classification has been included in property, plant and equipment as a result of the disposal transaction during the year. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

1. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS** *(Continued)*

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 HK$15,972,000 and HK$16,794,000 have been reclassified from non-current liabilities to current liabilities as at 31st December, 2009 and 1st January, 2009 respectively. At 31st December, 2010, there are no bank loans (that are repayment more than one year after the end of the reporting period but contain a repayment on demand clause) being classified as current liabilities, since the related bank loans have already been fully repaid during the year.

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 accounting policies

The effects of changes in accounting policies described above on the result for the current year by line item is as follows:

	Year ended 31/12/2010 *HK$'000*
Increase in gain on deemed disposal of an associate	**167,501**

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

***Summary of the effects of the above changes in accounting policies** (Continued)*

The effects of the above changes in accounting policies on the financial positions of the Group as at 1st January, 2009 and 31st December, 2009 are 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*
Property, plant and equipment	20,955	23,084	44,039	24,298	22,521	46,819
Prepaid lease payments – current	598	(563)	35	596	(563)	33
Prepaid lease payments – non-current	33,675	(22,521)	1,154	23,019	(21,958)	1,061
Bank and other loans – current	(5,918)	(16,794)	(22,712)	(8,724)	(15,972)	(24,696)
Bank and other loans – non-current	(16,794)	16,794	–	(15,972)	15,972	–

Impact on earning (loss) per share

The effects of the above changes in accounting policies on the Group's basic and diluted earnings (loss) per share for the current and prior year are as follows:

	Impact on basic earning (loss) per share		Impact on diluted earning (loss) per share	
	Year ended 31/12/2010	Year ended 31/12/2009	**Year ended 31/12/2010**	Year ended 31/12/2009
	HK cents	*HK cents*	***HK cents***	*HK cents*
Figures before adjustments	**(4.9)**	(12.8)	**(4.9)**	(12.8)
Adjustments arising from changes in the Group's accounting policies in relation to:				
– Gain on deemed disposal of an associate	**55.1**	–	**55.0**	–
Figures after adjustments	**50.2**	(12.8)	**50.1**	(12.8)

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

New and revised Standards and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for Amendments to HKAS 28[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HKAS 32 (Amendments)	Classification of Rights Issues[6]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

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

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

New and revised Standards and Interpretations issued but not yet effective *(Continued)*

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

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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 HKSA 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 amendment to HKAS 12 will not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretation will have no material impact on the results and the consolidated financial position of the Group.

2. SEGMENTS INFORMATION

Information reported to the Managing Directors and Chief Executive Officer of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance. The Group is organised into the following segments which focus on the category of different industries.

Specifically, the Group's operating segments under HKFRS 8 are as follows:

1. Industrial – manufacturing and sale of garments
2. Entertainment – provision of background music and music licensing and video on demand services by the subsidiaries and an associate (2009: a jointly controlled entity)
3. Technology – provision of information technology services through investments in an associate or investee Company
4. Aviation – provision of aviation maintenance services provided by a jointly controlled entity
5. Other operation – property investment

Segment revenues and results

The following is the analysis of the Group's revenue and results by operating segment:

For the year ended 31st December, 2010

	Industrial	Entertainment	Technology	Aviation	Other operation	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
External revenue	20,955	8,109	–	–	–	–	29,064
Inter-segment revenue	–	–	–	–	600	(600)	–
Total	20,955	8,109	–	–	600	(600)	29,064
Segment result	(48)	(52,979)	182,344	637	2,643	–	132,597
Other income							462
Finance costs							(401)
Unallocated expenses							(9,973)
Increase in fair value of held-for-trading investments							3,251
Gain on disposal of property, plant and equipment							20,708
Gain on disposal of an associate							3
Gain on disposal of other non-current assets							1,251
Profit before tax							147,898

2. SEGMENTS INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31st December, 2009

	Industrial *HK$'000*	Entertainment *HK$'000*	Technology *HK$'000*	Aviation *HK$'000*	Other operation *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue							
External revenue	14,974	5,441	–	–	622	–	21,037
Inter-segment revenue	–	–	–	–	1,440	(1,440)	–
Total	14,974	5,441	–	–	2,062	(1,440)	21,037
Segment result	(108)	(19,809)	(18,078)	1,172	(1,537)	–	(38,360)
Other income							520
Finance costs							(544)
Unallocated expenses							(12,891)
Decrease in fair value of derivative financial instruments							109
Impairment loss on other non-current assets							(481)
Increase in fair value of held-for-trading investments							8,787
Loss on disposal of available-for-sale investments							(465)
Loss on deemed disposal of an associate							(91)
Share of result of an associate							(37)
Loss before tax							(43,453)

Inter-segment revenue are charged at mutually agreed terms.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the (loss) profit from each segment including items disclosed in other segment information below, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of other income, corporate expenses, finance costs, loss on disposal of available-for-sale investments, changes in fair value of held-for-trading investments and derivative financial instruments, impairment loss/gain on disposal of other non-current assets, loss on deemed disposal/gain on disposal of an associate, share of results of an associate and gain on disposal of property, plant and equipment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

2. **SEGMENTS INFORMATION** *(Continued)*

Other segment information

The following other segment information is included in the measured of segment profit or loss:

2010

	Industrial *HK$'000*	Entertainment *HK$'000*	Technology *HK$'000*	Aviation *HK$'000*	Other operation *HK$'000*	Unallocated amount *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	745	1,855	–	–	1,176	116	3,892
Gain on deemed disposal of an associate	–	–	(188,121)	–	–	–	(188,121)
Impairment loss on goodwill	–	30,926	–	–	–	–	30,926
Impairment loss on amount due from a jointly controlled entity	–	4,200	–	–	–	–	4,200
Increase in fair value of investment properties	–	–	–	–	(3,910)	–	(3,910)
Interest income	(154)	(194)	–	–	(7)	–	(355)
Share of results of associates	–	–	5,777	–	–	–	5,777
Share of results of jointly controlled entities	–	175	–	(637)	–	–	(462)
Write down of inventories	1,123	–	–	–	–	–	1,123

2009

	Industrial *HK$'000*	Entertainment *HK$'000*	Technology *HK$'000*	Aviation *HK$'000*	Other operation *HK$'000*	Unallocated amount *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment (restated)	921	1,627	–	–	1,189	645	4,382
Discount on acquisition of additional interest of an associate	–	–	(1,842)	–	–	–	(1,842)
Impairment loss on goodwill	–	3,800	–	–	–	–	3,800
Interest income	(192)	(3)	–	–	–	–	(195)
Increase in fair value of investment properties	–	–	–	–	(360)	–	(360)
Loss on disposal of property, plant and equipment	–	436	–	–	–	–	436
Loss on deemed disposal of an associate	–	–	131	–	–	91	222
Share of results of associates	–	–	19,789	–	–	37	19,826
Share of results of jointly controlled entities	–	1,575	–	(1,172)	–	–	403
Write down of inventories	902	–	–	–	–	–	902

Segment assets and liabilities

As the CODM reviews the Group's assets and liabilities for the Group as a whole on a consolidated basis, no assets or liabilities are allocated to the operating segments. Therefore, no analysis of segment assets and liabilities is presented.

2. **SEGMENTS INFORMATION** *(Continued)*

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2010	2009
	HK$'000	*HK$'000*
Sales of garments	**20,955**	14,974
Provision of background music and music licensing services	**8,109**	5,441
Property rental income	**–**	622
	29,064	21,037

Geographical information

The Group's revenue from external customers analysed by geographical location of customers and information about its non-current assets (excluding interests in associates and jointly controlled entities, available-for-sale investments and financial instruments) by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(restated)
Hong Kong	**8,775**	6,113	**20,829**	43,756
Japan	**10,996**	8,934	**–**	–
Macau	**–**	–	**5,800**	5,500
Other region in the PRC	**9,293**	5,990	**16,950**	49,872
	29,064	21,037	**43,579**	99,128

3. **OTHER GAINS AND LOSSES**

	2010	2009
	HK$'000	*HK$'000*
Decrease in fair value of derivative financial instruments	**–**	109
Discount on acquisition of additional interest in an associate	**–**	1,842
Exchange loss, net	**(333)**	(65)
Gain on disposal of an associate	**3**	–
Gain on disposal of other non-current assets	**1,251**	127
Gain (loss) on disposal of property, plant and equipment	**20,708**	(436)
Increase in fair value of held-for-trading investments	**3,251**	8,787
Increase in fair value of investment properties	**3,910**	360
Impairment loss on amount due from a jointly controlled entity	**(4,200)**	–
Impairment loss on goodwill	**(30,926)**	(3,800)
Impairment loss on other non-current assets	**–**	(481)
Loss on disposal of available-for-sale investments	**–**	(465)
	(6,336)	5,978

4. PROFIT (LOSS) BEFORE TAX

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) before tax has been arrived at after charging:		
Amortisation of prepaid lease payments	**97**	96
Auditor's remuneration		
– current year	**1,498**	1,250
– underprovision in prior year	**30**	400
Cost of inventories recognised as expense including write down of inventories of HK$1,123,000 (2009: HK$902,000)	**9,582**	13,214
Depreciation	**3,892**	4,382
Directors' remuneration and other staff costs, including retirement benefits schemes contributions of approximately HK$3,392,000 (2009: HK$2,427,000)	**18,733**	13,951
Operating lease rental in respect of rented premise	**1,636**	1,553
Royalty payment for background music and music licensing services (included in cost of sales)	**5,929**	5,256
Share of tax of associates (included in share of results of associates)	**2,110**	2,100
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**332**	–
and after crediting:		
Rental income from investment properties, less outgoings of Nil (2009: HK$13,000)	**–**	622

During the year, the management changed the presentation of write down of inventories from other gains and losses to cost of sales. Accordingly, write down of inventories for 2009 have been reclassified from other gains and losses to cost of sales to ensure consistency in presentation.

Operating lease rental in respect of a director's accommodation amounting to HK$882,000 (2009: Nil) is included under directors' remuneration.

5. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31st December, 2010 (2009: Nil).

6. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
The income tax expense comprises:		
PRC Enterprise Income Tax:		
Current year	**345**	281
(Over)underprovision in prior years	**(12)**	59
	333	340
Deferred taxation	**–**	(232)
	333	108

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25% from 1st January, 2008 onwards.

7. EARNING (LOSS) PER SHARE

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

	2010	2009
	HK$'000	*HK$'000*
Earning (loss)		
Earnings (loss) for the purposes of basic and diluted earning (loss) per share	**152,060**	(38,700)

	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earning (loss) per share	**302,837,886**	302,837,886
Effect of dilutive potential ordinary shares of share options	**551,822**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**303,389,708**	302,837,886

The effects arising from share options was anti-dilutive in 2009, while the effect arising from the potential ordinary shares of associate were anti-dilutive for both years presented.

8. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 30 days to its trade customers. Rental receivables from tenants are payable on receipt of invoices. The following is an aged analysis of trade receivables:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Current	**975**	77
Past due:		
0 to 30 days	**582**	714
31 to 60 days	**566**	401
61 to 90 days	**619**	77
Over 90 days	**690**	–
Total trade receivables	**3,432**	1,269
Other receivables	**1,601**	2,627
	5,033	3,896

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$2,457,000 (2009: HK$1,192,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considered that the default risk is low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group does not hold any collateral over these balances. Trade receivables which are neither overdue nor impaired are in good quality with reference to past payment history. The average age of these receivables is 65 days (2009: 64 days).

9. TRADE AND OTHER PAYABLES

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

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**5,211**	2,055
31 to 60 days	**14**	–
61 to 90 days	**11**	8
Over 90 days	**40**	51
Total trade payables	**5,276**	2,114
Other payables	**11,594**	13,190
	16,870	15,304

10. BANK AND OTHER LOANS

	THE GROUP			THE COMPANY	
	31/12/2010	31/12/2009	1/1/2009	**31/12/2010**	31/12/2009
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)	*(restated)*		
Bank loans	**–**	18,840	17,599	**–**	–
Other loans	**2,952**	5,856	5,113	**–**	5,856
	2,952	24,696	22,712	**–**	5,856
Analysed as:					
Secured	**–**	24,696	22,712	**–**	5,856
Unsecured	**2,952**	–	–	**–**	–
	2,952	24,696	22,712	**–**	5,856
Carrying amount repayable *(Note)*:					
Within one year	**2,952**	8,724	5,918	**–**	5,856
More than one year but not exceeding two years	**–**	840	822	**–**	–
More than two years but not exceeding five years	**–**	2,631	2,575	**–**	–
More than five years	**–**	12,501	13,397	**–**	–
	2,952	24,696	22,712	**–**	5,856
Less: Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but certain a repayment on demand clause (shown under current liabilities)	**–**	(15,972)	(16,794)	**–**	–
Less: Amounts due within one year shown under current liabilities	**(2,952)**	(8,724)	(5,918)	**–**	(5,856)
	–	–	–	**–**	–

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

At 31st December, 2010, the other loans are denominated in the functional currency of the relevant group entity, bear fixed interest rate at 8% per annum.

At 31st December, 2009, the other loans with floating interest rates at 0.79% per annum were denominated in Japanese Yen, currency other than the functional currency of the relevant group entity.

At 31st December, 2009, bank loans, which is denominated in Hong Kong dollars, bear at variable interest rate at 3.1% below Hong Kong Prime Lending Rate per annum. The bank loans are secured by a leasehold land and building in Hong Kong which was fully repaid during the year. The effective interest rate of the bank loans is 2.15% per annum.

11. PLEDGE OF ASSETS

At 31st December, 2010:

(a) margin trading facilities in respect of securities transactions to the extent of approximately HK$6.5 million (2009: HK$13.4 million), of which HK$Nil (2009: HK$5.9 million) had been utilised, is secured by the listed investments and deposit held at financial institutions of the Group and the Company of approximately HK$23.8 million (2009: HK$25.3 million) and HK$23.8 million (2009: HK$20.2 million), respectively. The listed investments comprise held-for-trading securities and available-for-sale investment held by the Group;

(b) overdraft and revolving loan facilities to the extent of approximately HK$17.1 million (2009: HK$17.1 million), of which HK$Nil had been utilised at the end of the reporting period, are secured by the deposit held at financial institutions of the Company of approximately HK$39,000 (2009: HK$37,000);

(c) short term loan and margin facilities in respect of securities transactions to the extent of approximately HK$233.5 million (2009: HK$232.7 million) of which HK$Nil (2009: HK$Nil) had been utilised at the end of the reporting periods, is secured by the listed investments and deposit held at financial institutions of the Group and the Company of approximately HK$239.5 million (2009: HK$97.5 million) and HK$239.5 million (2009: HK$17.9 million), respectively. The listed investments comprise held-for-trading securities and available-for-sale investment held by the Group;

(d) In 2009, bank loan facilities of approximately HK$18.9 million, of which approximately HK$16.8 million were drawndown and fully utilised, was secured by the Group's leasehold land and building in Hong Kong with an aggregate carrying value of approximately HK$26.3 million. The bank loan facilities has been terminated upon the disposal of the respective leasehold land and building in current year; and

(e) letter of credit facilities to the extent of approximately HK$2.5 million (2009: HK$5.0 million), of which HK$Nil (2009: approximately 2.0 million) has been utilised, is secured by the Group's bank deposit amounted to approximately HK$2.5 million (2009: 2.5 million).

12. CONTINGENT LIABILITIES

At 31st December, 2010, the Group and the Company do not have contingent liabilities.

As at 31st December, 2009, the Company was contingently liable for guarantee issued to a bank in respect of a mortgage loan granted to a subsidiary. The mortgage loan utilised by the subsidiary amounted to HK$18,900,000. The maximum amount the Company could be required to settle under the arrangement HK$20,082,000. The mortgage loan has been repaid during the year.

In the opinion of the directors, the fair value of the financial guarantee contract was insignificant. Accordingly, no value was recognised in the consolidated financial statements.

13. OPERATING LEASE ARRANGEMENTS

The Group and the Company as lessee

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under a non-cancellable operating lease which falls due as follows:

(i) Leased premises

	2010	2009
	HK$'000	*HK$'000*
Within one year	**1,999**	576
In the second to fifth year inclusive	**990**	230
	2,989	806

In 2009, operating lease payments represent rentals payable by the Group to a company controlled by certain directors of the Company for the use of its office premise. Leases are negotiated for a term of two years.

(ii) Royalty payment for background music and music licensing services

	2010	2009
	HK$'000	*HK$'000*
Within one year	**2,902**	2,530
In the second to fifth year inclusive	**9,770**	12,538
	12,672	15,068

Royalty payment was negotiated for a term of fifteen years and could be terminated after five years from the date of commencement of the licensing services.

DIVIDEND

No interim dividend was paid during the year and the Board did not recommend a final dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the year ended 31st December, 2010, the Company and its subsidiaries (the "Group") recorded revenue from operations of approximately HK$29.06 million (2009: HK$21.04 million), representing a rise of 38.12% compared with last year.

The Group's profit attributable to owners of the Company approximately HK$152.06 million (2009: loss of HK$38.7 million), a strong turnaround from last year loss. The earning per share for the year ended 31st December, 2010 was 50.2 HK cents (2009: loss per share of 12.8 HK cents), turnaround from loss position as compared over last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2010, the Group had cash and bank balances and deposits held at financial institutions amounting to HK$37 million (2009: HK$28 million). Fundamentally, the Group's funding policy was to finance the business operations with internally net generated cash and bank facilities. As at 31st December, 2010, the Group had total borrowings of HK$2.95 million (2009: HK$24.70 million) of which HK$2.95 million (2009: HK$8.72 million) was payable within one year and the remaining was payable after one year and was fully secured. The Group's borrowings were denominated in Hong Kong dollar, Renminbi and Japanese Yen.

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate. The Group did not have any financial instruments used for hedging purpose.

GEARING RATIO AND CURRENT RATIO

The Group's gearing ratio (total bank and other loans to shareholders' equity) as at 31st December, 2010 decreased to 0.73% (2009: 8.93%). The Group's current ratio (current assets to current liabilities) as at 31st December, 2010 rised to 2.51 (2009: 1.43). On the whole, the financial position and liquidity of the Group were healthy.

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company. As at 31st December 2010, the total number of issued ordinary shares of the Company was 302,837,886 shares.

DISPOSAL OF PROPERTY AND PLEDGE OF ASSETS

On 22 February 2010, River Joy Limited, a wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement with Federal Profit Company Limited, an independent third party, pursuant to which River Joy Limited agreed to dispose of the property situated at Flat C on 22nd Floor and car park space No. 26 on Level 5 of Tower 3 Tregunter, No. 14 Tregunter Path, Hong Kong, a residential property with a gross floor area of 3,001 sq. ft. at a consideration of HK$48,000,000. The transaction was completed on 31 May 2010.

At 31st December, 2010, the Group had pledged certain listed investments, bank deposits and certain properties with an aggregate carrying value of approximately HK$266 million (2009: HK$163 million) to banks and financial institutions.

EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS

The Group had no significant exposure to foreign fluctuation during the year.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities

As at 31st December, 2010, the Group and the Company do not have significant contingent liabilities.

As at 31st December, 2009, the Company was contingently liable for guarantee issued to a bank in respect of a mortgage loan granted to a subsidiary. The mortgage loan utilised by the subsidiary amounted to HK$18.9 million. The maximum amount the Company could be required to settle under the arrangement was HK$20,082,000. The mortgage loan has been fully repaid during the year.

In the opinion of the directors, the fair value of the financial guarantee contract was insignificant. Accordingly, no value was recognised in the consolidated financial statements.

Capital Commitments

At 31st December, 2010, the Group had no significant capital commitments (2009: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 2 July 2010, HomeBase Media Group Limited, a wholly-owned subsidiary of the Company acquired 3,829,224 shares of Golden Music International Limited ("GMIL") (representing 9.64% issued share capital of GMIL) from Maxi Wealth Investments Limited at a consideration of HK$3.6 million.

Gain on Deemed Disposal of an Associate

In prior years, the directors of the Group believed that the Group was able to exert significant influence over Chinasoft as the Group had nominated Mr. Duncan Chiu as a director of Chinasoft who also participated in the financial and operating decisions of Chinasoft. In addition, in 2009, the Group acquired 4,720,000 shares of Chinasoft at a consideration of approximately HK$2,508,000 resulting in discount on acquisition of additional interest of HK$1,842,000. Chinasoft was classified as an associate to the Group.

During the year, Chinasoft has issued a total of 202,978,571 (2009: 4,070,000) new shares to a few new investors and share option holders on exercise of their rights under the share options. Accordingly, the Group's shareholding in Chinasoft has been diluted and decreased to 11.45% (2009: 13.74%), resulting in a gain on deemed disposal of HK$20,620,000 (2009: loss on disposal of HK$131,000).

In addition, Mr. Duncan Chiu resigned as a director of Chinasoft in 2010, the Group has entered into an agreement with Chinasoft on 31st December, 2010 that the Group no longer has any rights or power to nominate any directors to the board of directors of Chinasoft nor power to participate in the financial and operating decisions of Chinasoft, therefore, the Group no longer has significant influence in Chinasoft.

On the loss of significant influence, the Group has retained the remaining 11.45% interest as available-for-sale investments and measures the remaining interest at fair value with reference to quoted market price on 31st December, 2010. This transaction has resulted in the recognition of a gain on deemed disposal of interest in an associate in profit or loss and calculated as follows:

	HK$'000
Fair value of investment retained	271,030
Less: carrying amount of investment on the date of loss of significant influence	(124,649)
Add: reclassification adjustment of retranslation reserve	21,120
Gain on deemed disposal	167,501

As a result, the total deemed gain on disposal of an associate resulting from the dilution of interests as a result of the issuance of the new investors and share option holders of Chinasoft and the loss of significant influence in Chinasoft upon resignation of Mr. Duncan Chiu as a director of Chinasoft amounting to HK$188,121,000 has been recognised in profit or loss during the year.

EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2010, the Group had approximately 340 employees in Hong Kong and PRC (2009: 340 employees). The Group offers its employees competitive remuneration packages based on industry's practices and performance of individual employee. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Group was adopted a share option scheme on 23rd May, 2005 and discretionary share options would be granted to reward and motivate those well performed employees. There were totaling 2.3 million (2009: 2.3 million) share options outstanding under the share option scheme as at 31st December, 2010.

BUSINESS REVIEW AND PROSPECTS

Entertainment Holdings

Beijing Golden Music Resources Management Technology Co., Ltd. ("GMR")

For the year ended 31 December 2010, GMR achieves a turnover of HK$8.1 million (2009: HK$5.44 million) representing 48.9% increase over last year and incurs a net loss of HK$14.6 million representing a decrease of 19.8% comparing with last year (2009: net loss of HK$18.2 million).

GMR has built the ground service system of Digital Audio Broadcasting by using a great variety of advanced technique that was patented. Moreover, it has developed independently an interactive system of background music service platform, named as V3.0, this system has established a three-dimensional setup of background music service linked between the ground site and the Internet. Its scope of services has covered more than 10 cities in China, which involves hotels, shopping malls, specialty stores, restaurants and entertainment outlets etc.

By means of the advantages of its technologies, copyrights, platforms and services, GMR will continue to strengthen the professionalism of background music service, so as to become the powerful leader of this new industry model in China.

Aviation Holdings

Beijing Kailan Aviation Technology Co., Ltd. ("Beijing Kailan")

During the year, it has recorded a net profit attributable to owners of Beijing Kailan of HK$2.27 million (2009: net profit HK$6.15 million) representing an deterioration of 63% over that of 2009.

Beijing Kailan expects that demand for aviation maintenance services will remain strong in 2011, but this expectation could be adversely affected by the continuing rise of oil price which may reduce global economic activity in air transportation.

Industries

Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited ("Jiangsu Bang Bang")

For the year ended 31st December, 2010, Jiangsu Bang Bang reported a turnover of approximately HK$20.96 million (2009: HK$14.97 million) representing 40% increase comparing with 2009 which was chiefly attributable to the rise in strengthening overseas market demand. It reported a net loss of approximately HK$116,000 (2009: net loss of HK$148,000) representing a slight improvement comparing with 2009.

The continuing efforts of the Chinese government in promoting favourable policies to bolster domestic consumption and foster the recovery of both retail and export markets has turned mainland China into one of the fastest growing and highly promising apparel markets around the globe. Nevertheless, JBB expects that it is not quite promising about the garment export to Japan market due to fierce competition and continuous slowdown of Japan's economy, especially after the recent earthquake, tsunami together with the nuclear plant crisis in Japan.

Outlook

The economic and labour market conditions in Hong Kong and the positive economic policies and measures implemented in Hong Kong and in the PRC are anticipated to improve further with strengthening consumer confidence. However, the Group will seize opportunities for growth in term of market share and revenue through strategic alliances with selected partners, mergers and acquisitions. The Group's ultimate vision is to achieve economies of scale in operation and maximize the return to shareholders of the Company.

OTHER MATTERS

As disclosed in the announcement made by the Company on 6 September 2010, the Company was informed on 3 September 2010 that one director and two employees of the Company have been charged by the Commercial Crime Bureau of the Hong Kong Police Force in respect of alleged offences including section 157H (2)(a) of the Companies Ordinance, Cap. 32 of the Laws of Hong Kong. Based on the information available to the board of directors of the Company (the "Board"), the said director and employees are now still on bail.

In addition, as disclosed in the announcement made by the Company on 24 January 2011, the Company set out the resumption conditions as imposed by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the resumption of trading in the shares of the Company. The Company is seeking advice from the professional advisers to address the aforesaid resumption conditions and will announce any further material developments as and when appropriate.

Based on information available to the Board as at the date of this announcement, the Board believes that the above matter would not have a material adverse impact to the operations and financial position of the Company and its subsidiaries as a whole. Further, the Company will keep the shareholders updated on the aforesaid matter by making further announcement as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

PURCHASE, SALE AND REDEMPTION OF LISTING SECURITIES

During the year under review, the Company and its subsidiaries have not purchased, sold or redeemed any of the listed securities in the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Following a specific enquiry, each of the directors confirmed that he/she complied with the Model Code for transactions in the Company's securities throughout the year.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2010, with deviation from code provision A.4.1 of the Code in respect of the service term and rotation of Directors.

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors of the Company are subject to the retirement by rotation at each annual general meeting under Articles 79 and 80 of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

REMUNERATION COMMITTEE

The Company had established a Remuneration Committee with written terms of reference pursuant to the provisions set out in the Code. The committee comprised two independent non-executive directors, namely Dr. Lee G. Lam, Mr. Eugene Yun Hang Wang and the Managing Director, Mr. Duncan Chiu of the Company. The Remuneration Committee is principally responsible for formulation and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

AUDIT COMMITTEE

The Company has established an Audit Committee. The terms of the Committee are consistent with the provisions set out in the relevant section of the Code and are available on the Company's website at www.feholdings.com.hk.

The Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements. The Audit Committee comprises three independent non-executive directors, namely, Dr. Lee G. Lam, Mr. Eugene Yun Hang Wang and Mr. Andrew Chun Wah Fan and one non-executive director, Mr. Derek Chiu.

By order of the Board
Derek Chiu
Director

Hong Kong, 30 March, 2011

As at the date of this announcement, the Board of the Company comprises eight directors of which three are executive directors, namely Deacon Te Ken Chiu, J.P., Mr. Duncan Chiu and Mr. Dennis Chiu; two are non-executive directors, namely Mr. Derek Chiu and Mr. Desmond Chiu; and three are independent non-executive directors, namely Dr. Lee G. Lam, Mr. Eugene Yun Hang Wang and Mr. Andrew Chun Wah Fan.