2009 ANNUAL REPORT

文化中國傳播集團有限公司
CHINAVISION MEDIA GROUP LIMITED

Stock Code: 1060

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dong Ping *(Chairman)*
Mr. Ng Qing Hai *(President)*
Mr. Zhao Chao
Mr. Kong Muk Yin

Independent Non-Executive Directors

Mr. Chen Ching
Mr. Jin Hui Zhi
Mr. Li Chak Hung

EXECUTIVE COMMITTEE

Mr. Dong Ping *(Chairman)*
Mr. Ng Qing Hai
Mr. Zhao Chao
Mr. Kong Muk Yin

REMUNERATION COMMITTEE

Mr. Chen Ching *(Chairman)*
Mr. Jin Hui Zhi
Mr. Li Chak Hung

AUDIT COMMITTEE

Mr. Li Chak Hung *(Chairman)*
Mr. Chen Ching
Mr. Jin Hui Zhi

COMPANY SECRETARY

Ms. Fung Ching Man, Ada

SOLICITORS

Fred Kan & Co.
P.C. Woo & Co.
Robertsons

AUDITOR

Deloitte Touche Tohmatsu

STOCK CODE

Stock Code on The Stock Exchange of Hong Kong Limited: 1060

BANKERS

Hong Kong

CITIC Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited

The People's Republic of China

Bank of China Limited
Bank of Communications Co., Ltd.
China Construction Bank Corporation
China Everbright Bank
China Minsheng Banking Corp., Ltd.
Industrial and Commercial Bank of China Ltd.
Shanghai Pudong Development Bank
Shenzhen Development Bank Limited Company
Xian City Commercial Bank

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

47/F, China Online Centre, 333 Lockhart Road
Wanchai, Hong Kong

Telephone	:	(852) 2877 8313
Facsimile	:	(852) 2511 3696
Email	:	info@chinavision.hk
Website	:	http://www.chinavision.hk

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke HM08, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01 Singapore Land Tower
Singapore 048623

To the Shareholders,

2009 marked a new chapter in the Group's development and saw the Group entering into a new development stage. The Group has changed its name to "ChinaVision Media Group Limited"（文化中國傳播集團有限公司）on 14th October, 2009 to reflect the new business focus which is the planning and distribution of television and film production, print media business, online game and mobile wireless new media businesses. I am pleased to share our progress in expanding our business in the television and film media and mobile new media, and the results of the Group in 2009.

The cultural and media industry in the People's Republic of China (the "PRC") is presented with a huge opportunity. In 2009, in order to pursue the upgrade of cultural and media industry, the PRC Government, on the one hand, proposed promoting a cultural industry by accelerating the development of culture and creativity, television and film production, and publication and distribution businesses, while on the other hand, actively proposed developing new media, including digital multimedia broadcast television and mobile television. With the 3G era now in full swing with coverage rapidly expanding, mobile entertainment has become a high growth segment in the mobile and telecom industries. The growth of the entire cultural and media entertainment industry in China has far exceeded that of the world. Backed by the supportive policies and favorable market environment, the Group is aiming to build an integrated cultural enterprise. Towards that end, with an advanced operational model and through standardised management, the Group has completed mergers and acquisitions integrating many influential television and film media and mobile and network game companies. It has also enlisted a few dozens of China's top artists to quickly expedite the development of content for the Mainland China's television and film entertainment and multimedia entertainment industries. ChinaVision's strategic objective is to become a leading international media group.

TELEVISION AND FILM PRODUCTION

In television and film production, the Group has successfully targeted the highly educated and mature audience segment as well as the young audience and satisfied the entertainment needs of a wide spectrum of viewing audiences by producing its own quality drama and distributing the popular Haiyan drama. During the year, the Group focused on the investment, production and distribution of drama in the PRC. The Group boasts an excellent management and investment team supported by abundant filming resources and a worldwide distribution network. It has invested in and distributed a series of outstanding television series and films in 2009, among which "英雄無敵三部曲" was the self-produced series of the Group. Following the first series "仁者無敵" which was well received by the mainland audience in 2008, the second series "勇者無敵" which debuted in 2009 has also achieved excellent results with the audience rating ranked among the top three series. The Group is currently filming the third series "智者無敵" which features the outstanding actor Chen Baoguo, winner of the 飛天獎. This much anticipated series is expected to be another annual blockbuster for the Group. The Group has just finished the filming of another major series "愛在蒼茫大地" which is expected to generate another record high audience rating.

TELEVISION AND FILM PRODUCTION *(Continued)*

The Group is also committed to presenting productions with content that appeals to the young audience. The new drama series under production based on the work of best-selling author and screenwriter Lu Haiyan embody this commitment. The new drama series "獨家披露" written by Lu Haiyan will be directed by renowned director Gao Xixi and feature top actress Sun Li and talented actor Zhou Yiwei. This business together with the Group's artist agency operation and brand has created synergies forming a solid competitive foundation for the Group. The Group is aided in its efforts by the support of many excellent artists from Taiwan, Hong Kong and Mainland China. It has already signed contracts with more than 30 Mainland top artists and writers, including Ge You and Chen Baoguo in addition to Lu Haiyan, to enhance its strength in the television and film distribution business.

In addition, the Group also operates a TV programme promotion package business. The scope of this business covers creativity planning, video advertising production, 3D road safety display, and traditional and online TV programme promotion package design, and related equipment sales. The aim is to provide a one-stop scalable service that can extend across the range of customers' requirements.

The Group has made major investment in two films namely "Let the Bullets Fly" and "Lan" during the year. "Let The Bullets Fly" is headlined by leading Chinese superstars Jiang Wen, Chow Yun-Fat and Ge You supported by seven other leading actors including Hu Jun, Chen Kun, Liao Fan and Shao Bing. The star-studded cast plus the participation of the famous director Feng Xiaogang has created the promotional concept of the Constellation of 11 Superstars. Filming has finished and the global release has been scheduled before the end of year 2010. On the other hand, "Lan", the first film directed by Jiang Wenli, has been released in the PRC during April this year. This film has won a "KNN Movie Award (Audience Award)", a newly established category in the Pusan International Film Festival 2009, and "Best Actor" and "Best Director" awards in the First Macau International Movie Festival.

PRINT MEDIA BUSINESS

The Group's acquisition of the entire issued share capital of Prefect Strategy International Limited and Main City Limited Group was approved by its shareholders on 15th March, 2010 and 16th April, 2010, respectively. Upon completion of the two transactions, the Group will have indirect control and 100% effective interests in Beijing Beida Culture Development Company Limited（北京北大文化發展有限公司）that owns 50% equity interests in JingHua Culture Broadcast Company Limited（京華文化傳播有限公司）("JingHua Culture"). With the Operating Licence for Publications and approved business certificate, JingHua Culture is principally engaged in operating the advertising agency business and newspaper distribution business for *Beijing Times* together with other businesses as permitted under its business certificate. *Beijing Times* covers more than a 70% share of the morning post retail market in Beijing and the largest circulation among all morning posts in the capital. The morning post market boasts a quality advertising base and huge distribution volume. Among the city's core readers aged between 25 and 44 who possess the strongest spending power, there are 85% classified as the active readers of *Beijing Times*, while 86% are categorised as loyalty readers. With the pulling power of the brand, *Beijing Times* is the leader in the Beijing morning post retail market.

PRINT MEDIA BUSINESS *(Continued)*

Beijing Times solely owns the Chinese newspaper publishing right and also operates the newspaper website（京華網）and a mobile online newspaper（京華手機報）, as well as e-business（「億家」電子商務）and logistics（京華物流）businesses. Capitalising on the brand of Beijing Times and the professional logistic and distribution system of 京華小藍帽, Beijing Times has built a one-stop professional e-business shopping platform 億家 E-business Healthy Life Supermarket (“億家電子商務健康生活超市”). In addition, the Beijing Times mobile newspaper “京華手機報” delivers essential news information any time and anywhere, breaking the limitation of time and place of traditional print media. The online newspaper “京華網報網互動” holds six telecommunications and information licences including Operating License for Telecommunication and Information Services. All of these businesses present huge market and growth potential to the Group.

ONLINE GAME AND MOBILE WIRELESS NEW MEDIA

3G mobile games have rapidly gained popularity across the country after the 3G licences were granted in 2009. During the year under review, our new multiplayer online game, “Twin Castle Online”, won the hearts of many game lovers because many players can play simultaneously at any moment via either Internet or 3G mobile phones, and thus never go “offline”. In 2010, the Group plans to launch new projects, including DOBO gaming platform 3.0 and a massive multiplayer online role-playing game “玄魔” and a virtual operation game “世界足球經理”, which we believe can enlarge the market share in mobile games and achieve the top spots in mobile game rankings.

In December 2009, the Group established a partnership with Renminwang (www.people.com.cn) under The People’s Daily to set up 人民視訊文化有限公司 (“人民視訊”) for developing mobile TV businesses. The collaboration aims to build the largest mobile video lifestyle and entertainment platform offering extensive information covering social, political, legal and business news, as well as lifestyle and entertainment updates. Renminwang is one of the only seven operators that have been licensed for mobile TV operation. Following by the latest edition of 人民視訊 content to be injected into China Mobile TV base, we are constructing substantial revenues from our mobile TV business and expect to achieve an extensive growth. After connecting to the mobile audio and visual content service platform, 人民視訊 can boost its business by extending its mobile TV programmes vertically to mobile channel operators. Leveraging on the competitive edges from the Chinese-oriented content as well as the exclusive license right, adding with the quality professional team, we expect to boost its growth substantially.

For its value-added wireless service, the Group continued to concentrate on mobile entertainment through leveraging its core team’s abundant experience in developing games on different platforms to offer new product and services for users on MTK, J2ME and Symbian, etc.

CHAIRMAN'S STATEMENT

PROSPECTS

Our management team is recognised in the entertainment and media industry throughout China. It comprises professionals from mainstream satellite TV stations, major news agencies and mobile TV operators in China, and thus delivers an extensive network of business associates in the cultural, media and entertainment sectors. In 2009, through mergers, acquisitions and integration and realignment of internal resources, the Group consolidated into three major businesses, hence laying a solid foundation for future business development. The businesses are namely (1) television and film production, (2) print media, and (3) online game and mobile wireless new media. After the introduction of the policy directive "The financial support of cultural industries and revitalising the guidance of development and prosperity," the PRC Government has established seven objectives to thrive the movie industry enhancing the cross-border development. With the 3G-mobilily era, it is expected that more than 700 million mobile phone users in the PRC market will gradually shift from 2G to 3G. Meanwhile, according to PricewaterhouseCoopers Consulting's "2009~2013 Global Entertainment and Media Industry Outlook" report, Chinese domestic entertainment and media industry will enjoy a rapid growth of a CAGR of 9.5%, reaching USD110 billion in 2013. This is far beyond the global average CAGR of 2.7%.

We believe the prospect of new media is rosy and the sales opportunities arising from mobile TV and mobile game industries will be enormous. The Group is ready to strike into the new media division to gain market shares, and predicts the new mobile media business would greatly enhance our core competence. Looking to the future, traditional television and film production and print media businesses will continue to generate strong cash inflows. Online games and wireless mobile new media will have strong development potentials to lead a path of long-term high growth to the Group.

In 2010, we target to enhance our business development by leveraging our competitive strengths. While the government actively supports the development of culture, film, mobile and internet industries, we will continue to explore more opportunities by acquiring outstanding companies in the industry in order to enhance the Group's diverse expansion within the cultural and new media industries. In addition we will enhance the film production and distribution business, as well as the new media business by consolidating the internal resources, so as to create synergies between the businesses, resources and management teams. Meanwhile, the Group will perfect its operating system and mechanism, so as to build it as a Chinese cultural media conglomerate achieving the international standard with outstanding core competitive edges.

Last but not least, I would like to thank the support of all shareholders, and the hard work of our management team and staff of our subsidiaries on the business consolidation activities in the previous year. By adhering to the motto of "Leading future development through cultural creativity"（創新文化，引領未來）, we will strive our utmost to generate long-term returns for our shareholders.

FINANCIAL RESULTS

For the year ended 31st December, 2009, the Group recorded a turnover of HK$388,935,000 (2008: HK$552,847,000) and net loss attributable to the shareholders of the Company of HK$225,296,000 (2008: net gain of HK$2,487,000). The drop in turnover was mainly attributable to the disposal of the manufacture of cement and clinker business. The disposal was completed in September 2009 and has resulted in a disposal loss of HK$202,425,000. By excluding such one-off disposal loss, the net loss attributable to the shareholders of the Company for the year under review was HK$22,871,000.

For the year ended 31st December, 2009, administrative expenses increased by 45.7% to HK$49,778,000 as compared to HK$34,173,000 in 2008. The increase was mainly due to the incurrence of more legal and professional fees for the acquisitions in media and media-related businesses.

As compared to 2008, other income and finance costs dropped by 49.8% to HK$36,081,000 and by 52.4% to HK$35,158,000, respectively as a result of the receipt of refundable deposit and loan receivable, and repayment of borrowings during the year.

Loss per share (basic) from continuing and discontinued operation for the year was HK16.73 cents (2008: earnings per share was HK0.28 cents) and the net asset value attributable to owners of the Company per share was HK$0.24 (2008: HK$0.43).

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st December, 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

During the year ended 31st December, 2009, the Group was primarily engaged in the distribution and manufacture of cement and clinker business prior to the disposal of the manufacture function in September 2009. Since the second half of the year, the Group has diversified its businesses into the planning, production, publication, investment and distribution of television drama and film and organizing cultural and artistic exchange business in the PRC, network and mobile game business in the PRC, and securities trading and investments.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Change of Company Name

To reflect the Group's diversification into the media and media-related businesses in the PRC, the Group changed its company name from "Shanghai Allied Cement Limited" to "ChinaVision Media Group Limited" and the adoption of the new Chinese name "文化中國傳播集團有限公司". Such resolutions were passed at the Special General Meeting of the Company held on 9th September, 2009 and became effective on 14th October, 2009.

Cement and Clinker Business

For the year ended 31st December, 2009, the Group's sales volume of cement and clinker amounted to 1,788,000 tons (2008: 2,164,000 tons), representing a decrease of 17.4% as compared to that of 2008, and the turnover was HK$343,070,000 (2008: HK$552,847,000), representing a decrease of 37.9% as compared to that of 2008. The segment profit was HK$12,364,000 (2008: HK$49,637,000), representing a decrease of 75.1% as compared to that for the last year.

The decline in sales volume and turnover, and segment profit was resulted from the Group's disposal of the manufacturing business of cement and clinker in September 2009.

On 21st May, 2009, the Group announced to sell the entire issued share capital of a wholly-owned subsidiary of the Group, Shanghai Allied Cement Holdings Limited ("SACHL"), which together with its subsidiaries engaging in the manufacturing business of cement and clinker, at a total consideration of HK$200,000,000. Upon completion of the disposal on 16th September, 2009, the Group made a loss of HK$202,425,000.

Despite the cement and clinker business being profit making, the Group considered that the return was not commensurate with the Group's carrying cost in the investment of SACHL and its subsidiaries which, in turn, locked up substantial amount of resources in the fixed assets and working capital. In view of that, management believed it is best not to inject further cash into the manufacturing side of the cement business, to release locked-up resources and to use part of the proceeds to reduce high gearing level. Since then, the Group has fully focused on its media-related businesses and multi-media industry.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Media Business

During the year ended 31st December, 2009 and subsequent to the year end, the Group entered into a number of conditional acquisition agreements and arrangements (the "Acquisitions") to acquire indirect control and equity interests in certain PRC established companies, which mainly engage in the planning, production, publication, investment and distribution of television drama and film business in the PRC, network and mobile game business in the PRC, newspaper advertising agency and distribution business, newspaper website, mobile TV business and the provision of personalized information and entertainment services to mobile handset users via the Internet and other modern telecom technologies in the form of value-added services SMS, MMS, WAP, interactive voice response, Java applications and CRBT. Management is committed to developing the Group into a modern and innovative media enterprise, geared for innovation in the new media era.

During the year ended 31st December, 2009, the film, television programme and television drama series business brought the Group revenue of HK$45,752,000 with segment profit of HK$5,032,000. The mobile game business brought the Group revenue of HK$113,000 with segment loss HK$838,000.

On 19th June, 2009, the Group entered into a conditional equity transfer agreement with an independent third party to acquire 75% equity interests in 北京中盛千里傳媒文化有限公司 (in English, Beijing Zhong Sheng Qian Li Media Culture Company Limited ("Zhong Sheng Qian Li")) for a consideration of HK$1,278,000. RMB10,125,000 (equivalent to approximately HK$11,506,000) will be injected into the registered capital of Zhong Sheng Qian Li as working capital. The principal activities of Zhong Sheng Qian Li are similar to those of Xian Jinding. The transaction was completed on 9th July, 2009.

On 3rd July, 2009, a subsidiary of the Group entered into a conditional equity transfer agreement with an independent third party to acquire the entire issued share capital of Year Wealth Limited, which has indirect control and an effective interest of 51% of 西安金鼎影視文化有限公司 (in English, Xian Jinding Film, Television and Culture Company Limited ("Xian Jinding")) for a consideration of HK$58,273,000 which will be partly settled by the issuance of 60,000,000 ordinary shares of the Company at an agreed price of HK$0.6 each and partly settled by RMB19,600,000 (equivalent to approximately HK$22,273,000) in cash in form of capital injection on behalf of the minority shareholders. Pursuant to the agreement, 20,000,000 ordinary shares of the Company to be issued to the Vendor is subject to any reduction to the vender if the guaranteed Xian Jinding's profit after taxation for the year ended 31st December, 2009 of RMB15 million and for the year ending 31st December, 2010 of RMB26 million cannot be met. Upon completion of the acquisition on 30th September, 2009, the Group had indirect control and indirectly owned 51% equity interests in Xian Jinding. Xian Jinding is principally engaged in the planning, production, publication and investment of television drama series and film and organising cultural and artistic exchange activities in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Media Business *(Continued)*

On 12th July, 2009, a subsidiary of the Company entered into a share transfer agreement with several independent third parties to purchase 51% equity interests of 天津唐圖科技有限公司（in English, Tianjin Tang Tu Technology Company Limited ("Tianjin Tang Tu")）for an aggregate cash consideration of HK$7,284,000. RMB4,590,000 (equivalent to approximately HK$5,216,000) will be injected into the registered capital of Tianjin Tang Tu. Tianjin Tang Tu is principally engaged in the network and mobile game business in the PRC. This transaction was completed on 30th September, 2009.

On 12th September, 2009, the Group and its subsidiary entered into a conditional equity transfer agreement with an independent third party to purchase the entire issued share capital of Prefect Strategy International Limited ("Prefect Strategy") for a consideration of HK$400,000,000 which will be partly settled in cash of HK$50,000,000 and partly by the issuance of convertible note in the principal amount of HK$350,000,000 by the Company. Pursuant to the conditional equity transfer agreement, upon completion of the acquisition, the Company will have indirect control and an effective interest of 70% in 北京北大文化發展有限公司 (in English, Beijing Beida Culture Development Company Limited ("Beida Culture")) which in turn, holds 50% equity interests in 京華文化傳播有限公司（in English, JingHua Culture Broadcast Company Limited ("JingHua")）. Both Beida Culture and JingHua are companies established in the PRC with limited liability. Upon completion of the acquisition, Beida Culture will have no assets and liabilities (including contingent liabilities) except for its 50% equity interests in JingHua, which mainly engages in the newspaper advertising agency business for Beijing Times and operating the newspaper website in the PRC. On 15th March, 2010, the ordinary resolutions for the acquisition of Prefect Strategy were duly passed by way of poll by the shareholders at the special general meeting. Apart from this and the completion of the financial and legal due diligence, certain other conditions precedent are yet to be completed as at the date of this report. Hence, this acquisition has not been completed.

Subsequent to the year end, on 10th February, 2010, the Group entered into a conditional equity transfer agreement with Time Zone Investments Limited to acquire Main City Limited ("Main City") at a consideration of HK$219,000,000 which will be partly settled by cash of HK$69,000,000 and partly by the issuance of convertible note in the principle amount of HK$150,000,000 by the Company. Upon completion, the Group will have indirect control and an effective interest of 30% in Beida Culture which will have no assets and liabilities (including contingent liabilities) save for its 50% equity interests in JingHua. On 16th April, 2010, the ordinary resolutions for the acquisition of Main City were duly passed by way of poll by the shareholders at the special general meeting. Apart from this and the completion of the financial and legal due diligence, certain other conditions precedent are yet to be completed as at the date of this report. Hence, this acquisition has not been completed. Upon completion of the acquisition of Prefect Strategy and Main City, the Group will have indirect control and effective interests of 100% in Beida Culture which in turn holds 50% equity interests in JingHua.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Media Business *(Continued)*

On 11th December, 2009, the Group entered into a conditional equity transfer agreement with an independent third party to acquire all the shares of Youline Technology Company ("Youline Technology") for an aggregate cash consideration of RMB25,000,000 (equivalent to approximately HK$28,409,000). Youline Technology is principally engaged in the provision of personalized information and entertainment services to mobile handset users via the Internet and other modern telecom technologies in the form of value-added services SMS, MMS, WAP, interactive voice response, Java applications and CRBT. This transaction was completed on 1st February, 2010.

On 18th December, 2009, the Group signed a cooperative agreement with Renminwang (www.people.com.cn) under The People's Daily to set up a joint venture company which will operate mobile TV business in the PRC. The joint venture company was set up on 1st April, 2010.

Other Businesses

On 28th April, 2009, the Group entered into an agreement with an independent third party to acquire the entire issued share capital of Right Point International Limited for a consideration of RMB26,000,000 (equivalent to approximately HK$29,380,000). Upon completion of the acquisition, the Group will have 25% of the registered capital in 廣西錦華大酒店 (in English, Guangxi Jinhua Hotel). This transaction has not yet been completed as at the date of this report.

During the year, the Group commenced the securities trading and investments business and recorded a segment profit of HK$4,684,000.

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations, loans from principal bankers and financial institutions and equity financing. As at 31st December, 2009, the Group maintained cash reserves of HK$126,671,000 (2008: HK$74,283,000). As at 31st December, 2009, the equity attributable to equity holders of the Company amounted to HK$359,589,000 (2008: HK$313,074,000) with total borrowings of HK$17,081,000 (2008: HK$525,420,000). Following the placements and open offer completed during the year, the gearing ratio, calculated on the basis of the Group's net borrowings over total equity, has been substantially reduced from 144% in 2008 to nil as at 31st December, 2009. The Group has also twisted from net current liabilities to net current assets.

The Group conducted two placing activities and one open offer during the year under review in order to further strengthen its capital base and to expand the Group's media-related businesses and investments.

On 2nd January, 2009, the Group announced to place 145,000,000 placing shares to independent investors at a price of HK$0.27 per placing share. The net proceeds of approximately HK$37,867,000 from the placing were used for reduction of borrowings and for general working capital of the Group. The placing was completed in January 2009.

On 16th July, 2009, the Group announced another placing activity for placing 170,000,000 shares to independent investors at a price of HK$0.52 per placing share. The net proceeds of approximately HK$84,364,000 from the placing were used for expansion of media-related businesses and investments and for general working capital of the Group. The placing was completed on in July 2009.

In addition, the Group initiated an open offer of 437,197,521 offer shares at a price of HK$0.3 per offer share on the basis of one offer share for every two existing shares during 1st June to 4th June, 2009. The net proceeds from the open offer were approximately HK$124,400,000 and were used to reduce the borrowings and/or for investment when opportunities arise.

FINANCIAL REVIEW *(Continued)*

Foreign Exchange Fluctuation

The Group's operations are mainly located in mainland China and its transactions, related working capital and borrowing are primarily denominated in Renminbi and Hong Kong Dollars. The Group monitors its foreign exchange exposure and will consider hedging significant currency exposure should the need arise.

Charges on Assets

As at 31st December, 2009, held for trading investments of HK$57,822,000 were pledged to a financial institution as collateral mainly to secure short-term credit facilities granted to the Group. As at 31st December, 2008 leasehold land and buildings, land use rights and short-term bank deposits with respective carrying value of RMB71,300,000, HK$16,949,000 and HK$13,636,000 were pledged to banks and financial institutions as collateral to secure short-term credit facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December 2009, the Group, including its subsidiaries but excluding its associates, employed 92 (2008: 559) employees. The substantial drop of employees was mainly due to the disposal of the manufacture of cement and clinker business which accounted for a large portion of employee numbers. The remuneration policies of the Group are based on the prevailing market levels and the performance of the respective group companies and individual employees. These policies are reviewed on a regular basis.

RISK MANAGEMENT

During the year, the Group constantly reviewed the risk and credit control systems of its profit centres to improve the overall control system and mitigate the credit risk.

Thank you very much!

Dong Ping
Chairman

Hong Kong, 20th April, 2010

Executive Director

Mr. Dong Ping, aged 48, appointed on 23rd April, 2009, is the Chairman of the Company. Mr. Dong graduated from 首都師範大學, the People's Republic of China. He was the founder of Asian Union Film and Media(北京保利華億傳媒文化有限公司), which was among the first group of Chinese corporations that engage in film investment. Mr. Dong has been the producer and co-producer of various international renowned films, including Crouching Tiger Hidden Dragon《臥虎藏龍》, Devils on the Doorstep《鬼子來了》, Breaking the Silence《漂亮媽媽》, Jasmine Women《茉莉花開》, Keep Cool《有話好好說》, Peacock《孔雀》, Mei Wan Mei Liao《沒完沒了》and The Emperor and The Assassin《荊軻刺秦王》. All these films have won numerous major prizes in both domestic and overseas film festivals. From August 2003 to April 2005, he was the president of Asian Union Film and Media. In between 31st May, 2005 and 11th January, 2008, he was appointed as an executive director of Media China Corporation Limited(華億媒體有限公司), and was named as the chairman of the board of directors from 12th May, 2006 to 11th January, 2008. Mr. Dong has extensive experience, knowledge and connection in investment and operation of Chinese media, advertisement, satellite TV, film productions and media fields. Mr. Dong is the brother-in-law of Mr. Zhao Chao.

Mr. Ng Qing Hai, aged 53, appointed on 15th May, 2001, is the President of the Company. He had been the Chief Executive Officer of the Company up to 20th April, 2010. Mr. Ng is also the deputy managing director of Tian An China Investments Company Limited. He graduated from the Accounting Department of Shanghai Institute of Building Materials in 1983. Mr. Ng became a member of the Association of Registered Accountants of the People's Republic of China in 1994. He was admitted as Management Consultant by GROUPE ESSEC of France in 1988, and became the vice chairman of China Building Materials Enterprises Management Association in 2004 and a fellow of Asian Knowledge Management Association in 2006 and also became the vice chairman of Shanghai Cement Industrials Association in 2008. Mr. Ng has extensive experience in managing enterprises.

Mr. Zhao Chao, aged 45, appointed on 23rd April, 2009, is an Executive Director of the Company. Mr. Zhao was graduated from Renmin University of China majoring in photography between 1987 and 1990. He worked as a journalist at《環球企業資訊》in China Enterprise Management Association between 1990 and 1993. From 1993 to 1995, he took the position of general manager (PRC) at 香港華億集團有限公司. Subsequently from 1995 to 2003, he acted as the vice president of 北大華億影視文化有限責任公司. From 2003 to 21st April, 2009, he was the vice president of Asian Union Film and Media. Mr. Dong Ping is the brother-in-law of Mr. Zhao.

During his time in Asian Union Film and Media, Mr. Zhao participated in the planning and distribution of a number of films such as The Emperor and The Assassin《荊軻刺秦王》, Mei Wan Mei Liao《沒完沒了》, Breaking the Silence《漂亮媽媽》, Crouching Tiger Hidden Dragon《臥虎藏龍》, Devils on the Doorstep《鬼子來了》, And the Spring Comes《立春》, Letter from an Unknown Woman《一個陌生女人的來信》, Jasmine Women《茉莉花開》 and Peacock《孔雀》. Moreover, he engaged in the marketing and distribution of a hundred of classic Chinese films and animation films, including Yellow Earth《黃土地》, The Big Parade《大閱兵》, The River Flows Eastwards《一江春水向東流》, Two Stars《銀漢雙星》, Red Sorghum《紅高粱》, Jigong Versus Cricket《濟公鬥蟋蟀》and Baby Tadpoles Look for Their Mother《小蝌蚪找媽媽》to the overseas market.

Executive Director *(Continued)*

Mr. Kong Muk Yin, aged 44, appointed on 4th July, 2007, is an Executive Director of the Company. Mr. Kong is also an executive director of COL Capital Limited and APAC Resources Limited. He was graduated from City University of Hong Kong with a Bachelor's degree in business studies. He is a fellow member of The Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst and he has extensive experience in corporate finance, financial management, accounting and auditing. He was an executive director of Greenfield Chemical Holdings Limited from 13th October, 2009 to 21st January, 2010.

Independent Non-Executive Director

Mr. Chen Ching, aged 61, appointed on 27th September, 2004, is an Independent Non-Executive Director of the Company. Mr. Chen is currently a director of China Ocean Management Limited. He was a director of Genesis Energy Holdings Limited from 1999 to 2001. He served as a senior executive in various companies within the food sector and metal sector in the People's Republic of China. Mr. Chen has over twenty five years of experience in financial management.

Mr. Jin Hui Zhi, aged 50, appointed on 14th December, 2004, is an Independent Non-Executive Director of the Company. Mr. Jin is currently an independent non-executive director of Tian An China Investments Company Limited, the chairman of Shanghai Horizon Investment Co. Ltd. ("Shanghai Horizon") and the deputy president of the Youth Entrepreneur Association of Shanghai. Shanghai Horizon is a company principally engaged in the investment of three major industries, namely bio-engineering, commercial real estate and medical. During the period from 1996 to 2000, he was the general manager and chairman of Shanghai Huaihai Commerce Group. Mr. Jin was formerly chief member of Youth Work Ministry, chief member and deputy director of Research Department, member of Standing Committee and minister of Youth Work Ministry of China Communist Youth League Shanghai Committee. He has extensive experience in the business market. Mr. Jin holds a MBA degree.

Mr. Li Chak Hung, aged 45, appointed on 27th September, 2004, is an Independent Non-Executive Director of the Company. He holds a Bachelor's Degree of Business Administration and is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants in the United Kingdom. He has over twenty years of experience in auditing, accounting and financial management. Mr. Li is also an independent non-executive director of Quality HealthCare Asia Limited, a company listed on The Stock Exchange of Hong Kong Limited.

Senior Management

Mr. Cui Bin, aged 36, joined the Company on 20th April, 2010 and is the Chief Executive Officer of the Company. He graduated from China Europe International Business School with a degree of MBA. Mr. Cui joined the People's Daily in 1997 for the management of the overseas edition of the advertising business. Since then, He has been active in the Chinese media market in the forefront of the operation. Founded the Beijing Times in 2001 in Beijing in cooperation with the People's Daily and social capital, Mr. Cui served as the deputy general manager of the advertising center of the Beijing Times. In 2003, he became the general manager of the Youth Daily in Shanghai and led the transformation of the newspaper. He took up the roles of executive director, chief marketing officer and executive vice president of Towona Media Holding Company Limited, a new media group invested by Baring Private Equity Asia, CDH Investments, Cathay Capital Group, Chengwei Ventures and Walden International, in 2006. Mr. Cui had been a committee member of the Shanghai Youth Federation and Department of Academic Committee of China Advertising Association. Not only did Mr. Cui accomplish outstanding performance in business, but he also achieved success in academia. He published many books such as "Advertising Practices in China", and was awarded "China's Top 10 Media Figures", "China's Top 10 Innovative Media Figures", "China's Top 10 Media Modern Figures", "New Media Leaders in China" and "China 100 Most Influential Media" and so on.

Mr. Lam Fuk Tak, aged 34, joined the Company in April 2009 and is the Chief Financial Officer and Qualified Accountant of the Company. He is a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam holds a Bachelor in Commerce from the University of Wollongong Australia and has over 10 years of experience in international accounting firms.

Ms. Fung Ching Man, **Ada**, aged 43, joined the Company in July 2007 and is the company secretary of the Company. She is an associate member of The Institute of Chartered Secretaries and Administrators and has over 20 years of experience in company secretarial profession.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The board of directors of the Company (the "Board") believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the light of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Board has reviewed the corporate governance practices of the Company with the adoption and improvement of the various procedures and documentation which are detailed in this report. The Company has applied the principles of and complied with the applicable code provisions of the CG Code during the year ended 31st December, 2009 except for certain deviations as specified with considered reasons for such deviations as explained below. The Board will review the current practices at least annually and make appropriate changes if considered necessary.

THE BOARD

The Board currently comprises seven Directors in total, with four Executive Directors and three Independent Non-Executive Directors ("INEDs"). The composition of the Board during the year and up to the date of this report is set out as follows:

Executive Directors

Mr. Dong Ping *(Chairman)*	*(Appointed on 23rd April, 2009)*
Mr. Ng Qing Hai *(President)*	
Mr. Zhao Chao	*(Appointed on 23rd April, 2009)*
Mr. Kong Muk Yin	
Dato' Wong Peng Chong *(Vice President)*	*(Resigned on 9th December, 2009)*

Non-Executive Director

Ms. Chong Sok Un	*(Resigned on 23rd April, 2009)*

INEDs

Mr. Chen Ching
Mr. Jin Hui Zhi
Mr. Li Chak Hung

THE BOARD *(Continued)*

The brief biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 14 to 16.

During the year, the Non-Executive Directors (a majority of whom are independent) provided the Group with a wide range of expertise and experience. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all shareholders.

Throughout the year, the Company had three INEDs representing more than one-third of the Board. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results. During the year, four Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

Director		Number of Board meetings attended/eligible to attend
Executive Directors		
Mr. Dong Ping *(Chairman)*	*(Appointed on 23rd April, 2009)*	3/3
Mr. Ng Qing Hai *(President)*		3/4
Mr. Zhao Chao	*(Appointed on 23rd April, 2009)*	3/3
Mr. Kong Muk Yin		4/4
Dato' Wong Peng Chong *(Vice President)*	*(Resigned on 9th December, 2009)*	3/3
Non-Executive Director		
Ms. Chong Sok Un	*(Resigned on 23rd April, 2009)*	1/1
INEDs		
Mr. Chen Ching		3/4
Mr. Jin Hui Zhi		4/4
Mr. Li Chak Hung		4/4

THE BOARD *(Continued)*

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointment or re-appointment, material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the day-to-day responsibility to the executive management under the instruction/supervision of the Executive Committee which has its specific written terms of reference. The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in June 2005. The Board will review the same once a year.

Board meetings each year are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to current Board practice, any transaction which involves a conflict of interests for a substantial shareholder or a Director and which is considered by the Board to be material, will be dealt with by the Board at a duly convened Board meeting. The Bye-laws of the Company also stipulate that a Director should abstain from voting and not be counted in the quorum at meetings for approving transactions in which such Director or any of his associates have a materially interest therein.

Each Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure was established in June 2005 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer ("CEO") shall be separated and shall not be performed by the same individual. Under the current organisational structure of the Company, Mr. Dong Ping, who has been appointed as the Chairman of the Company on 23rd April, 2009, is primarily responsible for the leadership of the Board, ensuring that (i) all significant policy issues are discussed by the Board in a timely and constructive manner; (ii) all Directors are properly briefed on issues arising at Board meetings; and (iii) the Directors receive accurate, timely and clear information. The functions of the CEO are performed by Mr. Cui Bin who was appointed in place of Mr. Ng Qing Hai to take up the role of the CEO of the Company on 20th April, 2010 and is responsible for the day-to-day management of the Group's business. Their responsibilities are clearly segregated and have been set out in writing and approved by the Board in June 2005.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In June 2005, the Board established and adopted a written nomination procedure (the "Nomination Procedure") specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Executive Committee shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment), identify and recommend the proposed candidate to the Board for approval of an appointment.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a Director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group's businesses and activities.

Each of the INEDs was appointed for a specific term but subject to the relevant provisions of the Bye-laws of the Company or any other applicable laws whereby the Directors shall vacate or retire from their office. Such term for each of INEDs has been renewed for further two years to 31st December, 2010.

The code provision A.4.2 of the CG Code requires all Directors, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. The Company has fully complied with code provision A.4.2 of the CG Code.

BOARD COMMITTEES

The Board has established various committees, including a Remuneration Committee, an Audit Committee and an Executive Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 19 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.

Remuneration Committee

The Remuneration Committee has been established since June 2005 and currently consists of three members, including Messrs. Chen Ching (Chairman), Jin Hui Zhi and Li Chak Hung, all of whom are INEDs. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

(i) to review and recommend to the Board the remuneration policy and packages of the Directors and, where appropriate, to consult the Chairman (if any) and/or CEO about the committee's proposals relating to the remuneration of other Executive Directors;

(ii) to review and recommend performance-based remuneration by reference to corporate goals and objectives approved by the Board from time to time;

(iii) to review and recommend the compensation payable to Executive Directors relating to any loss or termination of their office or appointment;

(iv) to review and recommend compensation arrangements relating to dismissal or removal of Directors for misconduct; and

(v) to ensure that no Director is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee of the Company were adopted in June 2005 to comply with the code provision B.1.3 of the CG Code, but with a deviation from the code provision of the remuneration committee's responsibilities to determine the specific remuneration packages of all executive directors and senior management of a listed company. The Board considers that the Remuneration Committee of the Company should review (as opposed to determine) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management for the following reasons:

(i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior management and that this evaluation process is more effectively carried out by the Executive Directors;

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

(ii) the Remuneration Committee members only consist of INEDs who may not be industry skilled and come from differing professions and backgrounds and they are not involved in the daily operation of the Company. They may have little direct knowledge of industry practice and standard compensation packages. The Remuneration Committee is thus not in a position to properly determine the remuneration of the Executive Directors;

(iii) the Executive Directors must be in a position to supervise and control senior management and thus must be able to control their compensation; and

(iv) there is no reason for Executive Directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

The terms of reference of the Remuneration Committee has been uploaded to the Company's website to ensure full compliance with the code provision B.1.4 of the CG Code.

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2009 and the attendance of each member is set out as follows:

Committee member	Number of Committee meeting attended/eligible to attend
Mr. Chen Ching *(Chairman)*	1/1
Mr. Jin Hui Zhi	1/1
Mr. Li Chak Hung	1/1

Apart from the Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during 2009. In 2009, the Remuneration Committee had reviewed the existing remuneration packages of all the Executive Directors and Non-Executive Directors (including the INEDs) for the year ended 31st December, 2008, including the existing policy and structure for the remuneration of Directors.

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

Each Director will be entitled to a Director's fee which is to be proposed for the shareholders' approval at the Annual General Meeting of the Company ("AGM") each year. Further remuneration payable to Directors (including any service fees to the INEDs) for their additional responsibilities and services will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee. Details of the Directors' remuneration are set out in note 12 to the consolidated financial statements. Details of the remuneration policy of the Group are also set out in the "Employees and Remuneration Policies" section in the Chairman's Statement on page 13.

The Company's share option scheme was adopted pursuant to a resolution passed by the shareholders of the Company on 23rd May, 2002. No share option was granted to the Directors of the Company under the share option scheme of the Company during the year ended 31st December, 2009, nor there any share option outstanding as at 31st December, 2009.

Audit Committee

The Audit Committee has been established since August 2001 and currently consists of three INEDs. To retain independence and objectivity, the Audit Committee has been chaired by an INED (with appropriate professional qualifications or accounting or related financial management expertise). The current members of the Audit Committee are Messrs. Li Chak Hung (Chairman), Chen Ching and Jin Hui Zhi. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The major roles and functions of the Audit Committee are:

(i) to consider and recommend to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of those auditors;

(ii) to consider and discuss with the external auditor the nature and scope of each year's audit;

(iii) to review and monitor the external auditor's independence and objectivity;

(iv) to review the interim and annual consolidated financial statements before submission to the Board;

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

(v) to discuss any problems and reservation arising from the interim review and final audit, and any matters the external auditor may wish to discuss;

(vi) to review the external auditor's management letters and management's response;

(vii) to review the Group's financial controls, internal control and risk management systems; and

(viii) to consider any findings of major investigations of internal control matters as delegated by the Board and management's response.

The terms of reference of the Audit Committee of the Company were revised from time to time to comply with the code provision C.3.3 of the CG Code, but with the deviations from the code provision of the audit committee's responsibility to:

(i) implement policy on the engagement of the external auditors to supply non-audit services;

(ii) ensure the management has discharged its duty to have an effective internal control system; and

(iii) ensure coordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the listed company.

The Board considers that the Audit Committee of the Company should recommend (as opposed to implement) the policy on the engagement of the external auditor to supply non-audit services for the following reasons:

(i) it is proper, and appropriate for the Board and its committees to develop policy and make appropriate recommendations;

(ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and

(iii) INEDs are not in an effective position to implement policy and follow up the same on a day-to-day basis.

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

Further, the Board considers that the Audit Committee of the Company only possesses the effective ability to scrutinise (as opposed to ensure) whether management has discharged its duty to have an effective internal control system. The Committee is not equipped to ensure that the same is in place as this would involve day-to-day supervision and the employment of permanent experts. The Audit Committee is not in a position either to ensure coordination between the internal and external auditors but it can promote the same. Similarly, the Committee cannot ensure that the internal audit function is adequately resourced but it can check whether it is adequately resourced.

The terms of reference of the Audit Committee are available on the Company's website.

The Audit Committee shall meet at least twice a year. Four committee meetings were held in 2009 and the attendance of each member is set out as follows:

Committee member	Number of Committee meetings attended/eligible to attend
Mr. Li Chak Hung *(Chairman)*	4/4
Mr. Chen Ching	4/4
Mr. Jin Hui Zhi	4/4

Apart from the Committee meetings, the Audit Committee also dealt with matters by way of circulation during 2009. In 2009, the Audit Committee had performed the work summarised as below:

(i) reviewed and approved the audit scope and fees proposed by the external auditor in respect of the final audit of the Group for the year ended 31st December, 2008 (the "2008 Final Audit") and for the interim results review for the six months ended 30th June, 2009 (the "2009 Interim Review");

(ii) reviewed the external auditor's report of findings in relation to the 2008 Final Audit;

(iii) reviewed the external auditor's independent review report in relation to the 2009 Interim Review;

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

(iv) reviewed the financial reports for the year ended 31st December, 2008 and for the six months ended 30th June, 2009 and recommended the same to the Board for approval; and

(v) reviewed and recommended the revised terms of reference of the Audit Committee to align with the amendment of the code provision C.3.3 of the CG Code contained in Appendix 14 of the Listing Rules for the Board's approval.

Executive Committee

The Executive Committee has been established since December 2004 and currently consists of four Executive Directors, being Mr. Dong Ping (Chairman) Mr. Ng Qing Hai, Mr. Zhao Chao and Mr. Kong Muk Yin. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee meets periodically to discuss the operating affairs of the Group and also deals with matters by way of circulation. It is mainly responsible for undertaking and supervising the day-to-day management and is empowered:

(i) to formulate and implement policies for the business activities, internal control and administration of the Group; and

(ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

To comply with the code provision A.5.4 of the CG Code, the Company has also adopted in June 2005 the Model Code, to regulate dealings in the securities of the Company by certain employees of the Company or its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from the finance department, the consolidated financial statements of the Group. In preparing the consolidated financial statements for the year ended 31st December, 2009, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance were complied with. Appropriate accounting policies have also been applied consistently.

The reporting responsibilities of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, are set out in the Independent Auditor's Report on pages 36 to 37.

Internal Control

The purpose of the internal control systems is to keep the Group on course towards achieving its performance and profitability goals and its overall mission. The immediate aim of internal control is to help to provide a reasonable level of assurance that the Group will meet the agreed objectives and goals. It has a key role in the management of risks that are significant to the fulfilment of business objectives. It is the Board's responsibility to review the effectiveness of the Group's internal control systems and ensure that the controls are sound and effective to safeguard the shareholders' investment and the Group's assets at all times.

External Auditor's Remuneration

During the year, the remuneration paid/payable to the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Services rendered for the Group	**Fee paid/payable**
	HK$'000
Audit services	1,924
Non-audit services	2005
Total	3,929

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company's AGM is a valuable forum for the Board to communicate directly with the shareholders. The Chairman actively participates in the AGM and personally chairs the meeting to answer any questions from the shareholders. The chairmen of the Audit Committee and the Remuneration Committee or in their absence, another member of the respective committees, are also available to answer questions at the AGM. A separate resolution is proposed by the Chairman in respect of each issue to be considered at the AGM.

The Company's last AGM was held on 9th June, 2009 and the AGM circular was distributed to shareholders at least 21 days prior to the AGM, setting out details of each proposed resolution, voting procedures and other relevant information. The Chairman explained the procedures for demanding and conducting a poll again at the beginning of the last AGM.

The next AGM will be held on 9th June, 2010, the notice of which will be sent to shareholders at least 20 clear business days before the meeting. An explanation of the detailed procedures for conducting a poll will be provided to the shareholders at the commencement of the meeting. The Chairman will answer any questions from shareholders regarding voting by way of a poll. The poll results will be published in accordance with the requirements of the Listing Rules.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code of the Stock Exchange but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders to promote and improve our transparency are also welcome.

On behalf of the Board
Dong Ping
Chairman

Hong Kong, 20th April, 2010

The directors of the Company (the "Directors") present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31st December, 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries as at 31st December, 2009 are set out in note 45 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2009 are set out in the consolidated income statement on page 38.

The Directors do not recommend the payment of a dividend for the year ended 31st December, 2009 (2008: nil).

PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

Details of movements in the property, plant and equipment and prepaid lease payments of the Group during the year are set out in notes 17 and 18 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movement in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out on page 42 and in note 44(e) to the consolidated financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132.

BORROWINGS

Bank loans and other borrowings repayable within one year or on demand are classified under current liabilities. Details of non-current borrowings are set out in note 33 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Dong Ping *(Chairman)*	*(Appointed on 23rd April, 2009)*
Mr. Ng Qing Hai *(President)*	
Mr. Zhao Chao	*(Appointed on 23rd April, 2009)*
Mr. Kong Muk Yin	
Dato' Wong Peng Chong *(Vice-President)*	*(Resigned on 9th December, 2009)*

Non-Executive Director

Ms. Chong Sok Un	*(Resigned on 23rd April, 2009)*

Independent Non-Executive Directors

Mr. Chen Ching
Mr. Jin Hui Zhi
Mr. Li Chak Hung

In accordance with bye-law 87(2) of the Company's Bye-laws, Messrs. Ng Qing Hai, Kong Muk Yin and Chen Ching will retire from office by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Directors' biographical details are set out on pages 14 to 16.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 31st December, 2009, the interests and short positions of the Directors and the chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares of the Company

Name of Directors	Number of ordinary shares of HK$0.25 each: Personal interests	Corporate interests	Other interests	Total	Approximate percentage of the issued shares *(Note 1)*
Mr. Dong Ping ("Mr. Dong")	12,530,000 *(Note 2)*	–	–	12,530,000	0.85%
Mr. Zhao Chao ("Mr. Zhao")	–	331,288,020 *(Note 3)*	–	331,288,020	22.36%

Notes:

1. The total number of issued ordinary shares of the Company as at 31st December, 2009 was 1,481,592,564.

2. This figure referred to the aggregate holding of 12,530,000 ordinary shares beneficially held by Mr. Dong.

3. As at 31st December, 2009, Basic Charm Investment Limited ("Basic Charm"), a wholly-owned subsidiary of Rainstone International Limited ("Rainstone"), held 331,288,020 ordinary shares of the Company. Mr. Zhao maintained 100% beneficial interest in Rainstone. Accordingly, Mr. Zhao was deemed to have corporate interest in 331,288,020 ordinary shares of the Company.

Save as disclosed above, as at 31st December, 2009, none of the Directors, chief executives of the Company nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The share option scheme was adopted by the Company pursuant to a resolution passed by the shareholders of the Company on 23rd May, 2002 (the "Share Option Scheme"). No share option of the Company was granted under the Share Option Scheme during the year ended 31st December, 2009, nor there any share option outstanding as at 31st December, 2009.

Details of share options of the Company is set out in notes 35 and 43(b) to the consolidated financial statements.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Share Options" above, at no time during the year was the Company, any of its holding companies, any of its subsidiaries or any of its fellow subsidiaries a party to any arrangements to enable the Directors or former Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, former Directors, chief executives or their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, any of its holding companies, any of its subsidiaries or any of its fellow subsidiaries was a party and in which the Directors or former Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 36% and the largest customer accounted for approximately 11% of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 40% and the largest supplier accounted for approximately 11% of the Group's total purchases for the year.

None of the Directors, their associates, or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have any interest in the Group's five largest customers and five largest suppliers.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31st December, 2009, the following persons had interests or short positions in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	**Capacity**	**Number of ordinary shares held**	**Approximate percentage of issued shares** *(Note 1)*
Mr. Zhao	Held by controlled corporation *(Note 2)*	331,288,020	22.36%
Rainstone	Held by controlled corporation *(Note 2)*	331,288,020	22.36%
Basic Charm	Beneficial owner *(Note 2)*	331,288,020	22.36%
Chong Sok Un ("Ms. Chong")	Held by controlled corporation *(Note 3)*	90,000,000	6.07%
China Spirit Limited ("CSL")	Held by controlled corporation *(Note 3)*	90,000,000	6.07%
Vigor Online Offshore Limited ("Vigor")	Held by controlled corporation *(Note 3)*	90,000,000	6.07%
COL Capital Limited ("COL")	Held by controlled corporation *(Note 3)*	90,000,000	6.07%

Notes:

1. The total number of issued ordinary shares of the Company as at 31st December, 2009 was 1,481,592,564.

2. As at 31st December, 2009, Basic Charm, a wholly-owned subsidiary of Rainstone, held 331,288,020 ordinary shares of the Company. Mr. Zhao owned 100% beneficial interest in the issued share capital of Rainstone and was therefore deemed to have same interest held by Rainstone.

3. The figure referred to the aggregate holding of 90,000,000 ordinary shares beneficially held by Sparkling Summer Limited ("SSL"), a direct wholly-owned subsidiary of Classic Fortune Limited ("CFL"). CFL was a direct wholly-owned subsidiary of COL and COL was therefore deemed to have the same interest held by SSL. Vigor owned approximately 64.29% interest in the issued share capital of COL and was therefore deemed to have the same interest held by COL. CSL owned 100% interest in the issued share capital of Vigor and was therefore deemed to have the same interest held by Vigor. Ms. Chong owned 100% beneficial interest in the issued share capital of CSL and was therefore deemed to have the same interest held by CSL.

All the interests disclosed above represent long positions. As at 31st December, 2009, no short positions were recorded in the register kept by the Company under Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

None of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

CONTINUING CONNECTED TRANSACTION

Pursuant to the leasing agreement dated 16th December, 1995 entered into between Shanghai Allied Cement Co., Ltd. ("Shanghai SAC") (in which the Company indirectly held 60% interest up to the date of the disposal of Shanghai SAC which was completed on 16th September, 2009 (the "Disposal Date")) and Shanghai Cement Factory ("SCF"), a substantial shareholder of Shanghai SAC, certain equipments and facilities were leased from SCF for the use of Shanghai SAC (the "Transaction"). The aggregate amount of the Transaction for the period from 1st January, 2009 to the Disposal Date amounted to HK$4,661,000. The Company has been granted a waiver by the Stock Exchange from the strict compliance of the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in respect of the Transaction.

The Independent Non-Executive Directors have reviewed the Transaction for 2009 and confirmed that the Transaction was:

(i) entered into in the ordinary and usual course of business of the Group;

(ii) conducted on normal commercial terms;

(iii) entered into in accordance with the terms of the leasing agreement governing the Transaction and was fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(iv) the aggregate annual amount of the Transaction in 2009 was within the relevant maximum amount as agreed by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2009.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 28.

PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements for the year ended 31st December, 2009 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
Dong Ping
Chairman

Hong Kong, 20th April, 2010

INDEPENDENT AUDITOR'S REPORT

德勤 • 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE SHAREHOLDERS OF CHINAVISION MEDIA GROUP LIMITED
(FORMERLY KNOWN AS SHANGHAI ALLIED CEMENT LIMITED
上海聯合水泥股份有限公司)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of ChinaVision Media Group Limited (the "Company") and its subsidiaries (collectively referred as the "Group") set out on pages 38 to 131, which comprise the consolidated statement of financial position as at 31st December, 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY *(Continued)*

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20th April, 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Continuing operations:			
Revenue	8	**388,935**	552,847
Cost of sales		**(350,614)**	(509,121)
Gross profit		**38,321**	43,726
Other income	9	**36,081**	71,831
Other gains, net	10	**6,522**	12,924
Loss on disposal of subsidiaries	41(a)	**(202,425)**	–
Distribution and selling expenses		**(12,220)**	(8,178)
Administrative expenses		**(49,778)**	(34,173)
Finance costs	11	**(35,158)**	(73,923)
(Loss) profit before taxation		**(218,657)**	12,207
Taxation charge	13	**(400)**	(1,857)
(Loss) profit from continuing operations		**(219,057)**	10,350
Discontinued operation:			
Profit for the year from discontinued operation	14	**–**	139
(Loss) profit for the year	15	**(219,057)**	10,489
(Loss) profit for the year attributable to:			
Owners of the Company		**(225,296)**	2,487
Minority interests		**6,239**	8,002
		(219,057)	10,489
		HK cents	HK cents
(Loss) earnings per share	16		
From continuing and discontinued operations			
Basic		**(16.73)**	0.28
Diluted		**(16.73)**	N/A
From continuing operations			
Basic		**(16.73)**	0.27
Diluted		**(16.73)**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2009

	2009 HK$'000	2008 HK$'000
(Loss) profit for the year	**(219,057)**	10,489
Other comprehensive income and expense:		
Exchange difference arising on translation to presentation currency	**(72)**	28,823
Reclassification adjustment – release of translation reserve on disposal of subsidiaries	**–**	(2,157)
Other comprehensive income and expense for the year	**(72)**	26,666
Total comprehensive income and expense for the year	**(219,129)**	37,155
Total comprehensive income and expense attributable to:		
Owners of the Company	**(225,368)**	17,989
Minority interests	**6,239**	19,166
	(219,129)	37,155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	17	**19,050**	471,596
Prepaid lease payments on land use rights	18	**–**	16,510
Goodwill	19	**39,781**	69,479
Mining right	20	**–**	7,770
Intangible assets	21	**8,001**	–
Club debenture	22	**2,591**	–
Art work	23	**8,780**	–
Deposit paid for acquisition of property, plant and equipment		**268**	–
Deposit paid for acquisition of an associate	39(a)	**6,818**	–
Other receivables	29	**2,856**	–
Other financial asset	30	**34,091**	–
		122,236	565,355
Current assets			
Refundable deposit and loan receivable	24	**–**	241,219
Properties held for sale	25	**–**	1,333
Prepaid lease payments on land use rights	18	**–**	439
Inventories	26	**–**	48,554
Film rights	27	**59,114**	–
Held for trading investments	28	**57,822**	–
Trade and other receivables and deposits	29	**98,745**	228,240
Amounts due from minority shareholders	42	**756**	–
Prepayments		**1,544**	18,604
Tax recoverable		**–**	721
Pledged short-term bank deposits	31	**–**	13,636
Bank balances and cash	31	**126,671**	60,647
		344,652	613,393
Current liabilities			
Trade and other payables and deposits received	32	**23,154**	109,467
Amount due to a minority shareholder	42	**682**	4,876
Amounts due to related companies	42	**9,087**	2,283
Tax liabilities		**7,891**	1,377
Borrowings due within one year	33	**17,081**	515,079
		57,895	633,082
Net current assets (liabilities)		**286,757**	(19,689)
Total assets less current liabilities		**408,993**	545,666

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	NOTES	**2009** HK$'000	2008 HK$'000
Capital and reserves			
Share capital	34	**370,398**	182,349
Reserves		**(10,809)**	130,725
Equity attributable to owners of the Company		**359,589**	313,074
Minority interests		**45,737**	192,882
Total equity		**405,326**	505,956
Non-current liabilities			
Amount due to a minority shareholder	42	**–**	450
Borrowings due after one year	33	**–**	10,341
Deferred taxation	36	**3,667**	28,919
		3,667	39,710
		408,993	545,666

The consolidated financial statements on pages 38 to 131 were approved and authorised for issue by the Board of Directors on 20th April, 2010 and are signed on its behalf by:

Dong Ping
Director

Zhao Chao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2009

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Translation reserve HK$'000	Merger reserve HK$'000 (Note a)	Capital reserve HK$'000	Other reserves HK$'000 (Note b)	Shares issuable reserve HK$'000 (Note c)	Retained profits (accumulated losses) HK$'000 (Note d)	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January, 2008	182,349	–	918	44,203	26,589	1,799	824	14,108	–	24,295	295,085	186,677	481,762
Exchange difference arising on translations to presentation currency	–	–	–	–	16,211	–	–	–	–	–	16,211	12,612	28,823
Release of translation reserve on disposal of subsidiaries	–	–	–	–	(709)	–	–	–	–	–	(709)	(1,448)	(2,157)
Profit for the year	–	–	–	–	–	–	–	–	–	2,487	2,487	8,002	10,489
Total comprehensive income and expense for the year	–	–	–	–	15,502	–	–	–	–	2,487	17,989	19,166	37,155
Transfer to other reserves	–	–	–	–	–	–	–	1,017	–	(1,017)	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(5,230)	(5,230)
Dividend paid to a minority shareholder	–	–	–	–	–	–	–	–	–	–	–	(7,731)	(7,731)
At 31st December, 2008	**182,349**	**–**	**918**	**44,203**	**42,091**	**1,799**	**824**	**15,125**	**–**	**25,765**	**313,074**	**192,882**	**505,956**
Exchange difference arising on translation to presentation currency	–	–	–	–	(72)	–	–	–	–	–	(72)	–	(72)
(Loss) profit for the year	–	–	–	–	–	–	–	–	–	(225,296)	(225,296)	6,239	(219,057)
Total comprehensive income and expense for the year	–	–	–	–	(72)	–	–	–	–	(225,296)	(225,368)	6,239	(219,129)
Transfer to retained profits/ (accumulated losses) upon disposal of subsidiaries	–	–	–	–	(32,060)	–	(824)	(16,037)	–	48,921	–	–	–
Transfer to other reserves	–	–	–	–	–	–	–	912	–	(912)	–	–	–
Recognition of shares to be issued for acquisition of subsidiaries	–	–	–	–	–	–	–	–	22,500	–	22,500	–	22,500
Dividend paid to a minority shareholder	–	–	–	–	–	–	–	–	–	–	–	(8,815)	(8,815)
Shares issued	188,049	70,661	–	–	–	–	–	–	–	–	258,710	–	258,710
Transaction costs attributable to issue of shares	–	(9,327)	–	–	–	–	–	–	–	–	(9,327)	–	(9,327)
Capital contribution from a minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	556	556
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	40,097	40,097
Disposal of subsidiaries (note 41(a))	–	–	–	–	–	–	–	–	–	–	–	(185,222)	(185,222)
At 31st December, 2009	**370,398**	**61,334**	**918**	**44,203**	**9,959**	**1,799**	**–**	**–**	**22,500**	**(151,522)**	**359,589**	**45,737**	**405,326**

Notes:

(a) The merger reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued by the Company as consideration for the acquisition under the reorganisation.

(b) Other reserves comprise reserve fund and enterprise expansion fund of some subsidiaries established in the People's Republic of China (the "PRC") and the effect of fair value adjustment at initial recognition of interest-free amount due to former ultimate holding company. The reserve fund is to be used to expand the enterprise's working capital. When the enterprise suffers losses, the reserve fund may be used to make up unrecovered losses under special circumstances. The enterprise expansion fund is to be used for business expansion and, if approved, can also be used to increase capital. Other reserves were all transferred to retained profits (accumulated losses) upon disposal of those PRC subsidiaries.

(c) Share issuable reserve represents 40,000,000 ordinary shares of the Company with par value of HK$0.25 each to be issued after the year ended 31st December, 2009 and 20,000,000 ordinary shares of the Company with par value of HK$0.25 each to be issued after the year ending 31st December, 2010. The details of the arrangement are set out in note 40(b).

(d) Remittance outside the PRC of retained profits of the subsidiaries established in the PRC is subject to approval of the local authorities and the availability of foreign currencies generated and retained by these subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation			
Continuing operations		**(218,657)**	12,207
Discontinued operation		**–**	139
		(218,657)	12,346
Adjustments for:			
Allowance for bad and doubtful debts		**233**	410
Bad and doubtful debts recovered		**(381)**	(2,866)
Depreciation and amortisation		**21,506**	28,691
Release of prepaid lease payments on land use rights		**311**	439
Loss (gain) on disposal of property, plant and equipment		**198**	(39)
Finance costs		**35,158**	73,923
Unrealised gain on change in fair value of held for trading investments		**(3,642)**	–
Interest income		**(22,551)**	(39,944)
Loss (gain) on disposal of subsidiaries		**202,425**	(258)
Effect of foreign exchange rate changes		**(72)**	(8,800)
Operating cash inflow before movements in working capital		**14,528**	63,902
Change in inventories		**(2,175)**	(6,994)
Change in film rights		**10,276**	–
Change in trade and other receivables and deposits		**(18,044)**	35,417
Change in prepayments		**5,402**	(9,989)
Change in amounts due from minority shareholders		**–**	1,281
Change in held for trading investments		**(54,180)**	–
Change in trade and other payables and deposits received		**(25,476)**	(47,210)
Change in amount due to a minority shareholder		**(3,182)**	–
Change in amounts due to related companies		**(28,231)**	1,506
Cash (used in) generated from operations		**(101,082)**	37,913
Income tax refund (paid)		**2,617**	(6,167)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(98,465)**	31,746

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(32,445)**	(17,499)
Purchase of art work		**(8,780)**	–
Purchase of club debenture		**(2,591)**	–
Acquisition of additional interest in a subsidiary		**–**	(5,230)
Change in pledged bank deposits		**2,272**	14,554
Proceeds from disposal of property, plant and equipment		**2,197**	2,010
Acquisition of subsidiaries, net of cash and cash equivalent acquired	40	**(18,564)**	–
Advance to a third party	29	**(30,000)**	–
Change in other financial asset	30	**(34,091)**	–
Deposit paid for acquisition of property, plant and equipment		**(268)**	–
Deposit paid for acquisition of an associate		**(6,818)**	–
Disposal of subsidiaries, net of cash and cash equivalents	41	**139,220**	1,572
Interest received		**20,799**	1,129
Repayment of refundable deposit and loan receivable		**241,219**	–
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		**272,150**	(3,464)
FINANCING ACTIVITIES			
Repayments of loans		**(404,761)**	(116,207)
Interest paid		**(11,454)**	(62,357)
Dividends paid to a minority shareholder		**(1,883)**	(8,469)
(Repayment to) advance from a minority shareholder		**(7,163)**	4,876
New loans raised		**68,217**	170,809
Proceeds from issue of shares		**258,710**	–
Expenses on issue of shares		**(9,327)**	–
NET CASH USED IN FINANCING ACTIVITIES		**(107,661)**	(11,348)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**66,024**	16,934
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**60,647**	41,269
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**–**	2,444
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**126,671**	60,647

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and The Singapore Exchange Securities Trading Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 45.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is different from the functional currency of the Company, Renminbi ("RMB"), as the directors of the Company consider that Hong Kong dollars is the most appropriate presentation currency in view of its place of first listing, which is in Hong Kong.

2. CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders at a special general meeting of the Company held on 9th September, 2009, the name of the Company was changed from Shanghai Allied Cement Limited to ChinaVision Media Group Limited, and 文化中國傳播集團有限公司 has been adopted by the Company as its new Chinese name. The change of name became effective on 14th October, 2009.

3. 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, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 32 (Amendment)	Classification of rights issues
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate

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

HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

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

New and revised HKFRSs affecting presentation and disclosure only *(Continued)*

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's operating segments (see note 8) and changes in the basis of measurement of segment consolidated income statement, segment assets and segment liabilities.

New and revised HKFRSs affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January, 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). The revised accounting policy has been applied prospectively from 1st January, 2009 and does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

HKAS 32 (Amendment) Classification of rights issues

The Group has early applied the amendment of HKAS 32 issued in October 2009 in relation to classification of right issues. Before the adoption of the amendment of HKAS 32, right issues offered for delivering a fixed number of shares for a fixed amount of foreign currency has to be accounted for as derivative financial liabilities. The amendment of HKAS 32 changed the classification of right issues. For rights issued to shareholders to acquire a fixed number of the Company's own equity instruments for a fixed amount of any currency, they are classified as equity instrument if the Company offers the rights, in pro rata basis, to all of its existing owners of the same class of its own non-derivative equity instruments. On 15th May, 2009, the Company proposed an open offer of 437,195,521 ordinary shares of the Company at a price of HK$ 0.30 per share, on the basis of one offer share for every two existing shares of the Company held on 4th June, 2009. The open offer was completed on 29th June, 2009. In adoption of the amendment of HKAS 32, the open offer issued in pro rata to all of its existing shareholder is classified as equity instrument.

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

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised 2009)	Related party disclosures[5]
HKAS 27 (Revised 2008)	Consolidated and separate financial statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[4]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised 2008)	Business combinations[1]
HKFRS 9	Financial instruments[6]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[4]

1 Effective for annual periods beginning on or after 1st July, 2009.
2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.
3 Effective for annual periods beginning on or after 1st January, 2010.
4 Effective for annual periods beginning on or after 1st July, 2010.
5 Effective for annual periods beginning on or after 1st January, 2011.
6 Effective for annual periods beginning on or after 1st January, 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

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

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 will affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(A) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

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

(B) Acquisition of additional interests in a subsidiary

The cost of the acquisition is measured at the consideration paid for the additional interest. Goodwill is calculated as the difference between the consideration paid and the carrying amount of the net assets of the subsidiary attributable to the additional interest acquired.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(C) Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in consolidated income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(D) Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

Goodwill arising on an acquisition of net assets and operations of another entity, for which the agreement date is before 1st January, 2005 represents the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree, at the date of acquisition.

For previously capitalised goodwill arising on acquisitions of net assets and operations of another entity, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill (net of cumulative amortisation as at 31st December, 2004) is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(D) Goodwill *(Continued)*

Goodwill arising on acquisitions prior to 1st January, 2005 *(Continued)*

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

On disposal of a business, the attributable amount of goodwill capitalised is included in the determination of the amount of consolidated income statement on disposal.

(E) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The accounting policy in respect of impairment losses on tangible and intangible assets below.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in consolidated income statement in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(F) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to consolidated income statement in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(G) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of properties held for sale is recognised when the respective properties have been delivered to the buyers.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Revenue from the licensing of broadcasting rights over films, television programmes and television drama series is recognised when the production of films, television programmes and television drama series are completed, the Group's entitlement to such payments has been established which is upon the delivery of the master copy or materials to the customers and the collectability of proceeds is reasonably assured.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(H) Property, plant and equipment

Property, plant and equipment, including buildings held for use in production or supply of goods or services, or for administrative purpose other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(H) Property, plant and equipment *(Continued)*

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognised of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in consolidated income statement in the period in which the item is derecognised.

(I) Mining right

On initial recognition, mining right acquired separately is recognised at cost. After initial recognition, mining right is carried at costs less accumulated amortisation and any accumulated impairment losses.

The mining right is amortised on a straight-line basis over its estimated useful life of 50 years.

Gain or loss arising from derecognition of mining right is measured at the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in consolidated income statement when the asset is derecognised.

(J) Club debenture

Club debenture is stated at cost less any identified impairment loss.

(K) Art work

Art work is stated at cost less any identified impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(L) Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(M) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating lease are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Prepaid lease payments

The prepaid lease payments representing upfront payments for land use right are initially recognised at cost and released to consolidated income statement over the lease term on a straight-line basis.

(N) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(O) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is computed using weighted average method. Net realisable value represents the estimated selling price less all estimated cost of completion and costs to be incurred in marketing, selling and distribution.

(P) Film rights

Film rights represent films, television programmes and television drama series produced by the Group or acquired by the Group.

Film rights are stated at cost less any identified impairment loss. The costs of film rights are allocated to the master copies or materials sold and are recognised as an expense in the consolidated income statement based on the proportion of actual income earned during the year to the total estimated income from the distribution of film rights.

(Q) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(Q) Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in consolidated income statement, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(R) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale for which the commencement date for capitalisation is on or after 1st January, 2009 are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as and included in finance costs in consolidated income statement in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(S) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in the consolidated income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated income statement for the period, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in the consolidated statement of comprehensive income, in which cases, the exchange differences are also recognised directly in the consolidated statement of comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities which are stated at functional currency other than HKD are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in the consolidated statement of comprehensive income and accumulated in equity (the translation reserve). Exchange differences in relation to foreign operations are recognised in consolidated income statement in the period in which the foreign operation is disposed of.

(T) Government grants

Government grants are recognised in the consolidated income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to subsidy income from government, refund of value added tax and business tax from tax authorities that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the consolidated income statement in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(U) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(V) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through consolidated income statement) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the consolidated income statement are recognised immediately in the consolidated income statement.

(i) Financial assets

The Group's financial assets are classified into one of the two categories, including held for trading investments and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(V) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Held for trading investments

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at held for trading investments are measured at fair value, with changes in fair value arising from remeasurement recognised directly in the consolidated income statement in the period in which they arise. The net gain or loss recognised in the consolidated income statement excludes any dividend or interest earned in the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including refundable deposit and loan receivable, trade and other receivables and deposits, amounts due from minority shareholders, pledged short-term bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. The accounting policy on impairment loss of financial assets is set out below.

(ii) Impairment of financial assets

Financial assets, other than held for trading investments, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(V) Financial instruments *(Continued)*

(ii) Impairment of financial assets (Continued)

For all other financial costs, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of one year, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in the consolidated income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount is reduced by the impairment loss directly for all loans and receivables with the exception of trade and other receivables and deposits, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement. When trade and other receivables and deposits are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(V) Financial instruments *(Continued)*

(iii) Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to a minority shareholder/related companies and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(V) Financial instruments *(Continued)*

(iv) Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the consolidated income statement.

(v) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in the consolidated statement of comprehensive income is recognised in the consolidated income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated income statement.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

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 and liabilities within the next financial year.

Estimated impairment of film rights

At the end of the reporting period, the management of the Group assesses the impairment on film rights with reference to its recoverable amount. The assessment was made on a film-by-film basis. The recoverable amount of the film rights was determined based on the present value of the expected future revenue generated from the film and future cost of sales. The cash flow forecast calculation requires the management to estimate the future revenue expected to arise. If the recoverable amount is lower than the carrying amount, the carrying amount of the film rights will be written down to its recoverable amount. As at 31st December, 2009, the carrying amount of the film rights was approximately HK$59,114,000 (2008: nil) (details disclosed in note 27).

Allowances for bad and doubtful debts

The policy of allowance for bad and doubtful debts of the Group is based on the evaluation of collectability and aged analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Deferred taxation

At 31st December, 2009, the Group had unused tax losses of HK$183,706,000 (2008: HK$176,672,000) available for offset against future profits. No deferred tax asset in relation to these unused tax losses has been recognised in the Group's consolidated statement of financial position due to uncertainty of future profit streams. In cases where there are future profits generated to utilise the tax losses, a material deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such future profits are recorded.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31st December, 2009, the carrying amount of goodwill was HK$39,781,000 (2008: HK$69,479,000). Details of the recoverable amount calculation are disclosed in note 19.

Intangible assets

The estimated useful life of intangible assets, being mobile game platform and mobile game, acquired on acquisition of subsidiaries as set out in note 40(c) is based on the management's best estimate of the expected life of the mobile game platform and mobile game, according to its understanding of mobile game development and distribution business. If there is any change on the management's estimation, indication of impairment of intangible assets may arise.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 33 and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Held for trading investments	57,822	–
Loans and receivables (including cash and cash equivalents)	260,096	543,742
Financial liabilities		
Amortised cost	42,865	626,119

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables and deposits, refundable deposit and loan receivable, amounts due from minority shareholders, pledged short-term bank deposits, bank balances and cash, trade and other payables, amounts due to a minority shareholder and related companies and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

There has been no significant change to the Group's exposure to financial risks or the manner in which it manages and measures the risk.

Market risks

Interest rate risk

The Group's fair value interest rate risk relates primarily to certain fixed-rate pledged short-term bank deposits and borrowings (see note 33 for details of these borrowings). The Group has not used any derivative contracts to hedge these exposure to interest rate risk.

The Group's cash flow interest rate risk primarily relates to variable-rate bank balances and borrowings (see note 33 for details of these borrowings). The Group has not used any interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows. However, management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated.

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

Interest rate risk (Continued)

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk. At 31st December, 2009, the Group did not have floating-rate borrowings. At 31st December, 2008, the Group's cash flow interest rate risk was mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") and prime rate arising from the Group's HK$ borrowings.

Sensitivity analysis

For the year ended 31st December, 2008, the sensitivity analyses below was determined based on the exposure to interest rates for non-derivative instruments relating to floating-rate borrowings. The analysis was prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31st December, 2008 would have decreased/increased by HK$973,000.

Foreign currency risk

The Group collects most of its revenue in RMB and incurs most of the expenditures as well as capital expenditures in RMB. The directors considered that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions were denominated in the functional currency of the respective group entities.

At the end of the reporting period, the Group had certain bank balances denominated in HK$ and United States dollars ("USD") amounting to approximately HK$104,182,000 (2008: HK$1,119,000) and nil balance (2008: HK$1,966,000) respectively, other receivable denominated in HK$ amounting to HK$31,792,000 (2008: nil) and borrowings denominated in HK$ amounting to HK$17,081,000 (2008: HK$383,021,000), which are the currencies other than the functional currency of the respective group entities. At 31st December, 2008, the Group had refundable deposit and loan receivable denominated in HK$ amounting to approximately HK$241,219,000.

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

Foreign currency risk (Continued)

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The Group is mainly exposed to the HK$ for bank balances in both years and the HK$ for borrowings in both years. At 31st December, 2008, the Group was also exposed to the HK$ for refundable deposit and loan receivable.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2008: 5%) increase and decrease in RMB against USD and 5% (2008: 5%) increase and decrease in RMB against HK$. 5% (2008: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only USD and HK$ bank balances, refundable deposit and loan receivable and borrowings denominated in HK$, and adjusts their translation at the year end for a 5% (2008: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase in loss (increase in post-tax profit) for the year where RMB strengthen 5% (2008: 5%) against the relevant currency. For a 5% (2008: 5%) weakening of RMB against in the USD and HK$, there would be an equal and opposite impact on the result for the year.

	HK$		**USD**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in post-tax loss for the year	**4,964**	–	**–**	–
Increase in post-tax profit for the year	**–**	(5,874)	**–**	82

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

Equity price risk

The Group is exposed to equity price risk through its held for trading investments. The Group's held for trading investments has significant concentration of price risk on a particular equity stock trade in Hong Kong stock market. Management monitors the equity price exposure by regularly reviewing and maintaining a portfolio of equity investments with different risk profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2008: nil) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31st December, 2009 would decrease/increase by approximately HK$4,828,000 (2008: nil) as a result of the changes in fair value of held for trading investments.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, refundable deposit and loan receivable, pledged short-term bank deposits and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties' failure to perform their obligations as at 31st December, 2009 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual debt and refundable deposit and loan receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significant reduced.

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group's pledged short-term bank deposits and bank balances are deposited with banks of high credit ratings in Hong Kong and the PRC.

At 31st December, 2009, the Group had significant concentration of credit risk on other receivables as the credit risk was mainly attributable from two counterparties. As the other receivables have been either partial settled after the end of the reporting period or are with guarantee given by the counterparty, in the opinion of the directors of the Company, the credit risk is significantly reduced.

At 31st December, 2008, the Group had significant concentration of credit risk on refundable deposit and loan receivable as the credit risk was mainly attributable from one counterparty. As the refundable deposit and loan receivable were secured by share mortgages, the estimated fair value of which were greater than the carrying amount of the refundable deposit and loan receivable, in the opinion of the directors of the Company, the credit risk was significantly reduced.

Other than this, there is no significant concentration of credit risk on trade and other receivables as the exposure spread over a number of counterparties and customers in both years.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition to issuance of new shares, the Group also relies on bank and other borrowings as a significant source of liquidity. The management monitors the utilisation of bank and other borrowings.

The following table details the Group's contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows to the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2009
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009						
Borrowings – fixed rate	12	–	–	18,533	18,533	17,081
Trade and other payables	–	14,151	1,806	58	16,015	16,015
Amount due to a minority shareholder	–	682	–	–	682	682
Amounts due to related companies	–	9,087	–	–	9,087	9,087
		23,920	1,806	18,591	44,317	42,865

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5 + years	Total undiscounted cash flows	Carrying amount at 31.12.2008
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008								
Borrowings – fixed rate	17.66	10,592	1,109	430,746	–	–	442,447	405,922
Borrowings – variable rate	5.41	71,022	9,080	30,381	11,595	–	122,078	119,498
Trade and other payables	–	47,488	6,392	39,210	–	–	93,090	93,090
Amount due to a minority shareholder	5.58	4,876	–	–	–	3,181	8,057	5,326
Amount due to a related company	–	2,283	–	–	–	–	2,283	2,283
		136,261	16,581	500,337	11,595	3,181	667,955	626,119

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(Continued)*

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rates as input.

The directors consider that the carrying values of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their corresponding fair values.

Fair value measurements of held for trading investments recognised in the consolidated statement of financial position are those derived from quoted prices (unadjusted) in active market for identical assets. Such fair value measurement is grouped into Level 1 based on the degree to which the fair value is observable.

8. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold or services rendered by the Group to outside customers, less discount and related taxes for the year, and is analysed as follows:

	2009	2008
	HK$'000	HK$'000
Film, television programme and television drama series production, distribution and licensing	**45,752**	–
Mobile game subscription income	**113**	–
Sales of cement and clinker	**343,070**	552,847
	388,935	552,847

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), represented by the board of directors of the Group, for the purpose of allocating resources to segments and to assess their performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments.

The application of HKFRS 8 has neither resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment result, assets and liabilities.

The revenue streams and result are the basis of internal reports about components of the Group that are regularly reviewed by the board of directors, the CODM, in order to allocate resources to segments and to assess their performance.

As a result, following the adoption of HKFRS 8, the identification of the Group's operating segments is as follows:

(i)	Film, television programme and television drama series	–	production and distribution of films, television programmes and television drama series and licensing of film rights over films and television programmes
(ii)	Mobile games	–	development and distribution of mobile games in the PRC
(iii)	Securities trading and investments	–	trading of securities in Hong Kong
(iv)	Cement and clinker	–	sales of cement and clinker in the PRC
(v)	Slag powder	–	sales of slag powder

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

The first two segments under (i) and (ii) above are the new operating segments upon completion of acquisition of subsidiaries as set out in note 40(a) to (c). The third segment under (iii) above is the new operating segment engaged by the Group during the year ended 31st December, 2009. The fourth segment under (iv) above is the operating segment engaged by the Group in the two years ended 31st December, 2009. On 16th September, 2009, the Company disposed of several subsidiaries ("Disposed Subsidiaries") engaged in manufacturing and production of cement and clinker. The details of the disposal are set out in note 41(a). On the same date, a wholly owned subsidiary of the Company entered into a distribution agreement with the Disposed Subsidiaries whereby the wholly owned subsidiary of the Company would become a distributor of cement and clinker with supply of goods from the Disposed Subsidiaries for a fixed term of five years. A new subsidiary has been set up in the PRC to carry out the distribution of cement and clinker operation. The fifth segment under (v) was discontinued during the year ended 31st December, 2008.

(1) Segment revenue and results

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

	Continuing operations				
	Film, television programme and television drama series HK$'000	Mobile games HK$'000	Securities trading and investments HK$'000	Cement and clinker HK$'000	Consolidated HK$'000
For the year ended 31st December, 2009					
Segment revenue	45,752	113	–	343,070	388,935
Segment results	5,032	(838)	4,684	12,364	21,242
Unallocated interest income and net exchange gains					23,421
Loss on disposal of subsidiaries					(202,425)
Corporate administrative expenses					(26,539)
Finance costs					(34,356)
Loss before taxation					(218,657)

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(1) Segment revenue and results *(Continued)*

	Continuing operation	Discontinued operation	
	Cement and clinker HK$'000	Slag powder HK$'000	Consolidated HK$'000
For the year ended 31st December, 2008			
Segment revenue	552,847	4,402	557,249
Segment results	49,637	(119)	49,518
Unallocated interest income, net exchange gains and other income	50,741	258	50,999
Corporate administrative expenses	(14,248)	–	(14,248)
Finance costs	(73,923)	–	(73,923)
Profit before taxation	12,207	139	12,346

All of the segment revenue reported above is from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit (loss) generated or incurred by each segment without allocation of interest income, net exchange gains, sundry income, corporate administrative expenses, finance costs other than margin loan and loss on disposal of subsidiaries. This is the measure reported to the board of directors for the purpose of resource allocation and performance assessment.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(2) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment.

	Film, television programme and television drama series HK$'000	Mobile games HK$'000	Securities trading and investments HK$'000	Cement and clinker HK$'000	Consolidated HK$'000
2009					
Segment assets	216,175	12,254	57,822	1,631	287,882
Property, plant and equipment					9,931
Deposit paid for acquisition of an associate					6,818
Other receivables and deposits					34,976
Bank balances and cash					126,671
Prepayments					610
Consolidated assets					466,888
Segment liabilities	20,245	170	17,081	1,607	39,103
Other payables and deposits received					10,219
Amount due to a minority shareholder					682
Tax liabilities					7,891
Deferred taxation					3,667
Consolidated liabilities					61,562

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(2) Segment assets and liabilities *(Continued)*

	Cement and clinker HK$'000
2008	
Segment assets	862,525
Tax recoverable	721
Refundable deposit and loan receivable	241,219
Bank balances and cash	60,647
Pledged short-term bank deposits	13,636
Consolidated assets	1,178,748
Segment liabilities	74,032
Other payables and deposits received	35,435
Amount due to a related company	2,283
Tax liabilities	1,377
Borrowings	525,420
Amount due to a minority shareholder	5,326
Deferred taxation	28,919
Consolidated liabilities	672,792

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

- all assets are allocated to operating segments other than property, plant and equipment, deposit paid for acquisition of an associate, other receivables and deposits, refundable deposit and loan receivable and prepayments and bank balances and cash, for which the Group's management monitored and managed all these assets on a group basis; and

- all liabilities are allocated to operating segments other than other payables and deposits received, amounts due to related companies, tax liabilities, deferred taxation, amount due to a minority shareholder and borrowings, for which the Group's management monitored and managed all these liabilities on a group basis.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(3) Other segment information

	Film, television programme and television drama series HK$'000	Mobile games HK$'000	Securities trading and investments HK$'000	Cement and clinker HK$'000	Unallocated HK$'000	Total HK$'000
2009						
Amount included in the measure of segment profit or loss or segment assets:						
Additions to goodwill and intangible assets	35,898	11,884	–	–	–	47,782
Club debenture and art work	11,371	–	–	–	–	11,371
Additions to property, plant and equipment	16,282	54	–	12,987	3,122	32,445
Additions to property, plant and equipment through acquisition	209	149	–	–	–	358
Depreciation of property, plant and equipment and amortisation of mining right and release of prepaid lease payments in land use rights	749	8	–	20,779	281	21,817
Film rights recognised as an expense included in cost of sales	29,620	–	–	–	–	29,620
Loss on disposal of property, plant and equipment	–	–	–	160	38	198
Change in fair value of held for trading investments	–	–	5,702	–	–	5,702
Finance costs	–	–	802	–	34,356	35,158

Information separately reported to the CODM but not included in the measure of segment profit:

Gross proceeds from sale of held for trading investments is HK$11,795,000 (2008: nil).

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(3) Other segment information *(Continued)*

	Continuing operation			Discontinued operation	
	Cement and clinker HK$'000	Unallocated HK$'000	Total HK$'000	Slag powder HK$'000	Consolidation HK$'000
2008					
Amount included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment	17,177	245	17,422	77	17,499
Depreciation of property, plant and equipment and amortisation of mining right and release of prepaid lease payments on land use rights	28,712	20	28,732	398	29,130
Allowance for bad and doubtful debts	245	165	410	–	410
Gain on disposal of property, plant and equipment	(39)	–	(39)	–	(39)

Geographical information

The Group's securities trading and investments are carried in Hong Kong. All other segment revenues are derived from the PRC.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

The Group's revenue from continuing operations from external customers by geographical locations of customers and distributors and information about non-current assets by geographical location of assets. Information is detailed below:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**9,931**	12
The PRC	**388,935**	552,847	**78,214**	565,343
	388,935	552,847	**88,145**	565,355

Note: Non-current assets excluded financial assets.

Revenue from major products and services

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

	Year ended	
	31st December, 2009	31st December, 2008
	HK$'000	HK$'000
Television drama series	**45,752**	–
Mobile games	**113**	–
Cement	**272,017**	396,824
Clinker	**71,053**	156,023
	388,935	552,847

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information of major customers

There was no single external customer amounting to 10 percent or more of the Group's revenue for both years.

9. OTHER INCOME

	2009	2008
	HK$'000	HK$'000
Continuing operations		
Interest income	**22,551**	39,944
Subsidy income	**–**	3,653
Refund of value-added tax (note a)	**9,979**	19,711
Refund of business tax (note b)	**2,419**	–
Sundry income	**1,132**	8,523
	36,081	71,831

Notes:

(a) The PRC government authorities have granted a tax incentive to a subsidiary in the PRC by way of value-added tax refund for cement and clinker sold by the Group in the PRC.

(b) The PRC government authorities have granted a tax incentive to a subsidiary in the PRC by way of business tax refund for film rights distributed by the Group in the PRC.

10. OTHER GAINS, NET

	2009 HK$'000	2008 HK$'000
Continuing operations		
(Loss) gain on disposal of property, plant and equipment	**(198)**	39
Net foreign exchange gains	**870**	10,429
Bad and doubtful debts recovered	**381**	2,866
Allowance for bad and doubtful debts	**(233)**	(410)
Change in fair value of held for trading investments (note)	**5,702**	–
	6,522	12,924

Note: The amount includes net realised gain of approximately HK$2,060,000 on disposal of held for trading investments and unrealised gain of approximately HK$3,642,000 on change in fair value of held for trading investments.

11. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Continuing operations		
Interest on:		
Bank borrowings wholly repayable within five years	**7,926**	13,096
Imputed interest on interest-free amount due to a minority shareholder	**18**	51
Other borrowing costs	**27,214**	60,776
	35,158	73,923

12. DIRECTORS AND EMPLOYEES' EMOLUMENTS

The emoluments of the directors and the five highest paid individuals are summarised as follows:

Directors' emoluments

	2009				2008			
		Other emoluments				Other emoluments		
	Directors' fees	Salaries and other benefits	Retirement benefits scheme contributions	Total	Directors' fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Dong Ping*	1,458	1,140	8	2,606	–	–	–	–
Ng Qing Hai	10	1,124	54	1,188	10	1,716	72	1,798
Zhao Chao*	808	–	8	816	–	–	–	–
Kong Muk Yin	120	200	–	320	120	390	–	510
Chen Ching	10	70	–	80	10	70	–	80
Jin Hui Zhi	10	70	–	80	10	70	–	80
Li Chak Hung	10	90	–	100	10	90	–	100
Chong Sok Un**	38	–	–	38	120	–	–	120
Dato' Wong Peng Chong***	120	–	–	120	120	433	–	553
Total	2,584	2,694	70	5,348	400	2,769	72	3,241

* The director was appointed on 23rd April, 2009.
** The director resigned on 23rd April, 2009.
*** The director resigned on 9th December, 2009.

No directors waived any emoluments in both years.

12. DIRECTORS AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

The five highest paid individuals included three (2008: one) directors of the Company, whose emoluments are disclosed above. The emoluments of the remaining two (2008: four) highest paid individuals for the year ended 31st December, 2009 which were individually less than HK$1,000,000 were as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**1,511**	1,835
Contributions to retirement benefit schemes	**8**	40
	1,519	1,875

During both years, no emoluments were paid by the Group to the five highest paid individuals and directors as an inducement to join or upon joining the Group.

13. TAXATION CHARGE

	2009 HK$'000	2008 HK$'000
Continuing operations		
Current tax		
– PRC Enterprise Income Tax	**(5,902)**	(6,576)
– Overprovision in prior year	**3,736**	2,976
	(2,166)	(3,600)
Deferred tax (note 36)		
– current year	**1,766**	1,743
Taxation charge	**(400)**	(1,857)

No provision for Hong Kong Profits Tax has been made as the group companies operating in Hong Kong do not have any assessable profit for both years. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

13. TAXATION CHARGE *(Continued)*

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

The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. In accordance with the tax legislations applicable to foreign investment enterprises, one of the subsidiaries in the PRC is entitled to exemption from the PRC Enterprise Income Tax for two years starting from its first profit making year, followed by a 50% relief from the PRC Enterprise Income Tax for the following three years. The subsidiary can continue to entitle such tax concession according to the EIT Law and the charge of the PRC Enterprise Income Tax for the year has been provided for after taking these tax incentives into account. The first profit making year of this subsidiary is 2007. During the year ended 31st December, 2009, the subsidiary was disposed of.

	2009	2008
	HK$'000	HK$'000
(Loss) profit before taxation:		
Continuing operations	**(218,657)**	12,207
Discontinued operation	**–**	139
	(218,657)	12,346
Taxation at the domestic income tax rate of 25% (2008: 25%)	**54,664**	(3,086)
Tax effect of expenses not deductible for tax purpose	**(56,165)**	(13,624)
Tax effect of income not taxable for tax purpose	**4,358**	10,907
Tax effect of tax loss not recognised	**(3,842)**	(2,582)
Tax effect of utilisation of tax losses previously not recognised	**1,210**	61
Effect of tax concession granted to a PRC subsidiary	**417**	6,077
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(4,357)**	(2,217)
Overprovision in prior year	**3,736**	2,976
Others	**(421)**	(369)
Taxation charge for the year	**(400)**	(1,857)

Note: The domestic tax rate represents the statutory tax rate of the major group companies operating in the PRC.

14. DISCONTINUED OPERATION

During the year ended 31st December, 2008, the Group entered into a share transfer agreement to sell its interest in the registered and paid-up capital of Beijing Shanglian Shoufeng Construction Materials Limited ("BSSCML"), an indirect subsidiary of the Company which was beneficially owned as to 80% by the Group and 20% by the purchaser (the "Purchaser"), for an aggregate consideration of RMB4,700,000 (equivalent to HK$5,341,000) to be satisfied in cash. The disposal was completed and the control of BSSCML was passed to the Purchaser during the year ended 31st December, 2008.

The (loss) profit for the year from the discontinued operation was analysed as follows:

	2008 HK$'000
Loss of distribution and manufacturing of slag powder operation for the year	(119)
Gain on disposal of distribution and manufacturing of slag powder operation (see note 41(b))	258
	139

The results of the distribution and manufacturing of slag powder operation for the period from 1st January, 2008 to the date of disposal, which have been included in the consolidated income statement, were as follows:

	Period from 1st January, 2008 to the date of disposal HK$'000
Turnover	4,402
Cost of sales	(4,455)
Other income	466
Distribution expenses	(236)
Administrative expenses	(296)
Loss before taxation	(119)
Taxation	–
Loss for the period	(119)

14. DISCONTINUED OPERATION *(Continued)*

Loss for the period from discontinued operation has been arrived at after charging (crediting):

	Period from 1st January, 2008 to the date of disposal HK$'000
Contributions to retirement benefit schemes	
– other staff	23
Other staff costs	622
	645
Cost of inventories recognised as an expense	3,412
Depreciation of property, plant and equipment	398
Rental payments for plant and machinery under operating leases	176
Refund of value-added tax	(465)
Sundry income	(1)

No tax charge or credit arose on loss on discontinuance of the operation.

The carrying amounts of the assets and liabilities of BSSCML at the date of disposal are disclosed in note 41(b).

During the year ended 31st December, 2008, BSSCML contributed HK$11,025,000 to the Group's net operating cash flows and contributed HK$77,000 in respect of investing activities.

15. (LOSS) PROFIT FOR THE YEAR

	2009 HK$'000	2008 HK$'000
Continuing operations		
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	2,047	1,561
Film rights recognised as an expense included in cost of sales	29,620	–
Cost of inventories recognised as an expense	320,994	509,121
Amortisation of mining right (included in administrative expenses)	122	173
Depreciation of property, plant and equipment	21,384	28,120
Total amortisation and depreciation	21,506	28,293
Release of prepaid lease payments on land use rights	311	439
Rental payments for premises under operating leases	2,436	830
Rental payments for plant and machinery under operating leases	412	777
Research and development costs recognised as an expense (included in administrative expenses)	382	–
Staff costs inclusive directors' emoluments	33,823	30,539

16. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share is based on the following information:

	2009 HK$'000	2008 HK$'000
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	(225,296)	2,487

	2009 Number of shares	2008 Number of shares
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,346,683,584	875,274,052

16. (LOSS) EARNINGS PER SHARE *(Continued)*

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share for the year ended 31st December, 2009 has taken into account the placements held on 19th January, 2009 and 29th July, 2009 and number of shares to be issued for acquisition of subsidiaries on 30th September, 2009 and adjusted for the open offer of 437,197,521 offer shares completed on 29th June, 2009, whereas the weighted average number of ordinary shares for the year ended 31st December, 2008 has been adjusted for the open offer of 437,197,521 offer shares. Details of the open offer of 437,197,521 offer shares are set out in note 34.

For the year ended 31st December, 2009, the computation of diluted loss per share does not assume the issue of contingent consideration shares as disclosed in note 40(b)(ii) since their issuance would result in a decrease in loss per share.

From continuing operations

The calculation of the basic (loss) earnings per share from continuing operations attributable to the owners of the Company is based on the following information:

(Loss) profit figures are calculated as follows:

	2009	2008
	HK$'000	HK$'000
(Loss) profit for the year attributable to owners of the Company	**(225,296)**	2,487
Less: Profit for the year from discontinued operation	**–**	139
(Loss) profit for the purposes of basic (loss) earnings per share from continuing operations	**(225,296)**	2,348

The denominators used are the same as those detailed above for basic (loss) earnings per share.

From discontinued operation

For the year ended 31st December, 2008, basic earnings per share for the discontinued operation was HK 0.01 cent per share.

The calculation of the basic earnings per share for the discontinued operation was based on the profit for the year of HK$139,000 attributable to owners of the Company and the denominators detailed above for basic earnings per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP							
COST							
At 1st January, 2008	271,543	459	479,032	1,414	3,805	8,560	764,813
Effect of exchange adjustments	18,466	31	32,755	96	241	561	52,150
Additions	2,861	–	3,404	10,295	76	863	17,499
Disposals and write-off	(162)	–	(1,966)	–	(68)	(652)	(2,848)
Disposal of a subsidiary	(1,703)	–	(12,609)	(127)	(161)	(130)	(14,730)
Reclassification	1,598	–	10,074	(11,678)	6	–	–
At 31st December, 2008	**292,603**	**490**	**510,690**	**–**	**3,899**	**9,202**	**816,884**
Additions	**464**	**4,507**	**3,425**	**9,388**	**3,205**	**11,456**	**32,445**
Acquired on acquisition of subsidiaries	**–**	**–**	**120**	**–**	**238**	**–**	**358**
Disposals	**(1,529)**	**–**	**–**	**–**	**(444)**	**(1,132)**	**(3,105)**
Disposal of subsidiaries	**(290,836)**	**(490)**	**(512,685)**	**(9,388)**	**(3,784)**	**(8,736)**	**(825,919)**
At 31st December, 2009	**702**	**4,507**	**1,550**	**–**	**3,114**	**10,790**	**20,663**
DEPRECIATION							
At 1st January, 2008	78,570	404	213,622	–	2,715	4,478	299,789
Effect of exchange adjustments	5,325	28	14,569	–	169	283	20,374
Provided for the year	8,717	40	18,651	–	323	787	28,518
Eliminated on disposals and write-off	(11)	–	(317)	–	(60)	(489)	(877)
Disposal of a subsidiary	(256)	–	(2,058)	–	(99)	(103)	(2,516)
At 31st December, 2008	**92,345**	**472**	**244,467**	**–**	**3,048**	**4,956**	**345,288**
Provided for the year	**6,267**	**134**	**13,377**	**–**	**270**	**1,336**	**21,384**
Eliminated on disposals	**–**	**–**	**–**	**–**	**(155)**	**(555)**	**(710)**
Disposal of subsidiaries	**(98,120)**	**(472)**	**(257,835)**	**–**	**(2,910)**	**(5,012)**	**(364,349)**
At 31st December, 2009	**492**	**134**	**9**	**–**	**253**	**725**	**1,613**
CARRYING VALUES							
At 31st December, 2009	**210**	**4,373**	**1,541**	**–**	**2,861**	**10,065**	**19,050**
At 31st December, 2008	200,258	18	266,223	–	851	4,246	471,596

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	2.7% – 10%
Leasehold improvements	4.5% – 10%
Plant and machinery	4% – 8%
Furniture, fixtures and equipment	10% – 23%
Motor vehicles	15% – 25%

At 31st December, 2009, there was no pledged property, plant and equipment.

At 31st December, 2008, the Group pledged its leasehold land and buildings with carrying amount of approximately RMB71.3 million to secure for an amount of RMB13.4 million of a bank loan granted to a third party (the "Third Party"). The Third Party then lent a loan of RMB15.5 million to the Group.

The carrying value of leasehold land and buildings which are located on land held under medium-term leases comprises:

	2009	2008
	HK$'000	HK$'000
Hong Kong	**210**	220
PRC	**–**	200,038
	210	200,258

18. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

	2009	2008
	HK$'000	HK$'000
The prepaid lease payments on land use rights comprise:		
Leasehold land in the PRC:		
Medium-term lease	–	16,949
Analysed for reporting purposes as:		
Non-current	–	16,510
Current	–	439
	–	16,949

At 31st December, 2008, the Group pledged its land use rights with carrying amount stated as above to secure for amount of approximately HK$77,273,000 of bank borrowings to the Group.

19. GOODWILL AND IMPAIRMENT TEST ON GOODWILL

	HK$'000
COST	
At 1st January, 2008 and 31st December, 2008	83,618
Arising on acquisition of subsidiaries	39,781
Eliminated on disposal of subsidiaries (note 41(a))	(83,618)
At 31st December, 2009	**39,781**
IMPAIRMENT	
At 1st January, 2008 and 31st December, 2008	14,139
Eliminated on disposal of subsidiaries	(14,139)
At 31st December, 2009	–
CARRYING VALUES	
At 31st December, 2009	**39,781**
At 31st December, 2008	69,479

19. GOODWILL AND IMPAIRMENT TEST ON GOODWILL *(Continued)*

For the purpose of impairment testing, goodwill has been allocated to individual cash-generating units (CGUs), including two subsidiaries in film, television programme and television drama series production, distribution and licensing segment ("Entertainment"), one subsidiary in mobile games development and distribution segment ("Game") and one subsidiary in sales of cement and clinker business ("Cement"). The carrying amounts of goodwill as at 31st December, 2009 and 2008 allocated to these units are as follows:

	2009	2008
	HK$'000	HK$'000
Entertainment (Unit A)	**972**	–
Entertainment (Unit B)	**34,926**	–
Game (Unit C)	**3,883**	–
Cement (Unit D)	**–**	69,479
	39,781	69,479

During the year ended 31st December, 2009, the directors of the Company determined that there was no impairment of any of its CGUs.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Units A & B

The recoverable amounts of Units A and B have been determined on the basis of value in use calculations. Their recoverable amounts are based on certain similar key assumptions. Both value in use calculations use cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 16.5%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Units A & B's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Unit A and Unit B to exceed the aggregate recoverable amount of Unit A and Unit B.

19. GOODWILL AND IMPAIRMENT TEST ON GOODWILL *(Continued)*

Unit C

The recoverable amount of Unit C has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 6-year period, and a discount rate of 19.76%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Unit C's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Unit C to exceed the aggregate recoverable amount of Unit C.

Unit D

As at 31st December, 2008, the recoverable amount of Unit D was determined from value in use calculations. The Group prepared cash flow projects derived from the most recent financial budgets approved by management covering a five-year period using 10% growth rate in the first two years, and zero growth rate for the following three years and extrapolated cash flows of the Unit D for the following ten years using zero growth rate.

Management applies discount rate of 12.94%, using pre-tax rates that reflected current market assessments of the time value of money and the risks specific to the Unit D. The key assumptions for the value in use calculations were those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the forecasted period. Management believed that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Unit D to exceed the aggregate recoverable amount of Unit D.

20. MINING RIGHT

	HK$'000
COST	
At 1st January, 2008	7,854
Effect on exchange adjustments	535
At 31st December, 2008	8,389
Eliminated on disposal of subsidiaries	(8,389)
At 31st December, 2009	**–**
AMORTISATION	
At 1st January, 2008	418
Effect on exchange adjustments	28
Charge for the year	173
At 31st December, 2008	619
Charge for the year	122
Eliminated on disposal of subsidiaries	(741)
At 31st December, 2009	**–**
CARRYING VALUES	
At 31st December, 2009	**–**
At 31st December, 2008	7,770

The licence period was 10 years and renewable for another 10 years or more at minimal charges. In the opinion of the directors, the mining right was amortised on a straight-line basis over its estimated useful life of 50 years.

21. INTANGIBLE ASSETS

	Mobile game platform HK$'000	Mobile game HK$'000	Total HK$'000
COST			
At 1st January, 2008, and 31st December, 2008	–	–	–
Acquired on acquisition of a subsidiary	2,107	5,894	8,001
At 31st December, 2009	**2,107**	**5,894**	**8,001**

The above intangible assets relate to development costs which have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Mobile game platform	2 years
Mobile game	2 years

22. CLUB DEBENTURE

	2009 HK$'000	2008 HK$'000
Club debenture, at cost	**2,591**	–

23. ART WORK

	2009 HK$'000	2008 HK$'000
Art work, at cost	**8,780**	–

In the opinion of the directors, having considered the recent auction result of the same class of art work drawn by the same painter, the value of the art work approximates its carrying amount at the end of the reporting period. Therefore, no impairment was recognised for the year ended 31st December, 2009.

24. REFUNDABLE DEPOSIT AND LOAN RECEIVABLE

At 31st December, 2008, included in the amount were refundable deposit of HK$150,000,000 paid to Sunnysino (B.V.I.) Limited ("Sunnysino", formerly known as Sunnysino Limited) for the acquisition of Redstone Gold Limited ("Redstone"), loan receivable of HK$50,000,000 and interest receivable of approximately HK$41,219,000 due from Redstone. The payments of the refundable deposit and the loan receivable were financed by borrowings of the Group.

The refundable deposit and loan receivable bore interest at 15% per annum and were secured by mortgages of shares of certain companies incorporated in the PRC. During the year ended 31st December, 2009, refundable deposit, loan receivable and accrued interest were fully settled.

25. PROPERTIES HELD FOR SALE

The balance represented properties transferred in previous years from trade debtors of a subsidiary, Shanghai Allied Cement Co., Ltd. ("Shanghai SAC") in lieu of cash settlement and registered in the name of Shanghai SAC.

During the year ended 31st December, 2009, the balance was eliminated on disposal of subsidiaries.

26. INVENTORIES

	2009	2008
	HK$'000	HK$'000
Inventories consist of the following:		
Raw materials	–	35,852
Work in progress	–	6,147
Finished goods	–	6,555
	–	48,554

27. FILM RIGHTS

	HK$'000
COST	
At 1st January, 2008 and 31st December, 2008	–
Acquired on acquisition of subsidiaries (note 40)	69,390
Additions	19,344
Recognised as an expense included in cost of sales	(29,620)
At 31st December, 2009	**59,114**

At 31st December, 2009, included in film rights costs are costs of films under production or in progress of HK$39,017,000 and costs of films with completed production of HK$20,097,000.

The cost of film rights are recognised as an expense in the consolidated income statement based on the proportion of actual income earned during the year to the total estimated income from the distribution of film rights.

28. HELD FOR TRADING INVESTMENTS

	2009 **HK$'000**	2008 HK$'000
Equity securities listed in Hong Kong	**57,822**	–

At 31st December, 2009, particulars of the Group's investments in the equity securities included in held for trading investments which exceed 10% of the assets of the Group disclosed pursuant to Section 129(2) of the Hong Kong Companies Ordinance are as follows:

Name of company	Country of incorporation	Class of shares	Number of shares held by the Group	Percentage of issued share capital held by the Group
Media China Corporation Limited	Cayman Islands	Ordinary	1,099,037,500	3.96%

At 31st December, 2009, the Group pledged its held for trading investments with carrying amount stated above to secure margin loan to the Group of approximately HK$17,081,000.

29. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2009 HK$'000	2008 HK$'000
Trade receivables	**51,910**	252,795
Less: Allowance for bad and doubtful debts for trade receivables	**(2,913)**	(36,426)
	48,997	216,369
Other receivables and deposits	**54,846**	29,795
Less: Allowance for bad and doubtful debts for other receivables and deposits	**(2,242)**	(17,924)
	52,604	11,871
Total trade and other receivables and deposits	**101,601**	228,240

Trade receivables

The Group has a policy of allowing its trade customers credit periods normally ranging from 120 days to 1 year. The following is aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2009 HK$'000	2008 HK$'000
0 – 90 days	**5,784**	173,285
91-180 days	**41,227**	33,830
181 – 365 days	**1,986**	7,364
Over 1 year	**–**	1,890
	48,997	216,369

29. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

Trade receivables *(Continued)*

At 31st December, 2009, there was no discounted bills receivable.

At 31st December, 2008, discounted bills receivable with full recourse of approximately HK$32,740,000 was included in trade receivables. The advance obtained from discounted bills receivable was recorded as unsecured bank loans (note 33) as at 31st December, 2008.

At 31st December, 2009, there were no pledged trade receivables.

At 31st December, 2008, the carrying amount of trade receivables, which was pledged as a security for the borrowings, was approximately HK$3,409,000. The advance obtained from trade receivables was recorded as secured bank loans (note 33).

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed regularly. At 31st December, 2009, all trade receivables were neither past due nor impaired and has good historical settlement record.

At 31st December, 2008 included in the Group's trade receivables balances were debtors with aggregate carrying amount of approximately HK$1,890,000 which were past due at the end of the reporting period for which the Group had not provided for impairment loss. The Group did not hold any collateral over these balances. The average age of these receivables is 518 days.

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

	2009	2008
	HK$'000	HK$'000
Over 1 year	–	1,890

29. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

Other receivables and deposits

Included in other receivables as at 31st December, 2009 is a loan of HK$30,000,000 (2008: nil) to a third party which is denominated in HK$, a currency other than the functional currency of the respective group entities. This amount bears interest rate at 12% per annum, is repayable on or before 31st March, 2010 and is guaranteed by a PRC company. The amount of HK$15,000,000 together with interest of HK$2,842,000 have been subsequently settled after the end of the reporting period. On 15th April, 2010, the group has entered into a supplemental loan agreement with the borrower to extend the repayment term of the remaining HK$15,000,000 to 30th June, 2010.

Movement in the allowance for bad and doubtful debts

	2009	2008
	HK$'000	HK$'000
Balance at beginning of the year	**54,350**	54,805
Exchange difference	**–**	3,737
Impairment losses recognised on receivables	**233**	410
Amounts recovered during the year	**(381)**	(2,866)
Disposal of subsidiaries	**(47,675)**	(1,736)
Amounts written off as uncollectible	**(1,372)**	–
Balance at end of the year	**5,155**	54,350

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK$5,155,000 (2008: HK$54,350,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

30. OTHER FINANCIAL ASSET

Included in other financial asset as at 31st December, 2009 is a loan of HK$34,091,000 (2008: nil) to a film producer for the production of a particular film. The loan is secured by a guarantee given by a PRC company which is owned by a film director. The amount classified as non-current asset is not recoverable within the next 12 months. The return on the loan is 10.5% on the profit after taxation of the particular film in the next 10 years starting from first showing. In the opinion of the directors, the fair value of this embedded derivative at the date of grant and at 31st December, 2009 is insignificant.

31. PLEDGED SHORT-TERM BANK DEPOSITS, BANK BALANCES AND CASH

Bank balances and cash comprise cash and bank balances held by the Group with maturity of three months or less and carry interest at market rates which range from 0.01% to 0.36% (2008: 0.01% to 1.98%) per annum.

At 31st December, 2009, there was no pledged bank deposits.

At 31st December, 2008, bank deposits totalling HK$13,636,000 was pledged to banks as collateral to secure short-term banking facilities in respect of bills payable to suppliers and were therefore classified as current assets. The pledged short-term bank deposits carried fixed interest rate of 0.81% to 3.42% per annum.

The Group's bank balances and cash that are not denominated in the functional currencies of the respective group entities are as follows:

	2009 **HK$'000**	2008 HK$'000
USD	**–**	1,966
HK$	**104,182**	1,119

32. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

Included in trade and other payables and deposits received are trade payables of approximately HK$3,379,000 (2008: HK$47,943,000). The following is an aged analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2009	2008
	HK$'000	HK$'000
0 – 90 days	**1,806**	15,300
91 – 180 days	**–**	29,505
181 – 365 days	**–**	1,177
Over 1 year	**1,573**	1,961
	3,379	47,943

The average credit period on purchase of goods is normally ranging from 120 days to 210 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

33. BORROWINGS

	2009 HK$'000	2008 HK$'000
Margin loan	**17,081**	–
Bank loans	**–**	208,286
Other loans	**–**	317,134
	17,081	525,420
Secured	**17,081**	390,795
Unsecured	**–**	134,625
	17,081	525,420
Borrowings are repayable as follows:		
On demand or within one year	**17,081**	515,079
More than one year, but not exceeding two years	**–**	10,341
	17,081	525,420
Less: Amount repayable within one year and shown under current liabilities	**17,081**	515,079
Amount due after one year	**–**	10,341

At 31st December, 2009, borrowings of approximately HK$17,081,000 were secured by held for trading investments as disclosed in note 28.

At 31st December, 2008, included in new bank borrowings was an amount of approximately HK$32,740,000 which represented the proceeds from discounted bills receivable with full recourse.

At 31st December, 2008, borrowings of approximately HK$390,795,000 were secured by:

(a) joint guarantee provided by the Company and its subsidiaries;
(b) property, plant and equipment as disclosed in note 17;
(c) land use rights as disclosed in note 18; and
(d) trade receivables as disclosed in note 29.

33. BORROWINGS *(Continued)*

The Group's borrowings that are denominated in HK$, the currency other than functional currencies of the relevant group entities, are set out below:

	2009	2008
	HK$'000	HK$'000
Margin loan	**17,081**	–
Bank loans	**–**	83,500
Other loans	**–**	299,521
	17,081	383,021

The exposure of the Group's fixed-rate and variable-rate borrowings are as follows:

	2009	2008
	HK$'000	HK$'000
Fixed-rate borrowings:		
Margin loan repayable within one year	**17,081**	–
Bank loans repayable within one year	**–**	113,422
Other loans repayable within one year	**–**	292,500
	17,081	405,922
Variable-rate borrowings:		
Bank loans repayable within one year	**–**	94,864
Other loan repayable within one year	**–**	14,293
Other loan repayable after two years, but not exceeding five years	**–**	10,341
	–	119,498

33. BORROWINGS *(Continued)*

The variable-rate borrowings carried interest rate, which are repricing annually, as follows:

	2009	2008
	HK$'000	HK$'000
HIBOR plus 1.5%	**–**	71,000
Prime rate	**–**	12,500
Prime rate plus 3.5%	**–**	7,021
1-year lending interest rate multiplied by 160%	**–**	11,363
3-year lending interest rate multiplied by 120%	**–**	17,614
	–	119,498

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2009	2008
	HK$'000	HK$'000
Effective interest rate:		
Fixed-rate borrowings	**12%**	4.83% – 22.15%
Variable-rate borrowings	**–**	3.98% – 8.39%

At 31st December, 2009, there was no bank borrowings.

At 31st December, 2008, in respect of a bank loan with a carrying value of HK$71,000,000, the Group breached a term of the bank loan which related to the debt-equity ratio of the Group due to additional borrowings for financing the refundable deposit and loan receivable as set out in note 24. The Group did not apply any waiver for the breach of the borrowing term as at 31st December, 2008 and classified as current liabilities. The amount was fully repaid during the year ended 31st December, 2009.

34. SHARE CAPITAL

	Number of shares		Share capital	
	2009	2008	**2009**	2008
			HK$'000	HK$'000
Ordinary shares of HK$0.25 each				
Authorised				
At beginning of year	**2,000,000,000**	2,000,000,000	**500,000**	500,000
Increased on 7th August, 2009	**8,000,000,000**	–	**2,000,000**	–
At end of year	**10,000,000,000**	2,000,000,000	**2,500,000**	500,000
Issued and fully paid:				
At beginning of year	**729,395,043**	729,395,043	**182,349**	182,349
Issued by placing of new shares (note 1)	**315,000,000**	–	**78,750**	–
Issued by open offer of new shares (note 2)	**437,197,521**	–	**109,299**	–
At end of year	**1,481,592,564**	729,395,043	**370,398**	182,349

Notes:

(1) On 19th January, 2009, the Company placed 145,000,000 ordinary shares to independent investors at a price of HK$0.27 per share.

On 29th July, 2009, the Company placed 170,000,000 ordinary shares to independent investors at a price of HK$0.52 per share.

(2) On 15th May, 2009, the Company proposed an open offer of 437,197,521 ordinary shares of the Company at a price of HK$0.30 per share, on the basis of one offer share for every two existing shares of the Company held on 4th June, 2009. The open offer was completed on 29th June, 2009.

35. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted by the shareholders of the Company pursuant to a resolution passed on 23rd May, 2002 for the primary purpose of providing the executives and employees in the services of any member of the Group and other persons who have contributed or will contribute to the Group with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Scheme will expire on 22nd May, 2012.

The total number of shares in respect of which options may be granted under the Scheme and any other schemes is not permitted to exceed 10% of the shares of the Company in issue at the date of shareholders' approval of the Scheme (the "Scheme Mandate Limit") or, if such 10% limit is refreshed, at the date of shareholders' approval of the renewal of the Scheme Mandate Limit. The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes, must not exceed 30% of the total number of shares of the Company in issue from time to time. As at 31st December, 2009, a total of 148,159,256 shares of the Company (representing 10% of the existing issued share capital of the Company) are available for issue under the Scheme.

The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 in the 12-month period up to the date of grant must be approved in advance by the shareholders of the Company.

Options granted must be taken up within 21 days from date of grant, upon payment of HK$10 per each grant of options. An option may be exercised in accordance with the terms of the Scheme at any time during the effective period of the Scheme to be notified by the board of directors which shall not be later than 10 years from date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant and, the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant, whichever is the higher, provided that the exercise price should not be lower than the nominal value of a share.

No share options were granted or exercised during the year and there was no outstanding share option at the beginning and the end of the reporting period (2008: nil).

36. DEFERRED TAXATION

At the end of the reporting period and during the year, deferred tax liabilities (assets) have been recognised in respect of the temporary differences attributable to the following:

	Intangible assets	Accelerated tax depreciation	Allowance for doubtful debts	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January, 2008	–	32,932	(4,830)	644	28,746
Exchange differences	–	2,245	(329)	–	1,916
(Credit) charge to consolidated income statement for the year	–	(2,150)	369	38	(1,743)
At 31st December, 2008	–	33,027	(4,790)	682	28,919
Credit to consolidated income statement for the year	–	(1,496)	–	(270)	(1,766)
Acquisition of subsidiaries	2,000	–	–	1,937	3,937
Disposals of subsidiaries	–	(31,531)	4,790	(682)	(27,423)
At 31st December, 2009	**2,000**	**–**	**–**	**1,667**	**3,667**

Starting from 1st January, 2008, the tax law of the PRC requires payment of withholding tax upon the distribution of profits earned by the PRC subsidiaries to the foreign shareholders. Deferred tax has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits amounting to approximately HK$23,281,000 (2008: HK$42,184,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31st December, 2009, the Group had estimated unused tax losses of HK$183,706,000 (2008: HK$176,672,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. During the year, the unused tax losses of HK$11,411,000 (2008: HK$9,372,000) were eliminated on disposal of subsidiaries. At 31st December, 2009, the unused tax losses may be carried forward indefinitely. At 31st December, 2008, unused tax loss of HK$11,329,000 were to be expired in 2012.

37. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group and each employee employed in Hong Kong are required to make a contribution of 5% on the employees' monthly relevant income with a maximum monthly contribution of HK$1,000 per person.

The PRC employees of the Group are members of a state-managed retirement benefit scheme operated by the local government. The Group is required to contribute 20% – 22% (2008: 20% – 22%) of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year, the Group made total contributions to the retirement benefits schemes of HK$5,975,000 (2008: HK$5,289,000). Included in the total contribution made, HK$123,000 (2008: HK$104,000) is contribution made for Hong Kong employees.

38. OPERATING LEASE COMMITMENTS

In June 2001, the Group entered into an arrangement with a third party in the PRC to lease the production facilities for manufacture of cement with a term of twenty years. Other operating leases and rentals are negotiated for an original average term of two to eight years.

	2009	2008
	HK$'000	HK$'000
Minimum lease payments under operating leases recognised as an expense in the year	**2,848**	1,783

The Group had commitments for future minimum lease payments under the above arrangement at 31st December, 2008 and other non-cancellable operating leases for premises and plant and equipment at 31st December, 2009 and 2008 which fall due as follows:

	2009	2008
	HK$'000	HK$'000
Not later than one year	**10,463**	1,648
Later than one year and not later than five years	**20,269**	6,591
Later than five years	**–**	12,277
	30,732	20,516

39. COMMITMENTS

(a) On 28th April, 2009, a subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party, Mr. Yuen Hoi Po ("Mr. Yuen"), pursuant to which Mr. Yuen conditionally agreed to sell and the subsidiary of the Company conditionally agreed to purchase the entire issued share capital of Right Point International Limited ("Right Point") and Mr. Yuen's interest in all the outstanding shareholder's loan advanced or to be advanced to Right Point for an aggregate consideration of RMB26,000,000 (equivalent to approximately HK$29.5 million). An initial refundable deposit of RMB6,000,000 (equivalent to approximately HK$6,818,000) was paid during the current year. The balance of the consideration in the sum of RMB20,000,000 (equivalent to approximately HK$22,727,000) will be settled in cash by the Group upon completion. Upon completion, Right Point will have 25% equity interest in 廣西錦華大酒店 (in English, Guangxi Jinhua Hotel). This transaction has not been completed at the date of report of these consolidated financial statements.

(b) On 12th September, 2009, the Company and a subsidiary of the Company entered into a conditional equity transfer agreement with Ideal Growth Investments Limited ("Ideal Growth"), pursuant to which Ideal Growth agreed to sell and the subsidiary of the Company agreed to purchase the entire issued share capital of Prefect Strategy International Limited for a consideration of HK$400,000,000 which will be partly settled in cash of HK$50,000,000 and partly by the issuance of convertible note in the principal amount of HK$350,000,000 by the Company. Pursuant to the conditional equity transfer agreement, upon completion of the acquisition, the Company will have indirect control and an effective interest of 70% in 北京北大文化發展有限公司 (in English, Beijing Beida Culture Development Company Limited ("Beida Culture")) which in turn, holds 50% equity interest in 京華文化傳播有限公司 (in English, JingHua Culture Broadcast Company Limited ("JingHua")). Both Beida Culture and JingHua are companies established in the PRC with limited liability. Upon completion of the acquisition, Beida Culture will have no assets and liabilities (including contingent liabilities) except for its 50% equity interest in JingHua, which mainly engages in the business of publication and distribution of newspaper (Beijing Times, 京華時報), advertising agency business and operating the newspaper website in the PRC. The acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. The details of this transaction are set out in the circular issued by the Company on 26th February, 2010. This transaction has not been completed at the date of report of these consolidated financial statements.

39. COMMITMENTS *(Continued)*

(c) On 11th December, 2009, the Company and a subsidiary of the Company entered into a conditional equity transfer agreement with an independent third party, pursuant to which the independent third party agreed to sell and the subsidiary of the Company agreed to purchase the entire equity interests of 北京永聯信通科技有限責任公司 (in English, Youline Technology Company) for an aggregate cash consideration of RMB25,000,000 (equivalent to approximately HK$28,409,000). This transaction was completed on 1st February, 2010. The Company has commenced considering the fair value of the net assets acquired in this transaction but is not yet in a position to disclose the financial information of the acquisition.

(d) Capital commitment

At the end of the reporting period, the Group had the following capital commitments:

	2009	2008
	HK$'000	HK$'000
Capital expenditure commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	–	6,801

40. ACQUISITION OF SUBSIDIARIES

(a) On 9th July, 2009, the Group acquired 75% voting power in 北京中盛千里傳媒文化有限公司, (in English, Beijing Zhong Sheng Qian Li Media Culture Company Limited ("Zhong Sheng Qian Li")) for a consideration of HK$1,278,000.

The net assets acquired in this transaction and the goodwill arising are as follows:

	Acquiree's carrying amount before combination and fair value
	HK$'000
Net assets acquired:	
Equipment	203
Film rights – films in progress	6,057
Other receivables and deposits	17
Prepayments	5
Bank balances and cash	1,742
Other payables	(4,434)
Amount due to a minority shareholder	(3,182)
	408
Minority interests	(102)
Goodwill	972
	1,278
Total consideration satisfied by:	
Deferred cash consideration	1,278
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	1,742

40. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

The deferred cash consideration will be payable within one year after the end of the reporting period.

Zhong Sheng Qian Li is principally engaged in planning, production, publication and investment of television drama series, television programme and film and organising cultural and artistic exchange activities in the PRC. The goodwill arising on the acquisition of Zhong Sheng Qian Li is attributed to the anticipated profitability of the film and television programme production, distribution and licensing business of this company.

Zhong Sheng Qian Li contributed HK$1,324,000 to the Group's loss for the period between the date of acquisition and the end of the reporting period.

(b) On 30th September, 2009, the Group acquired 100% of the issued share capital of Year Wealth Limited ("Year Wealth"), which indirectly had 51% voting power in 西安金鼎影視文化有限公司 (in English, Xian Jinding Film, Television and Culture Company Limited ("Xian Jinding")) for a consideration of HK$58,273,000 which will be partly settled by the issuance of 60,000,000 ordinary shares of the Company at an agreed price of HK$0.6 each (the "Consideration") and partly settled by RMB19,600,000 (equivalent to approximately HK$22,273,000) in cash in form of capital injection on behalf of the minority shareholders. The Consideration is subject to adjustment. Pursuant to the agreement, 20,000,000 ordinary shares of the Company to be issued to the vendor is subject to reduction if the guaranteed Xian Jinding's profit after taxation for the year ended 31st December, 2009 of RMB15,000,000 and for the year ending 31st December, 2010 of RMB26,000,000 cannot be met. For details, please refer to this note (ii).

40. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) *(Continued)*

The net assets acquired in this transaction and the goodwill arising are as follows:

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Equipment	6	–	6
Film rights	55,583	7,750	63,333
Trade and other receivables and deposits	47,891	–	47,891
Bank balances and cash	1,703	–	1,703
Trade and other payables	(32,106)	–	(32,106)
Amount due to a related company	(35,035)	–	(35,035)
Tax liabilities	(2,292)	–	(2,292)
Deferred taxation	–	(1,937)	(1,937)
	35,750	5,813	41,563
Minority interests			(31,716)
Goodwill			34,926
			44,773
Total consideration satisfied by:			
Issue of shares (Note i)			15,000
Contingent consideration arrangement (Note ii)			7,500
			22,500
Cash			22,273
			44,773
Net cash outflow arising on acquisition:			
Cash consideration paid			(22,273)
Bank balances and cash acquired			1,703
			(20,570)

40. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) *(Continued)*

Notes:

(i) The 40,000,000 ordinary shares of the Company with par value of HK$0.25 each were issued on 11th February, 2010 pursuant to the payment term of the agreement. The exchange rate is fixed at HK$1.00 = RMB0.88 as governed by the agreement signed by the Group and the vendor. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the completion of this acquisition, amounted to HK$15,000,000.

(ii) The contingent consideration requires the Group to issue 20,000,000 ordinary shares of the Company with par value of HK$0.25 each to the vendor if Xian Jinding's profit after taxation in each of the years 2009 and 2010 exceeds RMB15,000,000 (equivalent to approximately HK$17,045,000) and RMB26,000,000 (equivalent to approximately HK$29,545,000), respectively (together referred to as "Guarantee Profits"). If the actual Xian Jinding's profit after taxation is lower than the Guarantee Profits, the number of ordinary shares to be issued by the Company will be adjusted based on the difference between the actual Xian Jinding's profit after taxation and the Guarantee Profits in 2009 and 2010 shared by the Group. If the actual Xian Jinding's profit after taxation are higher than the Guarantee Profits, no adjustments will be made to the 20,000,000 ordinary shares of the Company and the agreed price of HK$0.6 each. In the opinion of the directors of the Company, it is probable that the 20,000,000 ordinary shares of the Company will be issued in full. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the completion of this acquisition, amounted to HK$7,500,000.

Year Wealth is an investment holding company and Xian Jinding is principally engaged in planning, production, publication and investment of television drama series and film and organizing cultural and artistic exchange activities in the PRC. The goodwill arising on the acquisition of Year Wealth is attributed to the anticipated profitability of the film and television programme production, distribution and licensing business of this group.

Year Wealth and its subsidiaries contributed profit of HK$12,743,000 to the Group for the period between the date of acquisition and the end of the reporting period.

40. ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) On 30th September, 2009, the Group acquired 51% voting power in 天津唐圖科技有限公司 (in English, Tianjin Tang Tu Technology Company Limited ("Tianjin Tang Tu")) for a consideration of HK$7,284,000.

The net assets acquired in this transaction and the goodwill arising are as follows:

	Acquiree's carrying amount before combination	**Fair value adjustments**	**Fair value**
	HK$'000	HK$'000	HK$'000
Net assets acquired:			
Equipment	149	–	149
Intangible assets	–	8,001	8,001
Other receivables and deposits	10,331	–	10,331
Amount due from a minority shareholder	881	–	881
Bank balances and cash	264	–	264
Other payables	(730)	–	(730)
Deferred taxation	–	(2,000)	(2,000)
	10,895	6,001	16,896
Minority interests			(8,279)
Goodwill			3,883
Amount due by the Group to Tianjin Tang Tu			(5,216)
			7,284
Total consideration satisfied by:			
Deferred cash consideration			7,284
Net cash inflow arising on acquisition:			
Bank balances and cash acquired			264

40. ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) *(Continued)*

The deferred cash consideration will be payable within one year after the end of the reporting period.

Tianjin Tang Tu is principally engaged in production and distribution of mobile games. The goodwill arising on the acquisition of Tianjin Tang Tu is attributed to the anticipated profitability of the production and distribution of mobile games business of this company.

Tianjin Tang Tu contributed to the Group's loss of HK$703,000 for the period between the date of acquisition and the end of the reporting period.

If the acquisitions of subsidiaries in this notes (a) to (c) had been completed on 1st January, 2009, total Group's revenue for the year would have been approximately HK$434,800,000, and loss for the year would have been approximately HK$219,059,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and loss of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2009, nor is it intended to be a projection of future results.

41. DISPOSAL OF SUBSIDIARIES

(a) On 21st May, 2009, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with Sunwealth Holdings Limited ("Sunwealth"), a wholly-owned subsidiary of Tian An China Investments Company Limited which is listed on the Stock Exchange. Pursuant to the Share Transfer Agreement, Sunwealth conditionally agreed to purchase and the Company conditionally agreed to sell, the entire issued share capital of a wholly-owned subsidiary, Shanghai Allied Cement Holdings Limited ("SACHL"), and the shareholder's loan of approximately HK$278,504,000 owed by SACHL to the Company as at the date of the Share Transfer Agreement for an aggregate cash consideration of HK$200,000,000. The disposal was completed on 16th September, 2009, on which date control of SACHL passed to the acquirer.

41. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

The net assets of SACHL at the date of disposal were as follows:

	HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	461,570
Prepaid lease payments on land use rights	16,638
Mining right	7,648
Properties held for sale	1,333
Inventories	50,729
Trade and other receivable and deposits	224,595
Prepayments	11,663
Amount due from a minority shareholder	3,182
Tax recoverable	160
Pledged short-term bank deposits	11,364
Bank balances and cash	60,580
Trade and other payables and deposits received	(121,666)
Amount due to the Group	(282,182)
Dividend payable to a minority shareholder	(6,932)
Borrowings	(171,795)
Deferred taxation	(27,423)
	239,464
Minority interest	(185,222)
Attributable goodwill	69,479
	123,721
Loss on disposal	(202,425)
Total consideration	(78,704)
Satisfied by:	
Cash consideration	200,000
Assignment of shareholder's loan	(278,504)
Directly attributable cost paid	(200)
	(78,704)
Net cash inflow arising on disposal:	
Cash consideration	200,000
Bank balances and cash disposed of	(60,580)
Directly attributable cost paid	(200)
	139,220

41. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

The directors of the Company considered that the disposal of subsidiaries is in the best interests of the Company as a whole because given the tough economic climate and the escalating energy prices, the manufacturing aspect of the Group's business was becoming increasingly capital intensive.

During the year, SACHL and its subsidiaries contributed HK$41,337,000 (1.1.2008 to 31.12.2008: HK$30,044,000) to the Group's net operating cash flows, paid HK$9,732,000 (1.1.2008 to 31.12.2008: contributed HK$7,844,000) in respect of investing activities and paid HK$30,186,000 (1.1.2008 to 31.12.2008: HK$16,935,000) in respect of financing activities.

(b) During the year ended 31st December, 2008, the Group disposed of BSSCML for a consideration of RMB4,700,000. The net assets of BSSCML at the date of disposal were as follows:

	HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	12,214
Inventories	604
Trade and other receivables	14,161
Deposits and prepayments	48
Bank balances and cash	201
Trade and other payables and deposits received	(19,657)
Tax liabilities	(331)
	7,240
Minority interest	(1,448)
Translation reserve realised	(709)
	5,083
Gain on disposal	258
Total consideration	5,341
Satisfied by:	
Cash	1,773
Deferred consideration	3,568
	5,341
Net cash inflow arising on disposal:	
Cash consideration	1,773
Bank balances and cash disposed of	(201)
	1,572

41. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) *(Continued)*

The deferred consideration had been settled in cash by the purchaser in two instalments on or before 20th June, 2009.

The impact of BSSCML on the Group's results and cash flows during the year ended 31st December, 2008 is disclosed in note 14.

42. RELATED PARTY TRANSACTIONS

On 16th December, 1995, a leasing agreement was entered into between Shanghai SAC and Shanghai Cement Factory ("SCF"), a minority shareholder, which held a 40% interest in Shanghai SAC. According to the leasing agreement, Shanghai SAC should pay to SCF an annual leasing fee which consisted of (1) a fixed asset leasing fee mainly based on the depreciation of the property, plant and equipment leased under the leasing agreement plus a mark-up of about 10%; and (2) an usage fee mainly based on the volume of raw materials off-load and the applicable unit rate for the relevant raw materials agreed by the parties when the leasing agreement was signed. The underlying assets are also used by SCF. During the year ended 31st December, 2009, Shanghai SAC paid a total leasing fee of HK$4,661,000 (2008: HK$6,747,000) to SCF.

In addition, the Group has entered into the following related party transactions:

		2009	2008
		HK$'000	HK$'000
(a)	Administrative expenses to a related company, with common directorship of key management personnel of the Company	**534**	1,506
(b)	Key management compensation		
	Short-term employee benefits	**6,856**	4,522
	Post employment benefits	**122**	228
		6,978	4,750

42. RELATED PARTY TRANSACTIONS *(Continued)*

At 31st December, 2009, the Group had the following significant balances with related parties.

	Notes	**2009** **HK$'000**	2008 HK$'000
Current assets			
Amounts due from minority shareholders	i	**756**	–
Current liabilities			
Amount due to a minority shareholder	i	**682**	4,876
Amounts due to related companies	i, iii	**9,087**	2,283
Non-current liabilities			
Amount due to a minority shareholder	ii	**–**	450

Notes:

(i) The balances are unsecured, non-interest bearing and repayable on demand.

(ii) At 31st December, 2009, the balance was eliminated on disposal of subsidiaries. At 31st December, 2008, the original principal of RMB2,799,000 (equivalent to approximately HK$3,181,000) due to a minority shareholder was unsecured, interest-free and repayable by 2043. The effective interest rate of the amount was 5.58% (2008: 5.58%) per annum.

(iii) At 31st December, 2009, the related companies are under common directorship of the Company or the subsidiaries of the Group. In addition, one related company is controlled by the minority shareholder. At 31st December, 2008, the related company was owned by a substantial shareholder of the Company.

43. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 39, the Group had the following commitments:

(a) On 10th February, 2010, the Company and a wholly owned subsidiary of the Company, entered into a conditional equity transfer agreement with Time Zone Investment Limited ("Time Zone"), pursuant to which Time Zone agreed to sell and the subsidiary of the Company agreed to purchase the entire issued share capital of Main City Limited for a consideration of HK$219,000,000 which will be partly settled by cash of HK$69,000,000 and partly by the issuance of convertible note in the principal amount of HK$150,000,000 by the Company. Pursuant to the conditional equity transfer agreement, upon completion of the acquisition, the Company will have indirect control and an effective interest of 30% in Beida Culture which in turn, holds 50% equity interest in JingHua. Upon completion of this acquisition and the acquisition set out in note 39(b), the Group will have an effective interest of 100% in Beida Culture and 50% equity interests in JingHua. This acquisition constitutes a major transaction for the Company under the Listing Rules. The details of this transaction are set out in the circular issued by the Company on 26th March, 2010. Up to the date of report of these consolidated financial statements, this transaction has not been completed.

(b) On 18th March, 2010, the Company granted a total of 111,550,000 share options to certain employees and consultants of the Company and its subsidiaries (the "Grantees"), subject to the acceptance of the Grantees, under the share option scheme adopted by the shareholders of the Company on 23rd May, 2002. Each share option shall entitle the holder to subscribe for one ordinary share of HK$0.25 each in the capital of the Company upon exercise of such share option. The exercise price of the share options is HK$0.475 per share. The validity period of the share options is ten years from the date of grant to 17th March, 2020. The directors of the Company are in the process of considering and quantifying the potential impact of the grant of share options.

(c) On 18th December, 2009, the Group signed a cooperative agreement with Renminwang (www.people.com.cn) under The People's Daily to set up a joint venture company which will operate mobile TV business in the PRC. The joint venture company was set up on 1st April, 2010.

44. FINANCIAL INFORMATION OF THE COMPANY

Financial information of the Company at the end of the reporting period includes:

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Unlisted investments		**36,345**	102,344
Amounts due from subsidiaries	a	**192,256**	374,866
		228,601	477,210
Current assets			
Held for trading investments		**57,822**	–
Prepayments		**74**	277
Loan receivable	b	**–**	60,562
Bank balances and cash		**104,100**	954
		161,996	61,793
Current liabilities			
Other payables		**8,050**	12,081
Amounts due to subsidiaries	c	**62,425**	31,038
Borrowings due within one year	d	**–**	275,000
		70,475	318,119
Net current assets (liabilities)		**91,521**	(256,326)
Total assets less current liabilities		**320,122**	220,884
Capital and reserves			
Share capital		**370,398**	182,349
Reserves	e	**(50,276)**	38,535
		320,122	220,884

44. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Particulars of the principal subsidiaries of the Company at 31st December, 2009 and 2008 are set out in note 45.

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

Notes:

(a) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors of the Company, the amounts will not be repaid in the next twelve months from the end of the reporting period and the amounts are therefore shown as non-current assets. The effective interest rate of the amount is 2.11% (2008: 4.35%) per annum.

(b) Loan receivable

At 31st December, 2008, the loan receivable of HK$50,000,000 was secured and bore interest at 15% per annum. The loan was settled during the year.

(c) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

(d) Borrowings

At 31st December, 2009, the Company had no borrowings. At 31st December, 2008, the borrowings of HK$262,500,000 was secured by the joint guarantee provided by the Company and its subsidiary. The remaining amount was unsecured. The variable-rate borrowing of HK$12,500,000 carries interest rate at prime rate, which was repricing annually. The effective interest rate of fixed-rate borrowings of HK$262,500,000 and variable-rate borrowings of HK$12,500,000 were 22.15% and 5.85% respectively.

44. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes: *(Continued)*

(e) Reserves of the Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Translation reserve HK$'000	Shares issuable reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1st January, 2008	–	918	65,409	–	–	23,233	89,560
Loss for the year	–	–	–	–	–	(68,976)	(68,976)
Exchange difference arising on translation to presentation currency recognised directly in equity	–	–	–	17,951	–	–	17,951
At 31st December, 2008	–	918	65,409	17,951	–	(45,743)	38,535
Loss for the year	–	–	–	–	–	(172,645)	(172,645)
Recognition of shares to be issued for acquisition of subsidiaries	–	–	–	–	22,500	–	22,500
Shares issued	70,661	–	–	–	–	–	70,661
Transaction costs attributable to issue of shares	(9,327)	–	–	–	–	–	(9,327)
At 31st December, 2009	**61,334**	**918**	**65,409**	**17,951**	**22,500**	**(218,388)**	**(50,276)**

The contributed surplus of the Company represents the aggregate of:

(i) the difference between the consolidated shareholders' funds of All Gold Investments Limited and its subsidiaries at the date on which the corporate reorganisation became effective and the nominal amount of the Company's shares issued under the reorganisation; and

(ii) a net balance arising from reduction of issued share capital and share premium after setting off accumulated losses of the Company during 2002 and after deducting the accumulated dividend paid from contributed surplus to shareholders.

44. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes: *(Continued)*

(e) Reserves of the Company *(Continued)*

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company had no distributable reserves at 31st December, 2009. The Company's reserves available for distribution to shareholders are as follows:

	2009	2008
	HK$'000	HK$'000
Share premium	**61,334**	–
Contributed surplus	**65,409**	65,409
Accumulated losses	**(218,388)**	(45,743)
	(91,645)	19,666

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Country/ place of incorporation/ registration	Place/ country of operations	Issued and fully paid share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company				Principal activities
				2009		2008		
				Directly	**Indirectly**	Directly	Indirectly	
				%	**%**	%	%	
All-cement Limited (Note d)	British Virgin Islands	Hong Kong	Ordinary US$1	**–**	**–**	–	100	Investment holding
All-Shanghai Inc. (Note d)	British Virgin Islands	Hong Kong	Ordinary US$15,376,500	**–**	**–**	–	83.3	Investment holding
SAC Enterprises Limited	Hong Kong	Hong Kong	Ordinary HK$1,000	**100**	**–**	100	–	Provision of management services to group companies
SAC Finance Company Limited	Hong Kong	Hong Kong	Ordinary HK$100	**–**	**100**	–	100	Provision of financing services to group companies
Shandong Shanghai Allied Cement Co., Ltd. (Note a, d)	PRC	PRC	Registered capital US$1,000,000	**–**	**–**	–	100	Manufacture and distribution of cement and clinker
Shanghai SAC (Note b, d)	PRC	PRC	Registered capital US$24,000,000	**–**	**–**	–	60	Manufacture and distribution of cement and clinker
Shanghai Allied Cement Holdings Limited (Note d)	Hong Kong	Hong Kong	Ordinary HK$10,000,000	**–**	**–**	100	–	Investment holding
Shandong Allied Wangchao Cement Limited (Note a, d)	PRC	PRC	Registered capital US$9,200,000	**–**	**–**	–	100	Manufacturing and distribution of cement and clinker
Sino Able Investment Limited	British Virgin Islands	Hong Kong	Ordinary US$1	**100**	**–**	100	–	Investment holding

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Country/ place of incorporation/ registration	Place/ country of operations	Issued and fully paid share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company				Principal activities
				2009		2008		
				Directly %	Indirectly %	Directly %	Indirectly %	
深圳市賽華順升建材有限公司 ("SZ TRIWA") (Note c)	PRC	PRC	Registered capital RMB1,500,000	–	–	–	–	Investment holding
中聯京華文化傳播(北京)有限公司 ("中聯京華") (Note e)	PRC	PRC	Registered capital RMB1,300,000	–	–	–	–	Investment holding
Zhong Sheng Qian Li (Note e)	PRC	PRC	Registered capital RMB1,500,000	–	–	–	–	Film, television programme and television drama series production, distribution and licensing and organising cultural and artistic exchange activities
Tianjin Tang Tu (Note e)	PRC	PRC	Registered capital RMB1,000,000	–	–	–	–	Production and distribution of mobile games
北京世通寰亞廣告有限公司 ("北京世通") (Note f)	PRC	PRC	Registered capital RMB200,000	–	–	–	–	Investment holding
Xian Jinding (Note f)	PRC	PRC	Registered capital RMB3,000,000	–	–	–	–	Film, television programme and television drama series production, distribution and licensing
北京中聯億盟商易有限公司 (Note g)	PRC	PRC	Registered capital RMB1,000,000	–	100	–	–	Distribution of cement and clinker
Rich Data Limited	British Virgin Islands	Hong Kong	Ordinary US$1	100	–	–	–	Provision of management services to group companies

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Notes:

(a) The subsidiaries are wholly owned enterprises with foreign capital.

(b) The subsidiary is a non-wholly owned Sino-foreign joint venture.

(c) The Company does not have any equity interest in the registered capital of SZ TRIWA as it is owned by three individuals. Pursuant to certain agreements among SZ TRIWA, the owners of SZ TRIWA and the Group, the owners of SZ TRIWA agreed to assign the power to appoint and remove all the members of the board of directors of and to govern the financial and operating policies of SZ TRIWA to the Group and to transfer all results of SZ TRIWA to the Group. Accordingly, SZ TRIWA is treated as a wholly-owned subsidiary of the Company and its results, assets and liabilities are consolidated with those of the Group. The registered capital of SZ TRIWA was contributed by the Group.

(d) The companies were disposed of during the year ended 31st December, 2009.

(e) The Company does not have any equity interest in the registered capital of 中聯京華 as it is owned by an employee of the Group. Pursuant to certain agreements among 中聯京華, the owner of 中聯京華 and the Group, the owner of 中聯京華 agreed to assign the power to appoint and remove all the members of the board of directors of and to govern the financial and operating policies of 中聯京華 to the Group and to transfer all results of 中聯京華 to the Group. Accordingly, 中聯京華 is treated as a wholly owned subsidiary of the Company and its results, assets and liabilities are consolidated with those of the Group. The registered capital of 中聯京華 was contributed by the Group. 中聯京華 holds 75% of the issued registered capital of Zhong Sheng Qian Li and 51% of the issued registered capital of Tianjin Tang Tu and controls 75% and 51% of the voting power in Zhong Sheng Qian Li and Tianjin Tang Tu. Both Zhong Sheng Qian Li and Tianjin Tang Tu are limited liability companies registered in the PRC.

(f) The Company does not have any equity interest in the registered capital of 北京世通 as it is owned by an employee of the Group. Pursuant to certain agreements among 北京世通, the owner of 北京世通 and the Group, the owner of 北京世通 agreed to assign the power to appoint and remove all the members of the board of directors of and to govern the financial and operating policies of 北京世通 to the Group and to transfer all results of 北京世通 to the Group. Accordingly, 北京世通 is treated as a wholly owned subsidiary of the Company and its results, assets and liabilities are consolidated with those of the Group. The registered capital of 北京世通 was contributed by the Group. 北京世通 holds 51% of the issued share capital of Xian Jinding and controls 51% of the voting power in Xian Jinding . Xian Jinding is a limited liability company registered in the PRC.

(g) The subsidiary is limited liability company registered in the PRC.

The above list includes the subsidiaries of the Company which, in the opinion of the directors, principally affect the results of the Group for the year or form a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

FINANCIAL SUMMARY

For the year ended 31st December, 2009

RESULTS

	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Turnover	349,437	386,511	434,300	552,847	**388,935**
(Loss) profit before taxation	(32,120)	14,406	(16,595)	12,346	**(218,657)**
Taxation (charge) credit	(420)	(7,212)	1,400	(1,857)	**(400)**
(Loss) profit for the year	(32,540)	7,194	(15,195)	10,489	**(219,057)**
(Loss) profit attributable to:					
Owners of the Company	(35,233)	387	(21,658)	2,487	**(225,296)**
Minority interests	2,693	6,807	6,463	8,002	**6,239**
	(32,540)	7,194	(15,195)	10,489	**(219,057)**

ASSETS AND LIABILITIES

	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Total assets	885,135	868,454	1,133,021	1,178,748	**466,888**
Total liabilities	(434,673)	(394,714)	(651,259)	(672,792)	**(61,562)**
Total equity	450,462	473,740	481,762	505,956	**405,326**
Minority interests	(159,822)	(173,093)	(186,677)	(192,882)	**(45,737)**
Equity attributable to owners of the Company	290,640	300,647	295,085	313,074	**359,589**