中國保綠資產投資有限公司

China Gogreen Assets Investment Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 397)

ANNUAL REPORT 2011

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Bai Liang *(Chairman)*
Mr. Siu Kam Chau
Mr. Lawrence Tang
Mr. Xue Feng

Independent Non-executive Directors
Mr. Chan Chi Yuen
Mr. Lo Chun Nga
Mr. Chik Chi Man

AUDIT COMMITTEE

Mr. Chan Chi Yuen *(Chairman)*
Mr. Lo Chun Nga
Mr. Chik Chi Man

REMUNERATION COMMITTEE

Mr. Lo Chun Nga *(Chairman)*
Mr. Chan Chi Yuen
Mr. Chik Chi Man

NOMINATION COMMITTEE

Mr. Chik Chi Man *(Chairman)*
Mr. Chan Chi Yuen
Mr. Lo Chun Nga

COMPANY SECRETARY

Mr. Lam Chun Kei

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop no.16, 9th Floor
Corporation Park
No.11 On Lai Street
Shatin, New Territories
Hong Kong

PRINCIPAL BANKERS

Dah Sing Bank Limited
Bank of China (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

www.chinagogreen.com.hk

Chairman's Statement

Dear Shareholders,

On behalf of China Gogreen Assets Investment Limited ("China Gogreen" or the "Company" or together with its subsidiaries, the "Group"), it gives me great pleasure to present to you the annual report for the year ended 31 December 2011. During the year, China Gogreen endeavoured to transform steadily while adjusting its positioning and focus on the development of the downstream solar energy market and developed steadily.

RESULTS PERFORMANCE

For the year ended 31 December 2011, China Gogreen recorded a revenue of approximately HK$92,775,000 from continuing operations (2010: HK$2,314,000).

BUSINESS PERFORMANCE

During the year 2011, China Gogreen endeavoured to transform steadily while adjusting its positioning. Generally speaking, 2010 was a year of expansion for solar energy market; however, the market experienced oversupply in the year 2011 resulting in drastic decrease in the price of solar products especially in crystalline silicon components. Consequently, the selling price of amorphous silicon thin-film solar photovoltaic ("PV") modules was also affected and went down dramatically when price competition turned fierce. The Group reacted by reducing the production volume during the year. To cope with this challenge, instead of slowing down; China Gogreen assessed the situation carefully and reacted proactively. Taking advantage of the market trend, we focused on the development of the downstream solar energy market with special emphasis on large-scale solar PV power stations and rooftop power stations as our strategic direction. Taking advantage of supportive national policy and the benefits brought by decrease in raw material prices, the Group successfully turned a threat into an opportunity. During the year, through setting up a number of large-scale quality projects, China Gogreen's development strategy becomes clear and eventually established a sound foundation for renewable energy enterprise. The large-scale quality projects of the Group included: –

– The 20-megawatt rooftop power station project in Zhengzhou, Henan Province; 1.3-megawatt construction has been completed.

– The 10-megawatt large-scale grid-connected on-ground solar PV power station project in Geermu, Qinghai Province, which passed the inspection by the Development and Reform Commission of Qinghai Province in December 2011 and satisfied the grid-connecting requirements of the government, was one of the first batch of PV power projects connected to Qinghai grid and obtained an electricity tariff of RMB1.15 per kilowatt-hour, which was a good return for the power station investment of the Group.

– The 20-megawatt rooftop power station project in Xuchang, Henan Province is expected to be completed by the end of June 2012. As one of the largest projects in the second batch of the "Golden Sun Project" launched by the PRC government, the rooftop project in Xuchang is also listed in the 12th Five-Year Plan of the PRC government in 2011. The project will get a total of RMB180,000,000 financial subsidy from both the Ministry of Finance of PRC and Finance Department of Henan Province.

Besides solar energy business, the Group also effectively utilised the Group's capital resources and carried out reasonable investment. On one hand, the Group invested in listed and unlisted securities. On the other hand, the Group invested in quality properties in Hong Kong in order to widen the property investment portfolio and generate stable revenue for the Group.

Chairman's Statement

BUSINESS PROSPECTS

In 2012, China's 12th Five-Year Plan enters into the second phase and the concept of environmental conservation with energy saving and carbon reduction as the ultimate target remains the general trend. In the 12th Five-Year Plan of National Energy Science and Technology, the target of PV installed capacity is raised to 10 gigawatts, and annual average installed capacity is 2 gigawatts. In the newly announced new energy technology roadmap, it is planned to build a large-scale gird-connected PV power system as a demonstration project, which will be completed in 2016. The PRC government plans to raise the target of PV installed capacity significantly to 50 gigawatts by 2020. On top of these, the uniform feed-in-tariff of PV power system was released in July 2011, which guaranteed the investment return of the solar energy enterprises. This will certainly drive the development of the solar PV industry in the country and the future growth potential of which is substantial.

As the industry leader, China Gogreen is well prepared in terms of technology, human resources, capital, as well as experience. Leveraging on our professional and ample industry expertise, ideal project locations, experienced management team and strong support from government departments, we are confident to complete the construction of the current demonstration projects on time and generate the best results from various projects so as to establish a concrete foundation for the renewable energy enterprise.

Riding on the successful experience of the existing projects, the Group always watches out for new business opportunities and grasps every chance of expansion. Leveraging on the abundant experience in the investment, development and management of existing solar projects, the Group will review the return on the projects meticulously and continue to seek suitable investment opportunities in order to expand the value base for the shareholders. Meanwhile, the Group will promote steadily the progress of the projects and gradually expand the market share of the Group's business. Through expanding both internally and externally simultaneously, China Gogreen will develop more steadily and solidly in the future.

Finally, I would like to express my gratitude to our shareholders and investors who have supported us all along the way especially remaining confident in us at the time when the industry went through its turbulence; always supported our decisions and remained positive towards our future. A good beginning is half-way to success; now, China Gogreen is undergoing a steady transformation and defining its positioning and development strategies. Through proactive deployment, the Group marches ahead in sound steps. The Group will reciprocate the shareholders by making practical moves and presents a trust worthy China Gogreen.

Thank you!

Chairman
Bai Liang
21 March 2012

FINANCIAL REVIEW

For the year ended 31 December 2011, China Gogreen Assets Investment Limited ("China Gogreen" or the "Company") and its subsidiaries (the "Group") recorded revenue of approximately HK$92,775,000 from continuing operations (2010: approximately HK$2,314,000), and the loss attributable to owners of the Company amounted to approximately HK$522,537,000 (2010: the profit attributable to owners of the Company was approximately HK$56,233,000). Such loss was mainly attributable to unrealized loss arising on change in fair value of held-for-trading investments (which formed part of the Group's investment business). Such factor was non-cash in nature, and did not have any immediate impact on the cash flow nor business operations of the Group.

BUSINESS REVIEW

Solar Energy Business

Large-scale expansion in production capacity in 2010 resulted in the oversupply of the whole solar market in 2011, and consequently the price of solar products in industrial chain, especially for that of crystalline silicon modules declined drastically, and the selling price of amorphous silicon thin-film solar photovoltaic ("PV") modules produced by the Group was also affected and fell substantially in the fierce price competition. The Group reacted to this change by reducing the production volume to lower level during the year. Decline in global orders and excessive production capacity, along with the impact of European debt crisis, had inflicted negative effect on the business of solar industry, particularly in the upstream and middle-stream, and this trend was noticeable in the first half of 2011.

Against this background, China Gogreen endeavored to transform steadily, re-evaluated business strategies timely, followed the market needs and trends, and focused on the development of downstream solar energy business, with special emphasis on large-scale solar PV power stations and rooftop power stations as our strategic direction. It had turned a threat into opportunity by utilizing the cost advantages of decreasing raw material prices. During the year, 北京君陽投資有限公司 (unofficial English translation being Beijing Jun Yang Investment Company Limited) ("Beijing Jun Yang"), the Company's wholly-owned subsidiary, had, after starting the construction work of the roofs and the operation of the 20-megawatt rooftop solar PV power stations for a number of buildings in Zhengzhou, Henan Province; successively obtained the 10-megawatt large-scale grid-connected on-ground solar PV power station project in Geermu, Qinghai Province and the 20-megawatt rooftop solar PV power station in Xuchang, Henan Province. It gradually consolidated the Group's strategic directions of focusing on the development of downstream solar energy business. Currently, all projects are in progress and achieved targets in different stages of the development. The development strategy of the Group becomes clear, and the edge of valuable experience in project investment management and sound government relationship are getting more prominent.

10-megawatt grid-connected on-ground solar PV power station in Geermu, Qinghai Province

In January 2011, Beijing Jun Yang entered into an equity transfer agreement and in July of the same year completed the transaction of acquiring 99% of the registered capital of 青海鈞石能源有限公司 (unofficial English translation being GS-Solar (Qinghai) Company Limited) at a consideration of RMB5,900,000, and planned to build a large-scale grid-connected solar PV power station in Geermu, Qinghai Province, where the solar resources is rich. And the project was examined and approved by the Development and Reform Commission of Qinghai Province in December and it met with the grid-connecting requirements of the PRC government and became one of the first batch of PV power projects connected to the Qinghai grid.

After grid connection, the Group can obtain feed-in-tariff of RMB1.15 per kilowatt-hour, which offers good return for the power station investment of the Group and ensures the long-term development prospects of the downstream business of the Group.

20-megawatt rooftop power station project in Zhengzhou

Beijing Jun Yang obtained the 20-megawatt rooftop power station project at Zhengzhou High and New Technology Industries Development Zone, Zhengzhou, Henan Province in December 2010, and the project started construction in 2011. The total investment for the project is estimated to be approximately RMB300,000,000. It is a demonstration project of the government and one of the largest rooftop solar PV power stations in China. 1.3-megawatt construction has been completed.

Income of the project is derived from two sources, one of which is the financial subsidy of RMB12 per watt, representing an aggregate amount of approximately RMB15,600,000, granted by the "Golden Sun Project" launched by the PRC government to the 1.3-megawatt project completed by the Group. The other sources of income is the electricity tariffs to be collected from the users under energy management contract. Currently, the Group has been actively involved in the development of the rooftop solar PV power station development in Zhengzhou High and New Technology Industries Development Zone, Zhengzhou, Henan Province. For such, the deployment of the Group in Zhengzhou has taken shape and it has accumulated abundant experience in investment, management and operations of downstream solar power station projects and its capabilities are fully recognized and are greatly supported by the energy department in Henan Province.

20-megawatt rooftop power station project in Xuchang

Following the rooftop project in Zhengzhou, Henan Province, Beijing Jun Yang and 許昌市新區管理委員會 (unofficial English translation being Xuchang New District Administration Committee) entered into an investment agreement in October 2011, to invest in the construction of rooftops for a number of industrial buildings and the operation of solar PV power stations, with an aggregate installed capacity up to 20-megawatt. The Group has 100% interest in the project, and the total investment is estimated to be approximately RMB320,000,000. As one of the largest projects in the second batch of the "Golden Sun Project" launched by the PRC government, the rooftop project in Xuchang is also listed in the 12th Five-Year Plan of the PRC government. The project will obtain a total of RMB180,000,000 financial subsidy from both the Ministry of Finance of PRC and Finance Department of Henan Province.

Adjacent to Zhengzhou, Xuchang is one of the most vibrant cities for economic and social development in Henan Province. As one of the China's livable cities, Xuchang is another important base for the Group to continuously promote eco-friendly awareness and expand rooftop solar PV power station business. Currently, the progress of the power station construction is sound, and the construction is expected to be completed by the end of June 2012. The project will further enhance the development of construction and operation of downstream power station for the Group. For such, through steady deployment, the Group has become one of the most active new energy investment enterprises with most rooftop PV power station projects in Henan Province. With supports of government policies and strong financial subsidy, the Group is bound to bring good return to its shareholders.

Health Check Business

The Group operated health check and health care businesses through Luck Key Investment Limited and its subsidiaries (the "Luck Key Group"). During the year, with advanced inspection facilities such as medical imaging instruments and experienced professional health care team, Luck Key Group has continued to provide its customers with one-stop quality medical diagnostic and laboratory services and its related business has developed steadily.

Investment Business

Our investment direction continued to focus on listed and unlisted securities and quality properties in Hong Kong. The existing property investment portfolio brought steady rental income to the Group. The Group will continue to expand its investment portfolio so as to enhance the Group's stable income.

PROSPECTS

After the expansion in 2010, the whole PV industry experienced market oversupply in 2011. According to Energy Trend, a research institution focusing on green energy, which is under Trend Force, a global leading market information provider, affected by price, market and technology evolution, 2012 will be a critical year for global solar market, weaker players will be eliminated while the strong ones will survive. The gap between the competing companies will be widened. This circumstance becomes both a challenge as well as an opportunity for China Gogreen with focus on the development of downstream market. Generally, for the whole solar power industry, the market demand from Germany and Southern Europe will remain stable in the short term. Although financial subsidy from the government remains uncertain, internal return rate is still attractive. Emerging of United States and Canada markets had become the major growth momentum for 2011. While in the long run, the market demand for solar power in China, India and other developing countries is strong. Energy Trend forecasts that the demand in 2012 will grow marginally and the market will grow strongly in 2013. According to the forecast in *Investment Guide for China's New Energy* issued by Yuanta Securities in 2011, the installed capacity of the global solar energy will reach 197 gigawatts in 2015.

In addition, the Group will pay close attention to the market trend of the mid-stream solar PV modules manufacturing and keep track of the changes and the development of the solar market. The Group, in response to the latest market changes, will adjust the production volume to the lowest level so as to reduce losses. On the other hand, the domestic uniform PV generation feed-in-tariff in China was finally released in July 2011, and it was specified that projects approved for construction before 1 July 2011 and commenced production before 31 December 2011 would enjoy uniform feed-in-tariff of RMB1.15 per kilowatt-hour. Compared with other supporting policies, uniform feed-in-tariff is more feasible and will help to develop PV power stations and change China's PV enterprises' over-reliance on foreign markets. This initiative greatly increased the confidence of China's solar practitioners, ensured the investment return of solar enterprises, and was bound to promote the development of the solar PV industry and it was a significant turning point for domestic solar industry.

In fact, China's PV market has huge development potential. Besides uniform feed-in-tariff, both the 12th Five-Year Plan of the country and the "Golden Sun Project" showed the government's determination and devotion in supporting eco-friendly energy industry. In the 12th Five-Year Plan of National Energy Science and Technology, the PV installed capacity target of the "12th Five-Year" was raised to 10 gigawatts, and annual average installed capacity was 2 gigawatts. The energy technology roadmap planned to complete the construction of a large-scale grid-connected PV generation system demonstration project by 2016. The PRC government planned to raise the PV installed capacity significantly to 50 gigawatts by 2020.

Transform steadily and focus on the development of solar downstream business

Since the Group commenced solar power business, it has consistently adhered to the strategy of seizing markets and sizing up the situation, proceeding in an orderly and gradual way and striving for steady development. In 2012, China Gogreen will continue to follow its development strategy of focusing its development on solar downstream business, especially large-scale solar PV power stations and rooftop power stations, and promoting the steady development of all existing projects. With our professional and scalable expertise, advanced technical research and development advantages and the strong support from the government of Xuchang, the Group is confident in completing the Golden Sun demonstration project on schedule, and bringing the benefits of Xuchang rooftop projects thoroughly to establish a solid foundation in the green energy enterprise.

Continue to explore and steadily promote various businesses development

The release of PV generation uniform feed-in-tariff in China in July 2011 in addition to the recent price decrease of industrial raw materials, which serves as a catalyst, triggered the trend of full-scale expansion of the China's PV industry. Riding on this favourable trend, China Gogreen will grasp this rare market opportunity and leveraging on its own advantages, which include, possessing abundant investment and management experience in solar power stations, senior management team with more than ten years' energy industry investment experience and carefully screened suppliers of raw materials; the Group will continue to bid for government projects, looking for quality environmental protection energy projects in different regions, expanding the business network and market share of the Group and consolidating the development of downstream solar business. The Group will also steadily promote the development of various investment businesses.

Watch out for market chances, endeavour to seek investment opportunities

In line with the progress of internal development, the Group will relentlessly seek various new investment opportunities with good returns, prudently review the feasibilities of developing new business, seek new market opportunities, carry-out external expansions and all these actions will be carried out simultaneously so that the future development of the Group will be more sound and solid.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group held cash and bank balances of approximately HK$146,272,000 (2010: approximately HK$601,497,000). Net current assets amounted to approximately HK$592,643,000 (2010: approximately HK$1,216,841,000). Current ratio (defined as total current assets divided by total current liabilities) was 2.63 times (2010: 4.13 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 25% (2010: 16.5%).

As at 31 December 2011, the Group had outstanding bank borrowings of approximately HK$115,900,000 (2010: Nil). As the Group's bank balances and borrowings were denominated in Hong Kong dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 31 December 2011, the Group had shareholders' equity of approximately HK$126,180,000 (2010: approximately HK$136,155,000).

On 21 January 2011, the Company allotted and issued 200,000,000 new shares of HK$0.02 each in the share capital of the Company (the "Shares"), at the price of HK$0.15 per share, pursuant to the conditional subscription agreement dated 13 December 2010 entered into between the Company and CASIL Clearing Limited, further details of which are set out in the announcement of the Company dated 13 December 2010.

In November 2011, the Company repurchased a total of 698,780,000 Shares on The Stock Exchange of Hong Kong Limited.

Save as disclosed above, there was no movement in the issued share capital of the Company during the year ended 31 December 2011.

CHARGES ON GROUP ASSETS

As at 31 December 2011, certain Group's investment properties and property, plant and equipment with carrying value of approximately HK$652,630,000 were pledged to secure bank loan and general bank facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2011, the Group employed approximately 224 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

The emoluments of the directors of the Company are decided by the board of directors of the Company, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme and share options may be granted to eligible staff. Details of the scheme are set out in note 35 to the consolidated financial statements.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Bai Liang, aged 44, has been the Chairman and an executive director (the "Director") of China Gogreen Assets Investment Limited (the "Company") since 24 November 2010. He is also a director of the subsidiaries of the Company. He graduated from Beijing Jiaotong University (formerly known as Northern Jiaotong University) in the People's Republic of China (the "PRC") with a bachelor degree in engineering in 1990. Mr. Bai had worked at the energy and electrical power sectors of the senior authority of electrical power industry in the PRC, and the Chinese Institute of Electrical Engineering of the China Electricity Council for over 9 years and was responsible for the science and technology managerial work in the electrical power industry. Mr. Bai has extensive experience and good understanding in the China electrical power and electrical equipment industry. Besides, Mr. Bai has established and participated in many energy and electrical power related enterprises and has also participated in many energy and resources related investment projects in coal and nonferrous metals, and green energy like wind power and solar energy, and has vast experience in management and coordination. Since 2006, Mr. Bai has been engaging in the solar energy industry and had involved in establishing a leading PRC enterprise principally engaged in the manufacture and sale of silicon based thin-film solar photovoltaic modules.

Mr. Siu Kam Chau, aged 47, has been an executive Director since 10 October 2011. He is also a director of a number of subsidiaries of the Company. Mr. Siu graduated from the City University of Hong Kong with a bachelor degree in accountancy. Mr. Siu is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Public Accountant (practising) in Hong Kong. Mr. Siu has over 22 years of working experience in auditing, accounting, company secretarial and corporate finance. Mr. Siu is currently an independent non-executive director of two companies whose shares are listed on The Stock Exchange of Hong Kong Limited, namely China New Economy Fund Limited (stock code: 0080) and Wang On Group Limited (stock code: 1222).

Mr. Lawrence Tang, aged 36, has been an executive Director since 7 December 2009. He is also a director of a number of subsidiaries of the Company. Mr. Tang graduated from the University of Staffordshire in the United Kingdom with a Bachelor of Arts Degree in Law and Accounting. He has over 12 years' experience in international trade and marketing in Europe, North America, Hong Kong and the PRC out of which 8 years were at top management level. Mr. Tang also possesses extensive knowledge and hands-on experience in the PRC market and industrial management. Prior to joining the Company, Mr. Tang had been working in the manufacturing sector for 6 years and held a chief executive officer position in a manufacturing company for 3 years.

Mr. Xue Feng, aged 43, has been an executive Director since 14 June 2010. He is also a director of the subsidiaries of the Company. He graduated from Beijing Jiaotong University (formerly known as Northern Jiaotong University) in the PRC with a bachelor degree in engineering in 1990. He has also passed the national examinations of the PRC and certified with intermediate qualification level of speciality and technology in finance and economics, and accounting in 1996 and 2003 respectively. Mr. Xue has many years of experience in the areas of engineering, corporate management, accounting and asset valuation.

Profiles of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 45, has been an independent non-executive Director since 12 January 2005. He is also the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Mr. Chan holds a bachelor degree with honours in Business Administration and a master of science degree in Corporate Governance and Directorship. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and is an associate member of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practicing certified public accountant and has extensive experience in financial management, corporate finance and corporate governance. Mr. Chan is currently the chairman and an executive director of Kong Sun Holdings Limited (stock code: 295). He is also an executive director and chief executive officer of Sam Woo Holdings Limited (stock code: 2322) and a non-executive director of New Times Energy Corporation Limited (stock code: 166). Mr. Chan is also an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), China Gamma Group Limited (stock code: 164), China Grand Forestry Green Resources Group Limited (stock code: 910), Media Asia Group Holdings Limited (stock code: 8075) and U-RIGHT International Holdings Limited (stock code: 627). He was an executive director of Amax Holdings Limited (stock code: 959) from August 2005 to January 2009. He was also an independent non-executive director of Richly Field China Development Limited (stock code: 313) from February 2009 to August 2010, Superb Summit International Timber Company Limited (stock code: 1228) from April 2007 to June 2010 and The Hong Kong Building and Loan Agency Limited (stock code: 145) from October 2009 to February 2011.

Mr. Lo Chun Nga, aged 61, has been an independent non-executive Director since 22 May 2006. He is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Mr. Lo has over 32 years of experience in business management in Hong Kong and the PRC. He is currently a director of Hong Kong Commerce and Industry Associations Limited and Hong Kong Shatin Industries and Commerce Association Limited.

Mr. Chik Chi Man, aged 57, has been an independent non-executive Director since 23 October 2006. He is also the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company. Mr. Chik has over 44 years of experience in the building and construction industry in Hong Kong. He is currently the vice chairman of Sha Tin East District Scout Council and also the treasurer of the committee in Sha Tin District of the Friends of the Community Chest. In July 2006, Mr. Chik was awarded the Chief Executive's Commendation for Community Service by The Government of the Hong Kong Special Administrative Region.

SENIOR MANAGEMENT

Mr. Lam Chun Kei, aged 36, currently the Financial Controller and the Company Secretary of the Company. Mr. Lam holds a bachelor degree in Accountancy from the City University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Lam has over 13 years of experience in accounting, auditing and financial management and previously worked in an international accounting firm and a listed group. He joined the Group in August 2007.

Mr. Wang Zhiwei, aged 44, currently a director and the Vice President of a subsidiary of the Company. He is mainly responsible for the management of the operation of amorphous silicon thin-film solar photovoltaic power stations. Mr. Wang has over 11 years of experience in the energy and resources-related industry in the PRC out of which he was a senior management for 5 years, and has extensive coordination and management experience. He joined the Group in June 2010.

Mr. Wu Yongli, aged 49, currently the Deputy General Manager of a subsidiary of the Company. He is mainly responsible for construction project management and engineering technology of the subsidiaries of the Company. Mr. Wu has over 29 years of experience in the management, analysis, research and development of energy and new energy businesses in the PRC. He joined the Group in January 2010.

Changes in Information of Directors

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Name of Director	Details of Changes
Mr. Siu Kam Chau	– the total emoluments for the year ended 31 December 2011 was approximately HK$604,000.
Mr. Lawrence Tang	– the total emoluments increased by approximately HK$113,000 to approximately HK$516,000 compared with 2011.
	– appointed as the director and chairman of Oriental City Group Plc ("OCGP"), the shares of which are listed on PLUS Markets Group plc in the United Kingdom, with effect from 28 June 2011.
	– resigned as the director and chairman of OCGP with effect from 9 February 2012.
Mr. Chan Chi Yuen	– appointed as an executive director and the chairman of Kong Sun Holdings Limited (stock code: 295), the shares of which are listed on The Stock Exchange of Hong Kong Limited, with effect from 8 December 2011 and 30 December 2011 respectively.
	– appointed as a member of the nomination committee of the board of directors of the Company (the "Nomination Committee") with effect from 21 March 2012.
Mr. Lo Chun Nga	– appointed as a member of the Nomination Committee with effect from 21 March 2012.
Mr. Chik Chi Man	– appointed as the chairman of the Nomination Committee with effect from 21 March 2012.

Report of the Directors

The directors (the "Directors") of China Gogreen Assets Investment Limited (the "Company") present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 23 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance by principal activities and geographical locations of operations for the Year is set out in note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at the year end date are set out in the consolidated financial statements on pages 30 to 117 of this annual report.

The Directors do not recommend the payment of a final dividend for the Year.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results of the Group for the last five financial years is set out on page 118 of this annual report.

SUBSIDIARIES

Details of acquisition/disposal of subsidiaries during the Year are set out in notes 38 and 39 to the consolidated financial statements.

Details of the Company's principal subsidiaries as at 31 December 2011 are set out in note 23 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately HK$176,020,000 for the expansion of its business.

Details of movements in property, plant and equipment of the Group during the Year are set out in note 20 to the consolidated financial statements.

INVESTMENT PROPERTIES

Particulars of investment properties of the Group are set out in note 21 to the consolidated financial statements.

SHARE CAPITAL

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

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 existing shareholders.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 35 to the consolidated financial statements.

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

During the Year, the Company repurchased a total of 698,780,000 shares of HK$0.02 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). All of the repurchased shares were cancelled. Particulars of the repurchases were as follows:

	Number of shares repurchased	Price per share		Aggregate consideration paid (excluding expenses)
		Highest	Lowest	
		HK$	HK$	HK$
November 2011	698,780,000	0.104	0.085	66,278,200

The Directors were of the view that the aforesaid repurchases were in the interest of the Company and its shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on pages 35 and 36 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in note 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2011, the Company had no reserves available for distribution calculated in accordance with the Companies Act 1981 of Bermuda (as amended). The contributed surplus may only be distributable in certain circumstances.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the five largest customers in aggregate accounted for approximately 98% of the turnover of the Group and the largest customer accounted for approximately 46% of the turnover of the Group while the largest supplier accounted for approximately 28% of the Group's total purchases from continuing and discontinued operations.

As far as the Directors are aware, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest at any time during the Year in any of the Group's five largest suppliers.

BANK BORROWINGS

Details of bank borrowings of the Group are set out in note 31 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the Year and up to the date of this annual report are:

Executive Directors

Mr. Bai Liang *(Chairman)*	
Mr. Siu Kam Chau	(appointed on 10 October 2011)
Mr. Lawrence Tang	
Mr. Xue Feng	
Mr. Cho Kwai Yee, Kevin	(resigned with effect from 1 November 2011)
Mr. Liu Wenmao	(retired on 24 May 2011)

Independent Non-executive Directors

Mr. Chan Chi Yuen
Mr. Lo Chun Nga
Mr. Chik Chi Man

Report of the Directors

In accordance with bye-law 99 of the Company's bye-laws and to comply with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), Mr. Xue Feng, Mr. Chan Chi Yuen and Mr. Lo Chun Nga will retire by rotation at the forthcoming annual general meeting of the Company (the "AGM"). Mr. Xue Feng and Mr. Chan Chi Yuen, being eligible, offer themselves for re-election at the AGM. Due to other business commitments which require more of his dedications, Mr. Lo Chun Nga will not offer himself for re-election at the AGM.

The biographical details of the Directors as at the date of this annual report are set out in "Profiles of Directors and Senior Management" on pages 11 to 13 of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors and the five highest paid individuals of the Group are set out in notes 16 and 17 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group during the Year.

CONNECTED TRANSACTIONS

Connected transactions undertaken by the Group during the Year and up to the date of this annual report are set out below:

1. On 9 December 2010, 北京君陽投資有限公司 (unofficial English translation being Beijing Jun Yang Investment Company Limited) ("Beijing Jun Yang") and 鄭州高新技術產業開發區管理委員會(Administration Committee of Zhengzhou High and New Technology Industries Development Zone) (the "Administration Committee") entered into an investment agreement in relation to the construction and operation of 20-megawatt amorphous silicon thin-film solar photovoltaic power stations at the rooftops of various buildings and structures in the Zhengzhou High and New Technology Industries Development Zone (the "Rooftop Project") in Zhengzhou, Henan Province, the People's Republic of China (the "PRC"). The Group will have 100% interest in the Rooftop Project.

   The total investment of the Rooftop Project will amount to RMB300 million which will be solely financed by the Group. Beijing Jun Yang will be responsible for contributing capital of US$9 million to carry out the Rooftop Project which will be funded by internal resources of the Group.

   As the Administration Committee is a state-owned enterprise which has established 鄭州高科技創業投資有限公司 (unofficial English translation being Zhengzhou High-Tech Start-up Investment Co., Ltd.) (the "JV Partner") which in turn owns 35% equity interest of 河南保綠能源有限公司 (Henan Gogreen Energy Limited), the Sino-foreign equity joint venture enterprise and a non wholly-owned subsidiary of the Company established by the Group in the PRC, it is an associate of the JV Partner. Therefore, the entering into of the investment agreement in relation to the Rooftop Project constituted a connected transaction for the Company and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Such investment agreement and the transactions contemplated thereunder were approved at the special general meeting of the Company on 1 February 2011. Details of the investment agreement and the Rooftop Project are set out in the announcement of the Company dated 9 December 2010 and the circular of the Company dated 7 January 2011.

2. On 10 January 2011, Beijing Jun Yang and Mr. Wang Zhiwei entered into a conditional equity transfer agreement in respect of the conditional acquisition of 99% of the registered capital of 青海鈞石能源有限公司 (unofficial English translation being GS-Solar (Qinghai) Company Limited) on terms and conditions set out in the equity transfer agreement at a consideration of RMB5.90 million.

   Mr. Wang Zhiwei is a connected person of the Company under the Listing Rules as he is a director of Beijing Jun Yang. Therefore, the acquisition constituted a connected transaction for the Company and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The equity transfer agreement and the transactions contemplated thereunder were approved at the special general meeting of the Company on 17 February 2011 and completion of the acquisition took place in July 2011. Details of the equity transfer agreement and the acquisition are set out in the announcement of the Company dated 10 January 2011 and the circular of the Company dated 28 January 2011.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2011, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in underlying shares in associated corporation

Name of Director	Name of associated corporation	Capacity	Number of underlying shares interested in the associated corporation	Percentage of total issued shares of the associated corporation
Mr. Bai Liang	Jun Yang Solar Power Investment Holdings Limited (Note 1)	Beneficial owner	2,000 ordinary shares (Note 2)	12.5%

Notes:

1. Jun Yang Solar Power Investment Holdings Limited is a direct wholly-owned subsidiary of the Company.

2. These shares represent the new shares of Jun Yang Solar Power Investment Holdings Limited which may be issued to Mr. Bai Liang under an option granted to him.

Save as disclosed above, as at 31 December 2011, none of the Directors or the chief executives of the Company had recorded any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company adopted a share option scheme on 17 November 2003 (the "Scheme"), for the primary purpose of providing incentives to Directors and employees. Under the Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for shares of the Company.

Particulars of the Scheme and details of movements of share options during the Year are set out in note 35 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the Directors or chief executives of the Company or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the Company has not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 45 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules as at the date of this annual report.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 22 to 27 of this annual report.

AUDITORS

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting of the Company. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Bai Liang
Chairman
21 March 2012

Corporate Governance Report

The board of directors (the "Directors") of China Gogreen Assets Investment Limited (the "Company") is committed to maintaining a good corporate governance standard. The board of Directors (the "Board") believes that a good corporate governance standard will provide a framework for the Company and its subsidiaries (the "Group") to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the applicable code provisions in the Code throughout the year ended 31 December 2011 (the "Year"), except that:

(a) under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. After the resignation of Mr. Cho Kwai Yee, Kevin ("Mr. Cho") as an executive Director and the chief executive officer of the Company during the Year under review, the post of the chief executive officer of the Company is still vacant and the previous job responsibilities of Mr. Cho were discharged by the executive Directors collectively.

(b) under code provision A.4.1 of the Code, non-executive directors of the Company should be appointed for a specific term and subject to re-election. None of the existing independent non-executive Directors was appointed for a specific term during the Year. However, the independent non-executive Directors are subject to retirement by rotation and re-election at annual general meetings of the Company at least once every three years in accordance with the provisions of the bye-laws of the Company (the "Bye-Laws"). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises seven members, four of which are executive Directors, namely Mr. Bai Liang (the Chairman of the Board), Mr. Siu Kam Chau, Mr. Lawrence Tang and Mr. Xue Feng. The other three members are independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man. The biographical details of the Directors are set out in "Profiles of Directors and Senior Management" on pages 11 to 13 of this annual report.

The Board held four meetings during the Year. The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management. The executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent non-executive Directors provide their professional advices to the Group whenever necessary.

Composition of the Board, including names of the independent non-executive Directors, is disclosed in all corporate communications to shareholders of the Company.

All the Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Bai Liang is the Chairman of the Company and Mr. Cho Kwai Yee, Kevin was the Chief Executive Officer of the Company until 31 October 2011, they have segregated and clearly defined roles. The Chairman provides leadership for the Board. The Chief Executive Officer has responsibility for the Group's business development and daily management generally.

After the resignation of Mr. Cho as an executive Director and the chief executive officer of the Company during the year under review, the post of the chief executive officer of the Company is still vacant and the previous job responsibilities of Mr. Cho were discharged by the executive Directors collectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to rule 3.10 of the Listing Rules, the Company has three independent non-executive Directors, one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received an annual written confirmation of independence from each of the independent non-executive Directors pursuant to rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent.

During the Year, none of the independent non-executive Directors was appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years in accordance with the provisions of the Bye-Laws.

Each of the independent non-executive Directors has entered into a letter of appointment dated 30 March 2012 with the Company for a specific term of one year commencing from 1 April 2012 and is subject to the retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws.

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference in accordance with the provisions set out in the Code. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages for the Directors and senior management to the Board for approval. The Company's remuneration policy is to provide a competitive level of remuneration in accordance with current market conditions to attract and motivate the Directors and staff for their contribution.

As at the date of this annual report, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Lo Chun Nga (the chairman of the Remuneration Committee), Mr. Chan Chi Yuen and Mr. Chik Chi Man.

The Remuneration Committee held one meeting during the Year. The Remuneration Committee reviewed the remuneration policy of the Company, assessed the performance of the executive Directors and senior management and recommended specific remuneration packages of the Directors and senior management to the Board.

DIRECTORS' APPOINTMENT AND RE-ELECTION

During the Year, the Company did not have a nomination committee. The Board as a whole is responsible for the appointment of its members. In considering the appointment of a new Director, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. The Board is also responsible for nomination of appropriate person for re-election by shareholders at the general meeting of the Company, either to fill a casual vacancy or as an addition to the Board.

On 21 March 2012, the Board has established a nomination committee (the "Nomination Committee") with specific written terms of reference in accordance with the provisions set out in the Code. The Nomination Committee comprises three independent non-executive Directors, namely Mr. Chik Chi Man (the chairman of the Nomination Committee), Mr. Chan Chi Yuen and Mr. Lo Chun Nga.

According to the Bye-Laws, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and who shall then be eligible for re-election at such general meeting. In addition, one-third of the Directors are required to retire from office by rotation at each annual general meeting, and each retiring Director is eligible for re-election by shareholders.

The circular to shareholders of the Company with notice of the general meeting contains biographical details of all the Directors proposed to be elected and re-elected at the meeting to enable shareholders of the Company to make an informed decision on election and re-election of Directors.

AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's auditors, HLB Hodgson Impey Cheng, for their audit services and non-audit services for the Year are set out as follows:

	Fees paid/ payable HK$'000
Services rendered	
Audit for the Year	624
Non-audit services	
Acting as reporting accountants to report on certain financial information included in the Company's circulars issued during the Year	316
Total	940

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with specific written terms of reference in accordance with the provisions set out in the Code. The principal duties of the Audit Committee is to consider the appointment and remuneration of the external auditors, to monitor the integrity of the Group's financial statements with focus on the changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern assumptions, and compliance with accounting standards, the Listing Rules and other applicable legal requirements, and to review the Group's financial reporting system and internal control procedures.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the Audit Committee), Mr. Lo Chun Nga and Mr. Chik Chi Man.

The Audit Committee held two meetings during the Year. The Audit Committee reviewed the Group's financial statements for the six months ended 30 June 2011 and for the year ended 31 December 2011 respectively, discussed audit scope and findings with the Company's independent auditors and reviewed the Group's financial reporting system and internal control procedures.

The Audit Committee has reviewed the Group's unaudited financial statements for the six months ended 30 June 2011 and the audited financial statements for the year ended 31 December 2011 prior to recommending them to the Board for approval.

The accounts for the Year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting of the Company. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting of the Company.

DIRECTORS' ATTENDANCE AT MEETINGS

The attendance of the Directors at the meetings of the Board, the Audit Committee and the Remuneration Committee during the Year are set out below:

	Number of meetings attended/held		
Directors	**Board**	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Mr. Bai Liang	4/4	N/A	N/A
Mr. Siu Kam Chau (appointed on 10 October 2011)	1/1	N/A	N/A
Mr. Lawrence Tang	4/4	N/A	N/A
Mr. Xue Feng	4/4	N/A	N/A
Mr. Cho Kwai Yee, Kevin (resigned with effect from 1 November 2011)	3/3	N/A	N/A
Mr. Liu Wenmao (retired on 24 May 2011)	0/2	N/A	N/A
Independent non-executive Directors			
Mr. Chan Chi Yuen	4/4	2/2	1/1
Mr. Lo Chun Nga	4/4	2/2	1/1
Mr. Chik Chi Man	4/4	2/2	1/1

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of the profit and cash flows for the year ended 31 December 2011. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The statement issued by the independent auditors of the Company, HLB Hodgson Impey Cheng, regarding their reporting responsibilities is set out in "Independent Auditors' Report" on pages 28 to 29 of this annual report.

INTERNAL CONTROLS

The Board has the overall responsibility for the internal control of the Group, including risk management, and sets appropriate policies having regard to the objectives of the Group. The Board, through the Audit Committee, reviews the effectiveness of the Group's system of financial and non-financial controls. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Controls are monitored by management review.

COMMUNICATION WITH SHAREHOLDERS

The Company provides information in relation to the Group to the shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website.

During the Year, separate resolutions were proposed at the general meetings of the Company for each substantial issue, including the re-election of Directors.

The Chairman explained the procedures for conducting a poll at the beginning of each general meeting of the Company held during the Year. The results of the poll were published on the websites of The Stock Exchange of Hong Kong Limited and the Company respectively.

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF
CHINA GOGREEN ASSETS INVESTMENT LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Gogreen Assets Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 117, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act of Bermuda, 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 about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, 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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong, 21 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Continuing operations			
Gross proceeds from operations	8	**272,782**	349,095
Revenue	8	**92,775**	2,314
Cost of sales		**(94,974)**	–
Gross (loss)/profit		**(2,199)**	2,314
Other income	10	**5,107**	874
Employee benefits expense		**(7,160)**	(4,672)
Depreciation of property, plant and equipment		**(16,668)**	(488)
Loss arising on change in fair value of held-for-trading investments		**(382,658)**	(25,750)
Gain on disposals of subsidiaries	39(b), (c) & (d)	**–**	5,267
Gain on conversion of convertible bonds held by the Group		**–**	145,407
Finance costs	11	**(8,254)**	(32)
Impairment loss of goodwill	22	**–**	(509)
Impairment loss of property, plant and equipment	20	**(59,761)**	–
Impairment loss of value-added tax refundable		**(75,286)**	–
Share of results of an associate	24	**(1,375)**	(1,743)
Gain arising on change in fair value of investment properties	21	**9,400**	19,712
Write down on inventories		**(19,000)**	(10,982)
Selling and distribution expenses		**(2,499)**	–
Other operating expenses		**(37,107)**	(17,488)
(Loss)/profit before tax		**(597,460)**	111,910
Income tax expense	12	**(1,687)**	(269)
(Loss)/profit for the year from continuing operations	15	**(599,147)**	111,641
Discontinued operation			
Loss for the year from discontinued operation	13	**–**	(74,263)
(Loss)/profit for the year		**(599,147)**	37,378

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Other comprehensive income			
Exchange differences on translating foreign operations		**19,457**	12,105
Total comprehensive (loss)/income for the year		**(579,690)**	49,483
(Loss)/profit attributable to:			
Owners of the Company			
(Loss)/profit for the year from continuing operations		**(522,537)**	116,949
Loss for the year from discontinued operation		**–**	(60,716)
(Loss)/profit for the year attributable to owners of the Company	18	**(522,537)**	56,233
Non-controlling interests			
Loss for the year from continuing operations		**(76,610)**	(5,308)
Loss for the year from discontinued operation		**–**	(13,547)
Loss for the year attributable to non-controlling interests		**(76,610)**	(18,855)
		(599,147)	37,378
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(504,818)**	64,636
Non-controlling interests		**(74,872)**	(15,153)
		(579,690)	49,483
(Loss)/earnings per share			
From continuing and discontinued operations			
– Basic (HK cents per share)	19	**(7.56)**	4.38
– Diluted (HK cents per share)	19	**(7.56)**	4.36
From continuing operations			
– Basic (HK cents per share)	19	**(7.56)**	9.11
– Diluted (HK cents per share)	19	**(7.56)**	9.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	20	**719,805**	637,380
Investment properties	21	**97,900**	88,500
Goodwill	22	**2,941**	–
Interest in an associate	24	**13,873**	15,248
		834,519	741,128
Current assets			
Inventories	26	**11,190**	32,981
Trade and other receivables	27	**33,037**	30,844
Value-added tax refundable		**14,312**	83,549
Deposit paid for acquisition of property, plant and equipment		**–**	1,189
Amount due from an associate	24	**104,138**	123,548
Held-for-trading investments	28	**594,380**	731,473
Bank balances and cash	29	**146,272**	601,497
		903,329	1,605,081
Assets classified as held for sale	14	**52,500**	–
		955,829	1,605,081
Current liabilities			
Amounts due to non-controlling interests	25	**42,700**	23,600
Trade and other payables	30	**99,709**	46,767
Amount payable for acquisition of property, plant and equipment		**182,634**	317,609
Tax payable		**1,543**	264
Bank borrowings	31	**36,600**	–
		363,186	388,240
Net current assets		**592,643**	1,216,841
Total assets less current liabilities		**1,427,162**	1,957,969

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Deferred income	32	**5,819**	–
Bank borrowings	31	**79,300**	–
		85,119	–
Net assets		**1,342,043**	1,957,969
Capital and reserves			
Share capital	34	**126,180**	136,155
Reserves		**1,151,387**	1,682,508
Equity attributable to owners of the Company		**1,277,567**	1,818,663
Non-controlling interests		**64,476**	139,306
Total equity		**1,342,043**	1,957,969

The consolidated financial statements were approved and authorized for issue by the board of directors on 21 March 2012 and were signed on its behalf by:

Bai Liang
Director

Siu Kam Chau
Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Interests in subsidiaries	23	**125**	125
Interest in an associate	24	**13,873**	15,248
		13,998	15,373
Current assets			
Amounts due from subsidiaries	23	**796,290**	480,041
Amount due from an associate	24	**104,138**	123,548
Other receivables	27	**5,421**	9,184
Held-for-trading investments	28	**382,915**	727,262
Bank balances and cash	29	**20,318**	501,067
		1,309,082	1,841,102
Current liabilities			
Other payables	30	**1,485**	2,920
Net current assets		**1,307,597**	1,838,182
Net assets		**1,321,595**	1,853,555
Capital and reserves			
Share capital	34	**126,180**	136,155
Reserves	37	**1,195,415**	1,717,400
		1,321,595	1,853,555

Bai Liang
Director

Siu Kam Chau
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Attributable to owners of the Company								Attributable to non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Share-based payments reserve	Retained earnings	Sub total		
	HK$'000	HK$'000	HK$'000	HK$'000 (Note (i))	HK$'000 (Note (ii))	HK$'000 (Note (iii))	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2010	8,095	215,472	861	311,790	270	21,131	72,921	630,540	44,998	675,538
Total comprehensive income for the year	–	–	–	–	8,403	–	56,233	64,636	(15,153)	49,483
Lapse of share option previously recognized in share-based payments	–	–	–	–	–	(3,217)	3,217	–	–	–
Recognition of equity-settled shared-based payments	–	–	–	–	–	16,571	–	16,571	–	16,571
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	140,912	140,912
Deemed disposal of subsidiaries	–	–	–	–	–	–	–	–	(31,451)	(31,451)
Issue of new shares by way of rights issue (Note 34(d))	122,540	796,508	–	–	–	–	–	919,048	–	919,048
Issue of new shares by way of placements	5,520	215,280	–	–	–	–	–	220,800	–	220,800
Transaction costs attributable to issue of new shares	–	(32,932)	–	–	–	–	–	(32,932)	–	(32,932)
At 31 December 2010	136,155	1,194,328	861	311,790	8,673	34,485	132,371	1,818,663	139,306	1,957,969

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Share-based payments reserve	Retained earnings/ (accumulated losses)	Sub total	Attributable to non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (Note (i))	HK$'000 (Note (ii))	HK$'000 (Note (iii))	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011	136,155	1,194,328	861	311,790	8,673	34,485	132,371	1,818,663	139,306	1,957,969
Total comprehensive loss for the year	–	–	–	–	17,719	–	(522,537)	(504,818)	(74,872)	(579,690)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	42	42
Lapse of share option previously recognized in share-based payments	–	–	–	–	–	(7,041)	7,041	–	–	–
Issue of new shares by way of placements	4,000	26,000	–	–	–	–	–	30,000	–	30,000
Repurchase of shares	(13,975)	(52,303)	–	–	–	–	–	(66,278)	–	(66,278)
At 31 December 2011	**126,180**	**1,168,025**	**861**	**311,790**	**26,392**	**27,444**	**(383,125)**	**1,277,567**	**64,476**	**1,342,043**

Notes:

(i) The contributed surplus represents reserves arising from (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the corporate reorganization prior to the listing of the Company's shares on the Stock Exchange in 1993; and (ii) the Company's capital reorganization exercises in current period and prior financial years. Under the Companies Act of Bermuda, the contributed surplus of the Company is distributable to shareholders under certain circumstances.

(ii) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

(iii) The share-based payments reserve relates to share options granted to employees and service providers under the Company's share option scheme and other agreement. Further information about share-based payments to employees and service providers is set out in Note 36.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Operating activities		
(Loss)/profit for the year from continuing operations	**(599,147)**	111,641
Loss for the year from discontinued operation	**–**	(74,263)
	(599,147)	37,378
Adjustments for:		
Income tax expense	**1,687**	269
Loss on deemed disposal of subsidiaries	**–**	48,472
Gain on disposals of subsidiaries	**–**	(5,267)
Gain arising on change in fair value of investment properties	**(9,400)**	(19,712)
Loss arising on change in fair value of held-for-trading investments	**382,658**	25,750
Loss on disposal of property, plant and equipment	**5**	2,355
Finance costs	**8,254**	252
Interest income	**(778)**	(364)
Depreciation of property, plant and equipment	**64,877**	16,815
Total equity-settled share-based payments expenses	**–**	16,571
Share of results of an associate	**1,375**	721
Impairment loss of goodwill	**–**	509
Impairment loss of property, plant and equipment	**59,761**	–
Impairment loss of valued-add tax refundable	**75,286**	–
Gain on disposal of partial interests of an indirect associate	**–**	(309)
Write down on inventories	**19,000**	10,982
Gain of conversion of convertible bonds held by the Group	**–**	(145,407)
Operating cash flows before movements in working capital	**3,578**	(10,985)
Inventories	**2,791**	(30,318)
Held-for-trading investments	**(245,565)**	10,334
Trade and other receivables	**8,418**	(37,684)
Value-added tax refundable	**(6,049)**	(83,549)
Trade and other payables	**32,828**	21,601
Deferred income	**5,819**	–
Cash used in operations	**(198,180)**	(130,601)
Hong Kong profits tax paid	**(432)**	(1,179)
Net cash used in operating activities	**(198,612)**	(131,780)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Investing activities			
Interest received		**778**	364
Dividends received from an associate		**–**	1,300
Payments for property, plant and equipment		**(309,806)**	(333,483)
Payments for investment property		**(52,500)**	–
Proceeds from disposal of property, plant and equipment		**–**	812
Payments for deposit paid for acquisition of property, plant and equipment		**–**	(1,189)
Net cash outflow on acquisition of subsidiaries	38	**(7,008)**	(1,972)
Repayment from/(advance to) an associate		**19,410**	(25,370)
Net cash inflow on disposal of subsidiaries	39	**–**	216
Net cash outflow on deemed disposal of subsidiaries	39	**–**	(16,088)
Payment for convertible bonds		**–**	(521,500)
Net cash used in investing activities		**(349,126)**	(896,910)
Financing activities			
Interest paid		**(8,254)**	(252)
Proceeds from issue of shares		**30,000**	1,139,848
Payments for repurchase of shares		**(66,278)**	–
Payments for share issue expenses		**–**	(32,932)
Capital contributions from non-controlling interests		**–**	140,912
Advance from non-controlling interests		**19,100**	23,641
Advance from borrowings		**122,000**	23,000
Repayment of borrowings		**(6,100)**	(353)
Net cash generated by financing activities		**90,468**	1,293,864
Net (decrease)/increase in cash and cash equivalents		**(457,270)**	265,174
Cash and cash equivalents at the beginning of the financial year		**601,497**	335,702
Effect of foreign exchange rate changes		**2,045**	621
Cash and cash equivalents at the end of the financial year		**146,272**	601,497
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**146,272**	601,497

1. GENERAL

China Gogreen Assets Investment Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 October 1993. The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda, and its head office and principal place of business in Hong Kong is situated at Workshop no.16, 9th Floor, Corporation Park, No.11 On Lai Street, Shatin, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, while the functional currencies of certain subsidiaries are presented in Renminbi. The Company has selected Hong Kong dollars as its presentation currency because the management considered it is more beneficial to the user of the consolidated financial statements.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the development, production and sale of silicon based thin-film solar photovoltaic modules; and assets investment.

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

The following new and revised standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") ("new and revised HKFRSs") have been applied by the Group in the current year and have affected the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements. The impact of the application of the new and revised HKFRSs is discussed below.

HKFRS (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have been early adopted by the Group:

In December 2010, the HKICPA amended HKAS 12, "Income taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount to asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sales. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. The Group has early adopted this amendment retrospectively for the financial year ended 31 December 2011.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1] Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2014.
[5] Effective for annual periods beginning on or after 1 January 2015.

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

New and revised HKFRSs in issue but not yet effective *(Continued)*

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will have no material affect on the Group's disclosures regarding transfers of financial assets in the future.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

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

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

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new standard may have an impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) – Int 12 *Consolidation –Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective *(Continued)*

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control over a subsidiary, it (i) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; (ii) derecognizes the carrying amount of any non-controlling interest in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognizes the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognized as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 *Income Taxes and* HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

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

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Property rental income is recognized on a straight-line basis over the terms of the relevant leases.

Revenue from the provision of health check and health care related services is recognized when services are provided.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from sales of products is recognized on the transfer of risks and rewards of ownership which generally coincide with the time when goods are delivered and title has passed.

Dividend income from investments excluding financial assets at fair value through profit or loss is recognized when the shareholders' rights to receive payment have been established.

Interest income from a financial asset (other than a financial asset at fair value through profit or loss) is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

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

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at 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 at 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity under the heading of exchange reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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, 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 capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants 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 recognized in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

When share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained earnings.

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 profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 recognized on temporary 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each 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 realized, based on tax rates (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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill *(Continued)*

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions *(Continued)*

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognized 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 and financial liabilities at fair value through profit or loss) 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 profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized 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.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument 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 and points 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL *(Continued)*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified 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.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Available-for-sale financial assets *(Continued)*

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, deposit paid for acquisition of property, plant and equipment, bank balances and cash and amount due from an associate) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified 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.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL *(Continued)*

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to non-controlling interests, amount payable for acquisition of property, plant and equipment and bank borrowings) are subsequently measured at amortized cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized 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 and points 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 recognized on an effective interest basis other than financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets;* and
- the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is 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 underlying 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 recognized 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.

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

Impairment loss on property, plant and equipment

Property, plant and equipment of the Group are reviewed by management for possible impairment when events or changes in operating environment indicate that the carrying amounts of such assets may not be fully recoverable. In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant level of estimates relating to sales volume, selling prices and manufacturing and other operating costs. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

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 management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

Impairment loss on trade and other receivables

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability of accounts and on management's estimate. In determining whether impairment is required, the Group takes into consideration the likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognized on the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and the carrying value.

Impairment loss and net realizable value of inventories

Inventories of the Group are carried at the lower of cost and net realizable value. Management conducts assessments on the net realizable value of inventories by reference to their age, obsolescence, estimated net selling price and other economic conditions of the markets in which the Group's customers operate. If the actual selling prices of inventories are substantially less than that expected due to an adverse market condition or other factors, impairment loss on inventories may result.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt (which includes bank borrowings), cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

Net debt-to-equity ratio

The Group reviews the capital structure on a semi-annual basis and considers the cost of capital and the risks associated with each class of capital.

The net debt-to-equity ratio at the end of the reporting period was as follows:

	2011 **HK$'000**	2010 HK$'000
Debt (Note (i))	**115,900**	–
Cash and cash equivalents	**(146,272)**	(601,497)
Net debt	**(30,372)**	(601,497)
Equity (Note (ii))	**1,342,043**	1,957,969
Net debt-to-equity ratio	**N/A**	N/A

Notes:

(i) Debt comprised bank borrowings as detailed in Note 31.

(ii) Equity includes all capital and reserves attributable to owners of the Group.

6. CATEGORIES OF FINANCIAL INSTRUMENTS

	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables:		
– Trade and other receivables	30,953	29,188
– Deposit paid for acquisition of property, plant and equipment	–	1,189
– Amount due from an associate	104,138	123,548
– Bank balances and cash	146,272	601,497
Fair value through profit or loss:		
– Held-for-trading investments	594,380	731,473
Financial liabilities		
Amortized cost:		
– Amounts due to non-controlling interests	42,700	23,600
– Trade and other payables	99,709	46,767
– Amount payable for acquisition of property, plant and equipment	182,634	317,609
– Bank borrowings	115,900	–

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, deposit paid for acquisition of property, plant and equipment, amount due from an associate, bank balances and cash, held-for-trading investments, trade and other payables, amounts due to non-controlling interests, amount payable for acquisition of property, plant and equipment and bank borrowings. Details of these financial instruments are disclosed in 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 on a timely and effective manner.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Market risk

The Group's activities expose it to market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group does not enter into or trade derivative financial instruments for speculative purposes.

(i) *Foreign currency risk*

The Group operates mainly in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) *Interest rate risk*

The Group's cash flow interest rate risk relates primarily to variable-rate bank deposits and borrowings. It is the Group's policy to keep its borrowings at floating interest rate so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of bank deposit interest rate arising from the Group's variable-rate bank deposits and on the fluctuation of lending rate arising from the Group's Renminbi denominated borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for derivative and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole period. A 50 basis point (2010: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2010: 50 basis point) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2011 would increase/decrease by approximately HK$236,000 (profit for the year ended 31 December 2010: increase/decrease by approximately HK$483,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings (2010: its variable-rate bank deposits).

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(continued)*

(iii) Price risk on listed securities under held-for-trading investments

The Group is exposed to equity price risk mainly through its investments in listed equity instruments quoted in the respective stock exchanges. The management manages this exposure by closely monitoring the price risk and maintaining a portfolio of investments with different risks and return portfolio.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk of held-for-trading investments at the end of the reporting period.

If the prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2011 would decrease/increase by approximately HK$24,815,000 (profit for year ended 31 December 2010: increase/decrease by approximately HK$30,539,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk

At 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for 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 Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in Mainland China, which accounted for 100% (2010: Nil) of the total trade receivables as at 31 December 2011. The Group has no significant concentration of credit risk by customers, with exposure spread over a number of counterparties and customers.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At 31 December 2011, the Group had a bank loan with carrying amount of HK$115,900,000 (2010: Nil).

Liquidity tables

The following table details the Group's remaining 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.

	On demand or less than 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2011						
Non-derivative financial liabilities						
Trade and other payables	99,709	–	–	–	99,709	99,709
Bank borrowings	36,600	79,300	–	–	115,900	115,900
Amount payable for acquisition of property, plant and equipment	182,634	–	–	–	182,634	182,634
Amounts due to non-controlling interests	42,700	–	–	–	42,700	42,700
	361,643	79,300	–	–	440,943	440,943

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(continued)*

Liquidity table (continued)

	On demand or less than 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2010						
Non-derivative financial liabilities						
Trade and other payables	46,767	–	–	–	46,767	46,767
Amount payable for acquisition of property, plant and equipment	317,609	–	–	–	317,609	317,609
Amounts due to non-controlling interests	23,600	–	–	–	23,600	23,600
	387,976	–	–	–	387,976	387,976

Fair value of financial instruments

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at either amortized cost or fair value through profit or loss in the consolidated financial statements approximate their fair values.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Fair value of financial instruments *(continued)*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At 31 December 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Held-for-trading investments	**594,380**	**–**	**–**	**594,380**

	At 31 December 2010			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Held-for-trading investments	731,473	–	–	731,473

8. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year.

Gross proceeds from operations include the gross proceeds received and receivable from securities trading and investments under the assets investment segment, in addition to the revenue.

An analysis of the Group's gross proceeds from operations for the year is as follows:

	2011 HK$'000	2010 HK$'000
Continuing operations		
Revenue – rental income from investment properties	**2,440**	2,314
Revenue – sales of silicon based thin-film solar photovoltaic modules	**72,335**	–
Revenue – income from the provision of green energy related consultancy services	**18,000**	–
	92,775	2,314
Gross proceeds from securities trading and investments	**180,007**	346,781
Gross proceeds from operations	**272,782**	349,095

9. SEGMENT INFORMATION

Application of HKFRS 8 Operating Segments

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's operating segments under HKFRS 8 are as follows:

- Assets investment segment – Investment in listed and unlisted securities and investment properties; and
- Green energy segment – Production of silicon based thin-film solar photovoltaic modules.

Information regarding the Group's reportable segments is presented below.

One operation (health check business segment) was discontinued in the previous year. The segment information presented on the next pages does not include any amounts for this discontinued operation, which are described in more detail in Note 13.

9. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

REVENUE AND RESULTS	Continuing operations					
	Assets investment segment		Green energy segment		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Gross proceeds from operations	**182,447**	349,095	**90,335**	–	**272,782**	349,095
Revenue						
Segment revenue	**2,440**	2,314	**90,335**	–	**92,775**	2,314
Results						
Segment results	**(375,151)**	138,160	**(207,585)**	(15,052)	**(582,736)**	123,108
Unallocated income					**778**	278
Unallocated corporate expenses					**(5,873)**	(14,968)
Gain on disposals of subsidiaries					**–**	5,267
Finance costs					**(8,254)**	(32)
Share of results of an associate	**(1,375)**	(1,743)			**(1,375)**	(1,743)
(Loss)/profit before tax					**(597,460)**	111,910
Income tax expense					**(1,687)**	(269)
(Loss)/profit for the year					**(599,147)**	111,641

Revenue reported above represents revenue generated from customers. There were no inter-segment sales for the year ended 31 December 2011 (2010: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, share of results of an associate, investment and other income, other gains or losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

9. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

	2011 HK$'000	2010 HK$'000
Segment Assets		
Assets investment segment	**800,884**	819,972
Green energy segment	**772,175**	776,676
	1,573,059	1,596,648
Unallocated assets	**217,289**	749,561
Total assets	**1,790,348**	2,346,209
Segment liabilities		
Assets investment segment	**2,357**	555
Green energy segment	**328,408**	384,500
	330,765	385,055
Unallocated liabilities	**117,540**	3,185
Total liabilities	**448,305**	388,240

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than bank balances and cash and interest in an associate; and
- all liabilities are allocated to reportable segments other than bank borrowings and current tax liabilities.

9. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(continued)*

Other Segment Information	Continuing operations: Assets investment segment 2011 HK$'000	Assets investment segment 2010 HK$'000	Green energy segment 2011 HK$'000	Green energy segment 2010 HK$'000	Total 2011 HK$'000	Total 2010 HK$'000
Capital addition (excluding goodwill)	-	30,000	189,362	640,067	189,362	670,067
Gain arising on change in fair value of investment properties	9,400	19,712	-	–	9,400	19,712
Loss arising on change in fair value of held-for-trading investments	382,658	25,750	-	–	382,658	25,750
Impairment loss on goodwill	-	509	-	–	-	509
Depreciation of property, plant and equipment	-	341	64,877	14,165	64,877	14,506

Geographical information

The Group operates in two principal geographical areas – the People's Republic of China (excluding Hong Kong) (the "PRC") and Hong Kong.

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

	Revenue from external customers 2011 HK$'000	Revenue from external customers 2010 HK$'000	Non-current assets 2011 HK$'000	Non-current assets 2010 HK$'000
PRC	90,335	–	722,677	637,380
Hong Kong	2,440	2,314	97,969	88,500
	92,775	2,314	820,646	725,880

Non-current assets excluding interest in an associate.

Information about major customers

For the year ended 31 December 2011, there were three customers with revenue of approximately HK$42,838,000, HK$28,359,000 and HK$18,000,000 respectively which accounted for more than 10% of the total revenue related green energy segment.

For the year ended 31 December 2010, there were two customers with revenue of approximately HK$1,320,000 and HK$622,500 respectively which accounted for more than 10% of the total revenue related assets investment segment.

10. OTHER INCOME

	2011 HK$'000	2010 HK$'000
Continuing operations		
Interest income – bank deposits	**778**	277
Government grant (Note 32)	**4,271**	–
Sundry income	**58**	597
	5,107	874

Note: The government grant represented the amount received from the local government by operating subsidiaries of the Group to encourage activities carried out by the Group in green energy business. No specific conditions are attached to the grant.

11. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Continuing operations		
Interest on:		
– Bank borrowings wholly repayable within five years	**5,624**	–
– Bank borrowings not wholly repayable within five years	**–**	32
– Amounts due to non-controlling interests	**2,630**	–
	8,254	32

12. INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
Continuing operations		
Current tax:		
– PRC Enterprise Income Tax	1,468	–
– Hong Kong profits tax	219	267
– Under provision of current tax in prior years	–	2
Tax charge for the year	1,687	269

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both current and prior years.

The tax charge for the year can be reconciled to the (loss)/profit before tax per the consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000
(Loss)/profit before tax (from continuing operations)	(597,460)	111,910
Tax at the Hong Kong profits tax rate of 16.5%	(98,581)	18,465
Tax effect of expenses not deductible for tax purpose	104,791	7,730
Tax effect of income not taxable for tax purpose	(2,373)	(29,500)
Effect of different tax rates of subsidiaries operating in other countries	(4,802)	–
Under provision of current tax in prior years	–	2
Tax effect of tax losses not recognized	2,652	3,573
Others	–	(1)
Tax charge for the year	1,687	269

13. DISCONTINUED OPERATION

On 5 October 2010, Luck Key Investment Limited ("Luck Key"), a non wholly-owned subsidiary of the Company before 23 November 2010, and Dr. Fung Yiu Tong, Bennet ("Dr. Fung") entered into a subscription agreement in relation to the allotment and issue of 650 new shares of Luck Key to Dr. Fung. Luck Key (together with its subsidiaries, the "Luck Key Group") carried out all of the Group's health check business. The deemed disposal was completed on 23 November 2010. Immediately after completion, the Company's shareholding interest in Luck Key has diluted from 51.00% to approximately 47.89%, and each company in the Luck Key Group ceased to be a subsidiary of the Company. Therefore, the results of the Luck Key Group will no longer be consolidated into the financial statements after completion. Instead, the Group would equity-account for the results of the Luck Key Group in the consolidated financial statements. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on the deemed disposal, are disclosed in Note 39(a).

Analysis of loss for the year from discontinued operation

The results of the discontinued operation included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below. The comparative loss and cash flows from discontinued operation has been re-presented to include this operation classified as discontinued in the prior year.

	2010 HK$'000
The loss for the year from discontinued operation is analyzed as follows:	
Loss for the year from health check business operations	(25,791)
Loss on deemed disposal of subsidiaries	(48,472)
	(74,263)

13. DISCONTINUED OPERATION *(Continued)*

Analysis of loss for the year from discontinued operation *(continued)*

	2010 HK$'000
Loss for the year from discontinued operation	
Revenue	151,564
Other income	5,328
Changes in inventories and clinical supplies consumed	(44,026)
Other operating expenses	(139,459)
Share of results of an associate	1,022
Finance costs	(220)
Loss before tax	(25,791)
Income tax expense	–
Loss for the year from discontinued operation	(25,791)
Loss for the year from discontinued operation includes the following:	
Depreciation of property, plant and equipment	16,327
Auditors' remuneration	509
Loss on disposal of property, plant and equipment	2,355
Operating lease rentals in respect of land and buildings	10,390
Cash flows from discontinued operation	
Net cash inflows from operating activities	7,181
Net cash outflows from investing activities	(15,016)
Net cash outflows from financing activities	(70,409)
Effect of foreign exchange rate changes	(5)
Net cash outflows	(78,249)

14. ASSETS CLASSIFIED AS HELD FOR SALE

	2011 **HK$'000**	2010 HK$'000
Investment property (Note (i))	**52,500**	–

Note:

(i) The Group intends to dispose of the property previously classified as investment property in the next 12 months. Subsequent to the end of the reporting period, the Group had entered into agreement to dispose the investment property to a third party.

(ii) The fair value of the Group's investment properties at 31 December 2011 have been arrived at on the basis of a valuation carried out on that date by Messrs. DTZ Debenham Tie Leung Limited ("DTZ"), independent qualified professional valuer not connected to the Group. The independent qualified professional valuer is member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was carried at by reference to market evidence of transaction prices for similar properties.

15. (LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2011 **HK$'000**	2010 HK$'000
(Loss)/profit for the year from continuing operations has been arrived at after charging/(crediting):		
Staff costs:		
– Directors' emoluments (Note 16)	**2,492**	1,406
– Other staff costs	**4,629**	3,229
– Other staff retirement benefits scheme contributions	**39**	37
	7,160	4,672
Dividend income from listed securities	**(2,338)**	(1,168)
Cost of inventories recognized as expense	**94,974**	–
Depreciation of property, plant and equipment	**16,668**	488
Loss on disposal of property, plant and equipment	**5**	–
Auditors' remuneration	**624**	590
Operating lease rentals in respect of land and buildings	**1,749**	650
Gain on disposal of partial interests of an indirect associate	**–**	(309)
Net foreign exchange loss	**4,529**	3,205

16. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to every director of the Company were as follows:

For the year ended 31 December 2011	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive directors					
Mr. Bai Liang	–	240	–	–	240
Mr. Lawrence Tang	–	468	36	12	516
Mr. Xue Feng	–	182	–	–	182
Mr. Siu Kam Chau (appointed on 10 October 2011)	–	439	162	3	604
Mr. Cho Kwai Yee, Kevin (resigned with effect from 1 November 2011)	–	652	–	10	662
Mr. Liu Wenmao (retired on 24 May 2011)	–	76	–	–	76
Independent non-executive directors					
Mr. Chan Chi Yuen	96	–	–	–	96
Mr. Lo Chun Nga	58	–	–	–	58
Mr. Chik Chi Man	58	–	–	–	58
Total	212	2,057	198	25	2,492

16. DIRECTORS' EMOLUMENTS *(Continued)*

For the year ended 31 December 2010	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive directors					
Mr. Bai Liang (appointed on 24 November 2010)	–	24	–	–	24
Mr. Cho Kwai Yee, Kevin	–	400	–	12	412
Mr. Lawrence Tang	–	361	30	12	403
Mr. Xue Feng (appointed on 14 June 2010)	–	49	–	3	52
Mr. Liu Wenmao (appointed on 28 January 2010)	–	77	–	–	77
Dr. Fung Yiu Tong, Bennet (resigned with effect from 14 June 2010)	–	220	–	6	226
Independent non-executive directors					
Mr. Chan Chi Yuen	96	–	–	–	96
Mr. Lo Chun Nga	58	–	–	–	58
Mr. Chik Chi Man	58	–	–	–	58
Total	212	1,131	30	33	1,406

17. EMPLOYEES' EMOLUMENTS

The emoluments of the five individuals with the highest emoluments from continuing and discontinued operations of the Group were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	2,660	13,366
Performance bonus	347	3,000
Contributions to retirement benefits scheme	49	15
	3,056	16,381

Their emoluments fell within the following bands:

	Number of individuals	
	2011 HK$'000	2010 HK$'000
Nil – HK$1,000,000	5	–
HK$1,000,001 – HK$1,500,000	–	–
HK$1,500,001 – HK$2,000,000	–	–
HK$2,000,001 – HK$2,500,000	–	–
HK$2,500,001 – HK$3,000,000	–	1
HK$3,000,001 – HK$3,500,000	–	2
HK$3,500,001 – HK$4,000,000	–	2
	5	5

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

18. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The (loss)/profit attributable to owners of the Company includes loss of approximately HK$495,682,000 (2010: profit of approximately HK$59,515,000) which has been dealt with in the financial statements of the Company.

19. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	2011 HK$'000	2010 HK$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share		
(Loss)/profit for the year attributable to owners of the Company	**(522,537)**	56,233
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (as adjusted for the share placing which became effective on 21 January 2011 and 17 March 2010, share consolidation which became effective on 19 November 2010 and rights issue which became effective on 24 December 2010)	**6,914,649**	1,283,918
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Group	**–**	6,644
	6,914,649	1,290,562
Basic (loss)/earnings per share (HK cents per share)	**(7.56)**	4.38
Diluted (loss)/earnings per share (HK cents per share)	**(7.56)**	4.36

For the year ended 31 December 2011, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options since their exercise would result in an increase in loss per share.

19. (LOSS)/EARNINGS PER SHARE *(Continued)*

From continuing operations

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

(Loss)/earnings figures are calculated as follows:

	2011 **HK$'000**	2010 HK$'000
(Loss)/profit for the year attributable to owners of the Company	**(522,537)**	56,233
Add:		
Loss for the year from discontinued operation	**–**	60,716
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share from continuing operations	**(522,537)**	116,949

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

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK$4.73 cents and HK$4.70 cents per share respectively for the year ended 31 December 2010, based on the loss for the year from discontinued operation of approximately HK$60,716,000 and the denominators detailed above for both basic and diluted earnings per share.

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 January 2010	29,654	21,989	115,380	6,094	744	760	–	174,621
Additions	–	14,623	631,116	1,806	1,038	2,509	–	651,092
Disposals	–	(3,480)	(2,434)	(139)	(7)	(431)	–	(6,491)
Transfer to investment properties	(14,501)	–	–	–	–	–	–	(14,501)
Deemed disposal of subsidiaries	(15,153)	(20,859)	(119,815)	(6,672)	(1,115)	(1,045)	–	(164,659)
Exchange realignment	–	225	11,448	25	12	33	–	11,743
At 31 December 2010	–	12,498	635,695	1,114	672	1,826	–	651,805
Additions	–	5,476	493	734	131	1,639	167,547	176,020
Acquisition of a subsidiary	–	–	–	55	1	491	13,065	13,612
Disposals	–	–	(6)	–	–	–	–	(6)
Exchange realignment	–	515	19,098	50	25	97	217	20,002
At 31 December 2011	–	18,489	655,280	1,953	829	4,053	180,829	861,433

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

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2010	541	5,847	33,582	1,313	105	106	–	41,494
Provided for the year	638	2,668	26,425	715	123	264	–	30,833
Eliminated on disposals	–	(1,172)	(1,988)	(32)	(2)	(130)	–	(3,324)
Eliminated on transfer to investment properties	(713)	–	–	–	–	–	–	(713)
Eliminated on disposal of subsidiaries	(466)	(7,055)	(44,292)	(1,943)	(213)	(155)	–	(54,124)
Exchange realignment	–	5	252	(1)	–	3	–	259
At 31 December 2010	–	293	13,979	52	13	88	–	14,425
Provided for the year	–	1,165	62,741	351	134	486	–	64,877
Impairment provided for the year	–	–	59,761	–	–	–	–	59,761
Eliminated on disposals	–	–	(1)	–	–	–	–	(1)
Exchange realignment	–	29	2,515	8	3	11	–	2,566
At 31 December 2011	–	1,487	138,995	411	150	585	–	141,628
CARRYING AMOUNTS								
At 31 December 2011	**–**	**17,002**	**516,285**	**1,542**	**679**	**3,468**	**180,829**	**719,805**
At 31 December 2010	–	12,205	621,716	1,062	659	1,738	–	637,380

20. 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	:	Over the shorter of the terms of the lease, or 40 years
Leasehold improvements	:	10% to 20%
Plant, machinery and equipment	:	10% to 20%
Office equipment	:	10% to 40%
Furniture and fixtures	:	10% to 40%
Motor vehicles	:	20%

Impairment assets recognized in the current year

During the year, the Group carried out a review of the recoverable amount of the manufacturing plants and the related equipment. These assets are used in the Group's green energy reportable segments. The review led to the recognition of an impairment loss of approximately HK$59,761,000, which has been recognized in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of cost approach.

The valuation was carried out by an independent professional valuer, Ascent Partner Transaction Cost Limited.

At 31 December 2011, the depreciation of property, plant and equipment of approximately HK$48,209,000 (2010: HK$14,018,000) is included in cost of inventories.

At 31 December 2011, property, plant and equipment with a carrying amount of approximately HK$554,730,000 have been pledged to secure a bank loan granted by a bank to the Group amounting to HK$115,900,000.

21. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2010	25,000
Acquisition of subsidiaries	30,000
Transfer from property, plant and equipment	13,788
Gain arising on change in fair value	19,712
At 31 December 2010	88,500
Acquisition	52,500
Transfer to assets classified as held for sale	(52,500)
Gain arising on change in fair value	9,400
At 31 December 2011	97,900

The Group's property interest held under operating lease to earn rentals or for capital appreciation purposes are measured using the fair value model and is classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2011 and 2010 have been arrived at on the basis of a valuation carried out on that date by DTZ, independent qualified professional valuer not connected to the Group. The independent qualified professional valuer is member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was carried at by reference to market evidence of transaction prices for similar properties.

The carrying amount of investment properties shown above comprises:

	2011 **HK$'000**	2010 HK$'000
Land in Hong Kong		
Medium-term lease	**97,900**	88,500

22. GOODWILL

	HK$'000
COST	
At 1 January 2010	87,734
Acquisition of Talent Link Holdings Limited (Note 38(b))	509
Deemed disposal of Luck Key Investment Limited (Note 39(a))	(87,734)
At 31 December 2010 and 1 January 2011	509
Acquisition of GS-Solar (Qinghai) Company Limited (Note 38(a))	2,941
At 31 December 2011	3,450

	HK$'000
IMPAIRMENT	
At 1 January 2010	22,121
Provided for the year	509
Eliminated on deemed disposal of Luck Key Investment Limited	(22,121)
At 31 December 2010, 1 January 2011 and 31 December 2011	509
CARRYING AMOUNTS	
At 31 December 2011	**2,941**
At 31 December 2010	–

22. GOODWILL *(Continued)*

Impairment testing on goodwill

(a) For the purpose of impairment testing at 31 December 2011, goodwill has been allocated to a cash-generating unit ("CGU") representing the operating activities of GS-Solar (Qinghai) Company Limited (the "GS-Solar") which are construction and operation of 10 megawatt grid-connected silicon based thin-film solar photovoltaic power plant in Geermu, Qinghai Province, the PRC.

The recoverable amount of the CGU was determined based on value-in-use calculation using a cash flow projection based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period is extrapolated using consumer price inflation. The cash flow projection of the GS-Solar is discounted at pre-tax discount rates of 16.41% per annum which reflects the specific risks relating to these CGU.

The key assumptions for the value-in-use calculation are those regarding the discount rates, the budgeted revenue and budgeted expenses during the forecasting periods, which are determined by management based on past performance and managements' expectations for the market development.

(b) For the purpose of impairment testing at 31 December 2010, goodwill has been allocated to a cash-generating unit ("CGU") representing the operating activities of Talent Link Holdings Limited and its subsidiaries (the "Talent Link Group") which are investment holding and property investment.

The recoverable amount of the CGU was determined based on value-in-use calculation using a cash flow projection based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period is extrapolated using consumer price inflation. The cash flow projection of the Talent Link Group is discounted at pre-tax discount rates of 20.38% per annum which reflects the specific risks relating to these CGU.

The key assumptions for the value-in-use calculation are those regarding the discount rates, the budgeted revenue and budgeted expenses during the forecasting periods, which are determined by management based on past performance and managements' expectations for the market development.

23. INTERESTS IN SUBSIDIARIES

Company	2011 HK$'000	2010 HK$'000
Unlisted shares at cost, net of provision for impairment losses	**125**	125

Particulars of the Company's subsidiaries at 31 December 2011 are as follows:

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company Directly	Indirectly
Classictime Investments Limited	British Virgin Islands	Ordinary share US$1	Investment holding and securities trading	100%	–
Colour Brave Limited	British Virgin Islands	Ordinary share US$1	Investment holding	100%	–
China Gogreen Energy Investment Holdings Limited	Cayman Islands	Ordinary share US$1	Investment holding	100%	–
Business Hunter Company Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	100%
Hong Kong Gogreen Management Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	100%
China Gogreen Energy Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	100%
Fast Choice Limited	Hong Kong	Ordinary share HK$1	Personnel management	–	100%

23. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company	
				Directly	Indirectly
Top Sense Worldwide Ltd	British Virgin Islands	Ordinary share US$1	Investment holding	100%	–
Value Trend Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	100%
Plenty Cash Investment Limited	British Virgin Islands	Ordinary share US$1	Investment holding	100%	–
Funa Assets Limited	British Virgin Islands/Hong Kong	Ordinary share US$1	Property investment	–	100%
Dragon Oriental Investment Limited	British Virgin Islands/Hong Kong	Ordinary share US$1	Property investment	–	100%
Talent Link Holdings Limited	British Virgin Islands	Ordinary shares US$100	Investment holding	–	100%
Vanta (Hong Kong) Management Limited	Hong Kong	Ordinary shares HK$10,000	Property investment	–	100%
Speedway Profit Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	100%
Easy Connect Investments Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	100%

23. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company Directly	Indirectly
Jun Yang Solar Power Investment Holdings Limited	Cayman Islands	Ordinary share US$16,000	Investment holding	100%	–
Wink Sky Company Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	100%
Jun Yang Solar Power Investment Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	100%
河南保綠能源有限公司	PRC	Registered capital RMB350 million	Production of silicon based thin-film solar photovoltaic modules	–	65%
北京君陽投資有限公司	PRC	Registered capital US$30,000,000 (of which US$15,000,000 has been paid up at 31 December 2011)	Investment holding	–	100%
河南君陽電力有限公司	PRC	Registered capital US$9,000,000 (of which US$3,400,000 has been paid up at 31 December 2011) (2010: US$1,000,000)	Operation of amorphous silicon thin-film solar photovoltaic power station	–	100%

23. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company	
				Directly	Indirectly
許昌君陽電力有限公司	PRC	Registered capital RMB40,000,000 (of which RMB8,000,000 has been paid up at 31 December 2011)	Operation of amorphous silicon thin-film solar photovoltaic power station	–	100%
青海鈞石能源有限公司	PRC	Registered capital RMB38,167,939 (of which RMB1,000,000 has been paid up at 31 December 2011)	Operation of amorphous silicon thin-film solar photovoltaic power station	–	99.97%

Amounts due from subsidiaries

The amounts due from subsidiaries as shown on the Company's statement of financial position are unsecured, interest-free and repayable on demand.

24. INTEREST IN AN ASSOCIATE

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Beginning of the year	**15,248**	1,054	**15,248**	–
Addition through acquisition of subsidiaries:				
Dividend income from an associate	**–**	(1,300)	**–**	–
Eliminated on deemed disposal of subsidiaries	**–**	(776)	**–**	–
Addition through deemed disposal of subsidiaries:				
– Investment in an unlisted associate	**–**	16,682	**–**	16,682
Share of post acquisition (loss)/profits and other comprehensive income:				
– continuing operations	**(1,375)**	(1,743)	**(1,375)**	(1,743)
– discontinued operation	**–**	1,022	**–**	–
Gain on disposal of partial interests in an indirect associate	**–**	309	**–**	309
End of the year	**13,873**	15,248	**13,873**	15,248

At 31 December 2011 and 2010, the Group had interest in the following associate:

Name of entity	Form of entity	Place of incorporation	Particulars of issued share capital	Attributable equity interest held by Group	Principal activities
Luck Key Investment Limited	Incorporated	British Virgin Islands	Ordinary shares, US$10,650	47.89%	Investment holding

24. INTEREST IN AN ASSOCIATE *(Continued)*

The summarized financial information in respect of the Group's associate is set out below:

	2011 **HK$'000**	2010 HK$'000
Total assets	**153,189**	182,446
Total liabilities	**(124,221)**	(150,606)
Net assets	**28,968**	31,840
Group's share of net assets of associate	**13,873**	15,248
Revenue	**193,086**	26,957
(Loss)/profit for the year	**(2,872)**	290
Group's share of losses of an associate for the year	**(1,375)**	(721)

Amount due from an associate

The amount due from an associate as shown on the Group's and Company's statements of financial position is unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, with interest charged based on People's Bank of China base lending rate, denominated in RMB and repayable on demand.

26. INVENTORIES

	2011 **HK$'000**	2010 HK$'000
Raw materials	**3,518**	5,720
Work in progress	**27**	170
Finished goods	**7,645**	27,091
	11,190	32,981

27. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Trade receivables	**13,235**	–	**–**	–
Prepayment, deposits and other receivables	**19,802**	30,844	**5,421**	9,184
Total trade and other receivables	**33,037**	30,844	**5,421**	9,184

Notes:

(i) The Group allows an average credit period of 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables at the end of the reporting period:

	Group		Company	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
0–60 days	**13,235**	–	**–**	–
61–90 days	**–**	–	**–**	–
Over 90 days	**–**	–	**–**	–
	13,235	–	**–**	–

(ii) At 31 December 2011, the Group's trade and other receivables included an amount of approximately HK$31,633,000 (2010: HK$21,576,000) that is denominated in RMB.

28. HELD-FOR-TRADING INVESTMENTS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
FAIR VALUE				
Listed equity securities in Hong Kong, at market value	**570,412**	731,473	**382,915**	727,262
Unlisted investment funds outside Hong Kong, at market value	**23,968**	–	**–**	–
	594,380	731,473	**382,915**	727,262

The fair values of the listed equity securities held for trading were determined based on the quoted market bid prices available on the Stock Exchange. Fair value of unlisted investment is determined with reference to broker's quoted bid price.

At 31 December 2011 and 2010, the carrying amount of interest in the following company exceeds 10% of total assets of the Company and the Group.

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
Apollo Solar Energy Technology Holdings Limited	Bermuda	Manufacturing of equipment and turnkey production lines for the manufacturing of silicon based thin-film solar photovoltaic modules in the PRC	1,000,000,000 ordinary shares	7.45% (2010: 12.06%)

29. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.01% to 1.20% (2010: 0.02% to 1.00%) per annum and have original maturity of three months or less.

Bank balances and cash of the Group include an amount of approximately RMB11,641,000 (equivalent to HK$14,202,000) (2010: RMB51,985,000 (equivalent to HK$61,342,000)) that is denominated in RMB. An aggregate amount of bank balances and cash of approximately HK$85,671,000 (2010: HK$96,647,000) is kept in Mainland China. The conversion of these RMB denominated balances into foreign currencies and the remittance of these funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Trade payables	**12,342**	4,381	**–**	–
Other payables	**87,367**	42,386	**1,485**	2,920
	99,709	46,767	**1,485**	2,920

The following is an aged analysis of trade payables at the end of the reporting period:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
0–60 days	**6,780**	4,381	**–**	–
61–90 days	**1,445**	–	**–**	–
Over 90 days	**4,117**	–	**–**	–
	12,342	4,381	**–**	–

31. BANK BORROWINGS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loan, secured	**115,900**	–	**–**	–
Carrying amount repayable:				
Within one year	**36,600**	–	**–**	–
More than one year, but not exceeding two years	**79,300**	–	**–**	–
	115,900	–	**–**	–
Less: Amounts shown under current liabilities	**(79,300)**	–	**–**	–
	36,600	–	**–**	–

At 31 December 2011, the bank loan is secured by the Group's property, plant and equipment with a carrying amount of approximately HK$554,730,000 (Note 20) and a corporate guarantee provided by the Group and non-controlling interests of a PRC subsidiary. The bank loan bears interest based on People's Bank of China base lending rate. The weighted average effective interest rate on the bank loan is 6.65% per annum.

32. GOVERNMENT GRANT

	2011 **HK$'000**	2010 HK$'000
Amount credited to profit or loss during the year Incentive subsidies (Note (i))	**4,271**	–
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note (ii))	**5,819**	–
Total deferred income	**5,819**	–
Less: current portion	**–**	–
Non-current portion	**5,819**	–

Note:

(i) Incentive subsidies were received from the relevant PRC Government for improvement of working capital and financial assistance to the operating activities to enhance the competitiveness in the industry.

(ii) The Group received government subsidies for the compensation of capital expenditure incurred for the plant and machinery. The amounts are deferred and amortized over the estimated useful lives of the respective assets.

33. DEFERRED TAXATION

The followings are the major deferred tax balances recognized and movements thereon during the current year and prior year:

Deferred tax liabilities

Group	**Accelerated tax depreciation** HK$'000	**Total** HK$'000
At 1 January 2010	9,274	9,274
Eliminated on deemed disposal of subsidiaries	(9,274)	(9,274)
At 31 December 2010 and 31 December 2011	**–**	**–**

33. DEFERRED TAXATION *(Continued)*

Deferred tax assets

Group	Tax losses HK$'000
At 1 January 2010	590
Eliminated on deemed disposal of subsidiaries	(590)
At 31 December 2010 and 31 December 2011	**–**

For the purpose of statement of financial position presentation, the deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

Group	2011 HK$'000	2010 HK$'000
Deferred tax assets	–	–
Deferred tax liabilities	–	–
	–	–

At 31 December 2011, the Group has unused tax losses of approximately HK$369,447,000 (2010: HK$166,478,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

At 31 December 2011, the Company has unused tax losses of approximately HK$352,442,000 (2010: HK$164,654,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

34. SHARE CAPITAL

	Number of shares	Total value (HK$'000)
Authorized:		
Ordinary shares of HK$0.01 each at 1 January 2010	30,000,000,000	300,000
Share consolidation	(15,000,000,000)	–
Ordinary shares of HK$0.02 each at 31 December 2010 and 2011	**15,000,000,000**	**300,000**

	Number of shares	Total value (HK$'000)
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 January 2010	809,552,486	8,095
Issue of shares by way of placements (Notes (a) and (b))	552,000,000	5,520
Share consolidation (Note (c))	(680,776,243)	–
Issue of shares by way of rights issue (Note (d))	6,126,986,187	122,540
Ordinary shares of HK$0.02 each at 31 December 2010	6,807,762,430	136,155
Issue of shares upon the subscription agreement (Note (e))	200,000,000	4,000
Repurchase of shares (Note (f))	(698,780,000)	(13,975)
Ordinary shares of HK$0.02 each at 31 December 2011	**6,308,982,430**	**126,180**

Notes:

The movements of the ordinary share capital during the year ended 31 December 2010 and 2011 were as follows:

(a) In March 2010, the Company placed, through the placing agents, 276,000,000 ordinary shares of HK$0.01 each in the share capital of the Company to independent investors at a price of HK$0.40 per share.

(b) In March 2010, the Company placed, through the placing agents, 276,000,000 ordinary shares of HK$0.01 each in the share capital of the Company to independent investors at a price of HK$0.40 per share.

(c) Share consolidation

Consolidation of every 2 issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into 1 consolidated share of HK$0.02 each. The share consolidation took effect on 19 November 2010.

(d) In December 2010, the Company issued nine rights shares for every one consolidated share for the qualifying shareholders at a price of HK$0.15 (the "Rights Issue").

34. SHARE CAPITAL *(Continued)*

Notes*: (Continued)*

(e) In January 2011, the Company issued 200,000,000 ordinary shares of HK$0.02 each in the share capital of the Company at a price of HK$0.15 per share to a subscriber, pursuant to a subscription agreement.

(f) In November 2011, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK$0.02 each	Price per share Highest price paid HK$	Price per share Lowest price paid HK$	Aggregate consideration paid HK$'000
November 2011	698,780,000	0.104	0.085	66,278

All the shares issued during the year ended 31 December 2010 and 2011 rank pari passu with the then existing ordinary shares in all respects.

35. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to an ordinary resolution passed by the Company's shareholders at the special general meeting of the Company held on 17 November 2003.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 17 November 2003 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. At the special general meeting of the Company held on 1 February 2011, an ordinary resolution was passed by the Company's shareholders to refresh the 10% general limit.

The Share Option Scheme will remain in force for a period of 10 years commencing from 17 November 2003. Options complying the provisions of the Listing Rules which are granted during the duration of the Share Option Scheme and remain unexercised immediately prior to the end of the 10-year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such options are granted, notwithstanding the expiry of the Share Option Scheme.

The subscription price for shares under the Share Option Scheme shall be a price determined by the board of directors of the Company (the "Board"), but shall not be lower than the highest of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the Board approves the making of the offer for the grant of options (the "Date of Grant"), which must be a trading day; (ii) the average closing price of shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a share.

35. SHARE OPTION SCHEME *(Continued)*

The following table discloses the details of the Company's share options held by employees and consultants of the Company and the movements in such holdings:

For the year ended 31 December 2011

Grant date	Exercise Price (After the share consolidation and Rights Issue (Notes (34(c) & (d)) HK$	Number of share options: Outstanding at 1 January 2011	Granted during the year ended 31 December 2011	Exercised during the year ended 31 December 2011	Lapsed during the year ended 31 December 2011	Outstanding at 31 December 2011
Employees						
9 October 2007	**7.6672**	**7,357,308**	**-**	**-**	**-**	**7,357,308**
18 April 2008	**4.4532**	**387,363**	**-**	**-**	**-**	**387,363**
30 December 2009	**0.4957**	**47,645,604**	**-**	**-**	**(47,645,604)**	**-**
27 May 2010	**0.2138**	**104,458,791**	**-**	**-**	**-**	**104,458,791**
31 August 2010	**0.1612**	**175,604,396**	**-**	**-**	**(6,456,044)**	**169,148,352**
Total		**335,453,462**	**-**	**-**	**(54,101,648)**	**281,351,814**

For the year ended 31 December 2010

Grant date	Exercise Price (After the share consolidation and Rights Issue (Notes 34 (c) & (d)) HK$	Number of share options: Outstanding at 1 January 2010	Adjustments due to share consolidation and Rights Issues (Notes 34 (c) &(d))	Granted during the year ended 31 December 2010	Exercised during the year ended 31 December 2010	Lapsed during the year ended 31 December 2010	Outstanding at 31 December 2010
Employees							
9 October 2007	7.6672	5,698,000	1,659,308	–	–	–	7,357,308
18 April 2008	4.4532	300,000	87,363	–	–	–	387,363
23 July 2009 (note)	0.6300	3,390,000	–	–	–	(3,390,000)	–
30 December 2009	0.4957	36,900,000	10,745,604	–	–	–	47,645,604
27 May 2010	0.2138	–	23,558,791	80,900,000	–	–	104,458,791
31 August 2010	0.1612	–	39,604,396	136,000,000	–	–	175,604,396
Total		46,288,000	75,655,462	216,900,000	–	(3,390,000)	335,453,462

35. SHARE OPTION SCHEME *(Continued)*

Note:

The exercise of the share options was not adjusted for the effects of the share consolidation and the Rights Issue during the year ended 31 December 2010 as these share options were lapsed before the completion of the share consolidation and the Rights Issue.

At 31 December 2011, the Company had 281,351,814 (2010: 335,453,462) share options outstanding for the share options granted under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 281,351,814 (2010: 335,453,462) additional shares of HK$0.02 each in the share capital of the Company and additional share capital of HK$5,627,036 (2010: HK$6,709,069) and share premium of HK$102,107,924 (2010: HK$125,684,532).

36. SHARE-BASED PAYMENTS

Employee share options

Detail of the Share Option Scheme is disclosed in Note 35.

The fair value of 80,900,000 share options granted under the Share Option Scheme on 27 May 2010 was determined by the directors to be approximately HK$8,329,460 with reference to a valuation performed by an independent firm of professional valuers using a binomial model. The inputs into the model included grant date share price of HK$0.27, exercise price of HK$0.276 per share, expected volatility of 76.43%, expected option life of 2 years, no expected dividend and estimated risk-free interest rate of 0.75%.

The fair value of 136,000,000 share options granted under the Share Option Scheme on 31 August 2010 was determined by the directors to be approximately HK$8,241,600 with reference to a valuation performed by an independent firm of professional valuers using a binomial model. The inputs into the model included grant date share price of HK$0.196, exercise price of HK$0.2082 per share, expected volatility of 90.581%, expected option life of 2 years, no expected dividend and estimated risk-free interest rate of 0.434%.

The expected volatilities of the share prices were estimated by the best available average annualized standard deviations of the continuously compounded rates of return on the Company's share prices since the date of business transformation of the Group.

For the year ended 31 December 2011, the Group had not recognized equity-settled share-based payments expenses (2010: HK$16,571,000) in respect of the Share Option Scheme.

37. RESERVES

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share-based payments reserve HK$'000	Retained earnings HK$'000	Total reserves HK$'000
At 1 January 2010	215,472	861	311,790	21,131	113,204	662,458
Lapse of share option previously recognized in share-based payments	–	–	–	(3,217)	3,217	–
Recognition of equity-settled share-based payments	–	–	–	16,571	–	16,571
Issue of new shares by way of placements	215,280	–	–	–	–	215,280
Issue of new shares by way of right issue	796,508	–	–	–	–	796,508
Transaction costs attributable to issue of new shares	(32,932)	–	–	–	–	(32,932)
Profit for the year and total comprehensive income for the year	–	–	–	–	59,515	59,515
At 31 December 2010	1,194,328	861	311,790	34,485	175,936	1,717,400

37. RESERVES *(Continued)*

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share-based payments reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total reserves HK$'000
At 1 January 2011	1,194,328	861	311,790	34,485	175,936	1,717,400
Lapse of share option previously recognized in share-based payments	–	–	–	(7,041)	7,041	–
Issue of new shares by way of placements	26,000	–	–	–	–	26,000
Repurchase of shares	(52,303)	–	–	–	–	(52,303)
Loss for the year and total comprehensive loss for the year	–	–	–	–	(495,682)	(495,682)
At 31 December 2011	**1,168,025**	**861**	**311,790**	**27,444**	**(312,705)**	**1,195,415**

38. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2011

(a) *Acquisition of 青海鈞石能源有限公司 (unofficial English translation being GS-Solar (Qinghai) Company Limited) ("GS-Solar (Qinghai)")*

On 16 July 2011, the Group acquired 99% of the registered capital of GS-Solar (Qinghai) at a cash consideration of RMB5,900,000 (equivalent to HK$7,080,000).

Acquisition-related costs amounting to HK$200,229 have been excluded from the consideration transferred and have been recognized as an expense in the statement of consolidated comprehensive income within the line item "Other operating expenses".

The net assets acquired in the transaction and the goodwill arising were as follow:

	Acquiree's carrying amount before combination and fair value HK$'000
Net assets acquired:	
Property, plant and equipment	13,612
Other receivables	10,611
Bank balances and cash	72
Trade and other payables	(20,114)
	4,181
Non-controlling interests	(42)
	4,139
Goodwill (Note 22)	2,941
Cash consideration paid	7,080
Net cash outflow arising on acquisition:	
Cash consideration paid	(7,080)
Bank balances and cash acquired	72
	(7,008)

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2011 *(Continued)*

(a) *Acquisition of GS-Solar (Qinghai) (Continued)*

Goodwill arising on acquisition

Goodwill arose in the acquisition of the GS-Solar (Qinghai) because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of GS-Solar (Qinghai). These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Impact of acquisition on the results of the Group

The GS-Solar (Qinghai) did not contribute significantly to the revenue or results of the Group for the year ended 31 December 2011.

If the acquisition had been completed on 1 January 2011, total Group's revenue for the year ended 31 December 2011 would have been approximately HK$92,275,000, and loss for the year ended 31 December 2011 would have been approximately HK$608,307,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is it intended to be a projection of future results.

For the year ended 31 December 2010

(b) *Acquisition of Talent Link Holdings Limited*

On 11 January 2010, the Group acquired entire equity interest in Talent Link Holdings Limited and its subsidiary ("Talent Link Group") at a cash consideration of HK$30,500,000.

Acquisition-related costs amounting to HK$50,378 have been excluded from the consideration transferred and have been recognized as an expense in the statement of consolidated comprehensive income within the line item "Other operating expenses".

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2010 *(Continued)*

(b) Acquisition of Talent Link Holdings Limited (Continued)

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

	Acquirees' carrying amount before combination and fair value HK$'000
Net assets acquired:	
Investment property	30,000
Other receivables	22
Bank balances and cash	198
Other payables	(229)
Shareholders' loan	(28,330)
	1,661
Goodwill (Note 22)	509
Cash consideration paid	2,170
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,170)
Bank balances and cash acquired	198
	(1,972)

Goodwill arising on acquisition

Goodwill arose in the acquisition of the Talent Link Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Talent Link Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2010 *(Continued)*

(b) Acquisition of Talent Link Holdings Limited (Continued)

Impact of acquisition on the results of the Group

The Talent Link Group did not contribute significantly to the revenue or results of the Group for the year ended 31 December 2011.

If the acquisition had been completed on 1 January 2010, total Group's revenue for the year ended 31 December 2010 would have been approximately HK$2,314,000, and profit for the year ended 31 December 2010 would have been approximately HK$37,378,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is it intended to be a projection of future results.

39. DISPOSAL OF SUBSIDIARIES

(a) Deemed disposals of Luck Key Investment Limited

On 5 October 2010, the Group's subsidiary, Luck Key and Dr. Fung entered into a subscription agreement in relation to the allotment and issue of 650 new shares of Luck Key to Dr. Fung at the consideration of HK$8.1 million. After the completion of the transaction, the Group's shareholding interest in Luck Key would be diluted from 51.00% to 47.89%, and each company in the Luck Key Group was ceased to be a subsidiary of the Group. Therefore, the result of the Luck Key Group would no longer be consolidated into the financial statements after completion. Instead, the Group would equity-account for the results of the Luck Key Group in the consolidated financial statements. The transaction was completed on 23 November 2010.

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Deemed disposals of Luck Key Investment Limited *(Continued)*

The consolidated net assets of Luck Key at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	110,535
Goodwill	65,613
Interest in an associate	776
Inventories	1,851
Trade and other receivables	42,958
Amounts due from non-controlling interests	1,181
Bank balances and cash	16,088
Pledged bank deposits	10,000
Tax recoverable	2,052
Amount due to a holding company	(98,178)
Trade and other payables	(17,896)
Short-term bank loan	(23,000)
Bank borrowing	(5,200)
Amounts due to non-controlling interests	(1,491)
Deferred tax liabilities	(8,684)
	96,605
Non-controlling interests	(31,451)
	65,154
Loss on deemed disposal of subsidiaries	(48,472)
Transferred to interest in an associate	(16,682)
	–
Net cash outflow arising on disposal:	
Bank balances and cash disposal of	(16,088)

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of Island Kingdom Company Limited

On 18 August 2010, the Group disposed of its entire equity interest in Island Kingdom Company Limited at a cash consideration approximately of HK$216,000. The net assets of Island Kingdom Company Limited at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Other receivables	739
Amount due to ultimate holding company	(5,429)
Amount due to a fellow subsidiary	(355)
	(5,045)
Gain on disposal of a subsidiary	5,261
Cash consideration	216
Net cash inflow arising on disposal:	
Cash consideration	216

(c) Disposal of Town Health Medical Technology (China) Company Limited

On 1 November 2010, the Group disposed of its entire equity interest in Town Health Medical Technology (China) Company Limited upon its deregistration. The net assets of Town Health Medical Technology (China) Company Limited at the date of disposal was as follows:

	HK$'000
Net assets disposed of:	
Amount due from immediate holding company	29,985
Release of amount due from immediate holding company	(29,985)
Gain/(loss) on disposal of a subsidiary	–
Net cash inflow/(outflow) arising on disposal	–

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(d) Disposal of Nicefit Limited

On 1 May 2010, the Group disposed of its entire equity interest in Nicefit Limited upon its deregistration. The net assets of Nicefit Limited at the date of disposal was as follows:

	HK$'000
Net assets disposed of:	
Other payables	(6)
Amount due to ultimate holding company	(12,581)
Release of amount due to ultimate holding company	12,581
	(6)
Gain on disposal of a subsidiary	6
Net cash inflow/(outflow) arising on disposal	–

40. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum leases payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2011 HK$'000	2010 HK$'000
Within one year	**1,466**	871
In the second to fifth years inclusive	**462**	1,059
	1,928	1,930

Operating lease payments represent rentals payable by the Group for certain of its health check centers and office premises. Leases are negotiated and rentals are fixed for terms ranging from 1 to 3 years.

40. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessor

Property rental income earned during the year ended 31 December 2011 was approximately HK$2,440,000 (2010: HK$2,314,000). The Group's investment properties are held for rental purpose. It is expected to generate rental yields of 2.49% (2010: 3.05%) on an ongoing basis. The properties held have committed tenants for the next two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	HK$'000	HK$'000
Within one year	**2,746**	2,062
In the second to fifth years inclusive	**1,421**	2,400
	4,167	4,462

41. PLEDGE OF ASSETS

At 31 December 2011, certain property, plant and equipment of the Group with fair value of HK$97,900,000 (2010: HK$88,500,000) were pledged to secure general bank facilities granted to the Group.

At 31 December 2011, the bank loan is secured by the Group's property, plant and equipment with a carrying amount of approximately HK$554,730,000 (Note 20).

42. CORPORATE GUARANTEES

	Company	
	2011 **HK$'000**	2010 HK$'000
Corporate guarantees provided by the Company in respect of banking facilities of the Group:		
– indirect associates	**45,000**	45,000
– subsidiary	**158,600**	–
	203,600	45,000

At 31 December 2011, the amount of bank facilities used by a subsidiary and covered by the Company's corporate guarantees amounted to HK$115,900,000 (2010: Nil). In the opinion of the directors of the Company, no material liabilities would arise from the above corporate guarantees which arose in the ordinary course of business and the fair values of the corporate guarantees granted by the Company were immaterial.

43. RETIREMENT BENEFITS 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 contributes 5% of relevant payroll costs to the scheme subject to a maximum of HK$1,000 per month, which contribution is matched by employees.

During the year ended 31 December 2011, the total amount contributed by the Group to the scheme and charged to the consolidated statement of comprehensive income amounted to approximately HK$64,000 (2010: HK$70,000). At 31 December 2011, there were no forfeited contributions available for the Group to offset contributions payable in future years (2010: Nil).

44. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into the following significant related party transactions during the current year and prior year:

	2011 HK$'000	2010 HK$'000
Rental income received from Luck Key Investment Limited	420	35
Rental paid to Town Health International Investments Limited and its subsidiaries	–	1,673

Note:

(i) The lease agreement with Luck Key Investment Limited, an associate of the Company, were entered into at terms mutually agreed between the contracting parties.

(ii) The lease agreement with Town Health International Investments Limited and its subsidiaries, a shareholder of the associate, were entered into at terms mutually agreed between the contracting parties.

(iii) A non-controlling interests of the Group, had provided a corporate guarantee to a subsidiary of the Group in respect of the banking facilities which amounting to RMB70,000,000 (equivalent to HK$85,400,000).

The directors of the Company consider that they are the only key management personnel of the Group and details of their compensation are set out in Note 16.

45. EVENTS AFTER THE REPORTING PERIOD

Disposal of properties

In January 2012, the Group announced that the Group had entered into the provisional sales and purchases agreement in relation to the sale and purchase of the properties at a consideration of HK$54,500,000.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December 2011 HK'000	Year ended 31 December 2010 HK$'000	Nine months ended 31 December 2009 HK$'000 (restated)	Year ended 31 March 2009 HK$'000	Year ended 31 March 2008 HK$'000
Revenue	**92,775**	2,314	105,536	106,538	70,132
(Loss)/profit before tax	**(597,460)**	111,910	78,768	(616,660)	41,556
Income tax (expense)/credit	**(1,687)**	(269)	146	2,220	494
Loss from discontinued operation	**–**	(74,263)	–	–	–
	(599,147)	37,378	78,914	(614,440)	42,050
Attributable to:					
Owners of the Company	**(522,537)**	56,233	87,074	(637,879)	43,077
Non-controlling interests	**(76,610)**	(18,855)	(8,160)	23,439	(1,027)
	(599,147)	37,378	78,914	(614,440)	42,050