UURG

UURG Corporation Limited

formerly known as "Global Solution Engineering Limited"
(continued in Bermuda with limited liability)

Stock Code : 8192

Building The Greensight

2008 ANNUAL REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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This report, for which the directors ("Directors") of UURG Corporation Limited (formerly known as Global Solution Engineering Limited) (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Contents

Group Financial Summary

	Period from 1 April 2004 to 31 December	Year ended 31 December			
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	1,709	2,153	2,823	1,417	**1,193**
Loss before income tax	(5,026)	(3,766)	(1,371)	(2,846)	**(7,174)**
Income tax credit	–	–	–	–	**51**
Loss for the year	(5,026)	(3,766)	(1,371)	(2,846)	**(7,123)**

	At 31 December				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	7,135	2,227	2,389	5,172	**18,548**
Total liabilities	(3,065)	(1,923)	(1,555)	(3,501)	**(3,273)**
Net assets	4,070	304	834	1,671	**15,275**

Corporate Information

EXECUTIVE DIRECTORS
Mr. Chan Chun Tin, Stanley
(Chairman and Chief Executive Officer)
Mr. Ying Kan Man

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lung Hung Cheuk
Mr. Yip Tai Him
General Dato' Seri Mohd Azumi bin Mohamed

COMPANY SECRETARY
Mr. Chow Tung Suen Solicitor, HKSAR

QUALIFIED ACCOUNTANT
Mr. Chu Kin Men CPA, ACIS, ACS

COMPLIANCE OFFICER
Mr. Ying Kan Man

AUDIT COMMITTEE
Mr. Lung Hung Cheuk
Mr. Yip Tai Him
General Dato' Seri Mohd Azumi bin Mohamed

NOMINATION COMMITTEE
Mr. Lung Hung Cheuk
Mr. Yip Tai Him
General Dato' Seri Mohd Azumi bin Mohamed

REMUNERATION COMMITTEE
Mr. Lung Hung Cheuk
Mr. Yip Tai Him
General Dato' Seri Mohd Azumi bin Mohamed

AUTHORISED REPRESENTATIVES
Mr. Ying Kan Man
Mr. Chow Tung Suen Solicitor, HKSAR

AUDITORS
Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

LEGAL ADVISER TO THE COMPANY
As to Cayman Islands and Bermuda law
Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 3709, 37th Floor
Lippo Centre Tower Two
89 Queensway
Admiralty
Hong Kong

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM06
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
26th Floor Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited

COMPANY HOMEPAGE
www.uurg.com

GEM STOCK CODE
8192

Chairman's Statement

Dear shareholders,

This is my first Annual Report for UURG Corporation Limited (formerly known as Global Solution Engineering Limited) (the "Company") and symbolically, it marks the beginning of a transition of this Company. On behalf of the board of directors (the "Board" or the "Directors") of the Company, I herein present the results and several milestones achieved by the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008.

BUSINESS AND FINANCIAL OVERVIEW

2008 was a rollercoaster year! The worldwide financial sea storm lapping all of a sudden at the shores, impairing the financial markets and hence have wreaked havoc on every type of business around the world, including the commercial and corporate property industry. From massive layoffs, unprecedented declines in stock prices, frozen credit markets, and the collapse of sub-prime lending to the widest price swings ever seen in the energy market. With the tightening of budgets and ceasing of projects, maintaining a business through this critical period is a daunting challenge.

During the year under review, the Group's turnover and loss attributable to equity holders of the Company were approximately HK$1.2 million (2007: HK$1.4 million) and approximately HK$7.1 million (2007: HK$2.8 million) respectively, which represent a decrease of approximately 15.8% in turnover and an increase of approximately 150.3% in loss attributable to equity holders of the Company as compared with the previous corresponding year.

The increase in the loss attributable to equity holders of the Company was primarily attributable to the decrease in consultancy fee income in information technology and engineering and the increase in other operating expenses, mainly in human resources and professional fees resulted in the tough business environment of the Group in Hong Kong and the People's Republic of China (the "PRC"). Since the change of the controlling interest of the Company on 11 July 2008 and the appointment of the new Board on 30 August 2008, the Board has performed business review to streamline the business operation to improve the financial position of the Group and explore new opportunities in related business sectors. The Group will continue to adopt strict cost control policies in managing its operations and more turnover is expected in the coming year.

With our sights trained on Hong Kong and the PRC, Shenzhen is our platform for progress in the economic life of the PRC market. Capitalizing on the emerging green business opportunities, the Group has incorporated a wholly foreign owned enterprise ("WFOE") in Shenzhen on 15 October 2008 for the development of business in intelligent and green building technology solutions and provision of related engineering consultancy services in the PRC. By utilizing the competitiveness of the PRC's workforce combined with the established business operation and strategic directions from Hong Kong, the Group is able to take full advantage of future opportunities in the PRC market.

Collaboration with industry and academic institution is another important plank in the platform for our future success. Therefore, high on the Group's agenda for action is to forge connections to strengthen collaborations with synergistic industry partners and academic institutions. The Group has entered into a memorandum of understanding ("MOU") with Tsinghua University in Beijing for collaboration in the research and development of new sustainable architectural design and building solutions. Tsinghua University being one of China's most renowned universities and has become an important institution for fostering talents and scientific research. In addition, a sole distributorship agreement was signed with SE Controls, a leading manufacturer of innovative control systems in the United Kingdom with over 25 years of experience in smoke and natural ventilation systems. Our fast growing partnership base calls for a bigger operational base for the Group. The Board envisioned that these collaborations will bring long-term benefits to the Group.

Chairman's Statement

Subsequent to the change in shareholding of the controlling shareholder of the Company and embracing the green business opportunities, the Board decided to change the registered name of the Company from "Global Solution Engineering Limited" to "UURG Corporation Limited" and adopt "環球集團控股有限公司" as the Company's new Chinese name for identification purpose. "UURG" means "**U**tilizing the **U**nlimited **R**enewable ener**G**ies" which further signifies the Group's diversification and expansion of business in providing green and intelligent building solutions and sustainable design consultancy and professional services.

Despite the impact caused by the drastic global economic downturn, the Group is continuously searching for business opportunities to improve the financial performance and the shareholders' returns. The green building business has been taken off and running, the Group has successfully secured the project for providing natural ventilation solutions to the Lujiazui Diamond Mansion in Shanghai and has been awarded the memberships of the U.S. Green Building Council (the "USGBC") and HK-Beam Society respectively. Both the USGBC and HK-Beam Society are non-profit organizations committed to expanding sustainable building practices. All these have manifested a good start of the green building business for the Group in the upcoming years.

PROSPECTS

Discussions are going on around the world on how to transit the economy in the wake of climate change, hence utilizing the renewable energies will surely be one of the star sectors of the market in the years to come. With the worrying fact that the PRC's building energy consumption is increasing yearly, accompanied by resources exhaustion and environmental deterioration, the problem of construction energy consumption has become an inevitable focus of the society. The PRC government has to put environmental protection and energy conservation high on its agenda, and consequently energy-saving buildings will be the mainstream of building development in the future. According to the Chinese Academy for Environmental Planning, the estimated government expenditure on environmental protection during the 11th National Five Year Plan period will be more than 1.53 trillion yuan. The 17th Chinese Communist Party Congress also urged the country to build a society conscious of the importance of environmental protection and conservation of energy. In view of this potential and lucrative market and industry, the Board is optimistic about the development potentials and prospects of the green building technology sector and has carefully outlined the Group's new blueprint for strategic development in 2009.

In respect of the recently approved 4 trillion yuan stimulus plan by the PRC government to curb the economic slowdown and partly be spent on the rural and key infrastructure construction and environmental protection areas amid the global financial crisis, the Group will put more emphasis and resources on bidding the governmental and infrastructure projects in the coming year. Relying on advanced concepts and pioneering technology, the Group aims to provide a one-stop service with the energy-saving concepts and a wide spectrum of green building technology solutions relating to natural and smoke ventilation, daylighting and sun shading for the new establishments. While for the existing establishments, the Group intends to explore the opportunities in the area of energy performance contracting via conducting energy-and-carbon audits on buildings. The Board believes that our Group is able to benefit from this prospering business sector especially in Hong Kong, as the government of the Hong Kong Special Administrative Region (the "HKSAR") has recently announced to subsidize HK$450 million to building owners to conduct energy-and-carbon audits and carry out energy efficiency projects on their buildings. With our newly created slogan "Building the Greensight", the Board aims to take the Group into a new and green phase of its development.

Chairman's Statement

Finally, on behalf of the Group, I would like to take this opportunity to express my gratitude to all members of the Board, staff and those who have supported us for the dedication and contribution to the Group. I will continue to relying heavily on my experience team to pull us through. Together, let us help to build the greensight and green sites, turn all challenges into opportunities and take the Group to a new height in 2009!

Chan Chun Tin, Stanley
Chairman

Hong Kong, 17 March 2009

Management Discussion and Analysis

GENERAL

The Group is principally engaged in the provision of information technology and engineering consultancy services.

FINANCIAL REVIEW

Results

During the year under review, the Group recorded a turnover of approximately HK$1.2 million (2007: approximately HK$1.4 million), representing a decrease of approximately 15.8% in turnover as compared with previous year. The decrease in turnover was attributable to the decrease in turnover of information technology and engineering consultancy fee income. Loss attributable to equity holders for the year ended 31 December 2008 amounted to approximately HK$7.1 million (2007: approximately HK$2.8 million), representing an increase of approximately 150.3% as compared with previous year. The increase in the loss attributable to equity holders of the Company was primarily attributable to the decrease in consultancy fee income in information technology and engineering and the increase in other operating expenses, mainly in human resources and professional fees resulted in the tough business environment of the Group in Hong Kong and the PRC.

Liquidity, financial resources and capital structure

As at 31 December 2008, the Group had assets of approximately HK$18.5 million (2007: approximately HK$5.2 million), including net cash and bank balances of approximately HK$17.5 million (2007: approximately HK$4.9 million). There was no charge on the Group's assets as at 31 December 2008 (2007: nil).

The Group financed its operations with internally generated cash flow, proceeds from issue of new shares and convertible bonds during the two years ended 31 December 2007 and 2008. On 25 January 2008, the Company received a conversion notice for partial conversion of the convertible bonds issued and as a result of which the Company has issued a total of 1,200,000,000 shares to Mr. Pong Wai San, Wilson, a former director and a substantial shareholder of the Company, at a conversion price of HK$0.0005 per conversion share on 4 February 2008. On 28 April 2008, the Company allotted and issued 100,000,000 shares to an independent third party, at the placing price of HK$0.204 per share pursuant to a placing agreement and a subscription agreement dated 18 April 2008. Following the conversion and allotment and as at 31 December 2008, the number of shares in issue of the Company became 5,568,000,000 shares (2007: 4,268,000,000 shares).

Gearing

The gearing ratio of the Group, defined as the ratio between total borrowings and shareholders' equity, was 0% for the year ended 31 December 2008 (2007: 0%) since the Group did not have any bank borrowings nor any banking facilities.

Significant investments

As at 31 December 2008, there was no significant investment held by the Group.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Material acquisitions or disposals of subsidiaries and affiliated companies

During the year under review, Dragon Vision Group Limited ("Dragon Vision"), a wholly-owned subsidiary of the Company, had entered into a sales and purchase agreement (the "Agreement") with an independent third party (the "Vendor"), pursuant to which Dragon Vision may acquire from the Vendor the entire issued share capital of Sanxia International Energy Investments Limited ("Sanxia International") (the "Proposed Acquisition") with total consideration amounted to HK$134,000,000. Sanxia International held 30% equity interest in Shanxi Tongyu Coalbed Methane Transportation Limited ("Shanxi Tongyu"), a company which is principally engaged in the construction and operation of a pipeline to be constructed for the transportation of coalbed methane from Shanxi Province to Henan Province, China. Pursuant to the Agreement, the Company has paid HK$22,450,000 to the Vendor as part of the deposit (the "Deposit") for the Proposed Acquisition. Subsequently in June 2008, Dragon Vision terminated the transaction and has received the Deposit in full. The Group did not have any other material acquisitions and disposal of subsidiaries and affiliated companies in the course of the year.

Contingent liabilities

As at 31 December 2008, the Group had no material contingent liabilities.

Lease and contracted commitments

The Group leases certain of its office premises under non-cancellable operating lease arrangements with a lease term of approximately two years.

As at 31 December 2008, the Group had total future minimum lease payments in respect of non-cancellable operating leases for land and buildings falling due as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	**1,872**	207
In the second to fifth year, inclusive	**1,357**	197
	3,229	404

Foreign exchange exposure

The Group's income and expenditure during the year ended 31 December 2008 were denominated either in Hong Kong dollars ("HK$") or Renminbi ("RMB"), and most of the assets and liabilities as at 31 December 2008 were denominated either in HK$ or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the year under review.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Segment information

The Group's operation is regarded as a single business segment which is the provision of information technology and engineering consultancy services. Analysis of the Group's turnover and results as well as analysis of the carrying amount of segment assets and capital expenditures by geographical market have not been presented as they are substantially generated from or situated in Hong Kong.

Future plans for material investments

The Group is looking for ways to further improve its existing business, and is also searching for business opportunities elsewhere to improve the financial performance and the shareholders' returns. Since the change of the controlling interest of the Company on 11 July 2008, the management intended that the Group will continue its existing principal activities and not to introduce any major changes to the existing operating and management structure of the Company. The Company will continue to utilize most of its resources for the development of its principal activities of information technology and engineering consultancy services in Hong Kong and the PRC market. The Directors of the Company believe that the continual growth of the economy in Hong Kong and the PRC will provide a good prospect for the Group.

Employees and remuneration policies

As at 31 December 2008, the Group had 29 (2007: 7) full-time employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK$3,505,000 for the year ended 31 December 2008 (2007: approximately HK$1,188,000). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and social insurance to its employees in the PRC, and are paid at appropriate levels.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Chan Chun Tin, Stanley, aged 40, is the chairman, chief executive officer and executive director of the Company. Mr. Chan is responsible for the overall strategic planning, operations and managing function of the Group. He holds a Bachelor of Arts Degree from the University of Sydney and is experienced in corporate management and operations. He is currently a director of RCG (Shenzhen) Limited, a subsidiary of RCG Holdings Limited ("RCG") which shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and traded on the Alternative Investment Market of London Stock Exchange and PLUS Market. Mr. Chan was appointed as the chairman, chief executive officer and executive director of the Company on 30 August 2008 and he is a brother of Mr. Chan Chun Chuen who is a substantial shareholder of the Company.

Mr. Ying Kan Man, aged 34, is the chief operating officer and executive director of the Company and responsible for the Group's global business development, operations and management. Mr. Ying holds a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He has more than 10 years of working experience in the information technology field and has extensive business relationships with various technology partners, distributors and solution providers. He also served as a counsel member of the Innovation and Technology Association from 2005 to 2006. Mr. Ying is currently an executive director of RCG. He was appointed as an executive director and compliance officer of the Company on 30 August 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lung Hung Cheuk, aged 62, is a retired chief superintendent of the Hong Kong Police Force (the "Hong Kong Police") of the HKSAR. Mr. Lung joined the Hong Kong Police in 1966 as a probationary inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Bureau and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po District. Mr. Lung was also the secretary and then the chairman of the Superintendents' Association ("SPA") of the Hong Kong Police from 1993 to 2001. The membership of the SPA comprises the top management of the Hong Kong Police from superintendents up to and including the commissioner of the Hong Kong Police. He was awarded the Police Meritorious Service Medal by the Chief Executive of the HKSAR in 2000. Mr. Lung is currently an independent non-executive director of Richfield Group Holdings Limited, a company listed on the GEM of the Stock Exchange. Mr. Lung joined the Company as an independent non-executive director since 19 September 2007.

Mr. Yip Tai Him, aged 38, has over 15 years of experience in auditing, accounting and corporate finance. He is the members of the Institute of Chartered Accountants in England and Wales and Hong Kong Institute of Certified Public Accountants. Mr. Yip is currently an independent non-executive director of Wing Lee Holdings Limited, a company listed on the Main Board of the Stock Exchange. He is also currently the independent non-executive directors of China Cyber Port (International) Company Limited, Vinco Financial Group Limited and Golife Concepts Holdings Limited, all of which are listed on the GEM of the Stock Exchange. Mr. Yip was appointed as an independent non-executive director of the Company on 1 March 2008.

Directors and Senior Management Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

General Dato' Seri Mohd Azumi bin Mohamed, aged 60, joined the private sector following his retirement as Chief of the Malaysian Army after a military career of 37 years. A qualified parachutist, General Dato' Seri Mohd Azumi bin Mohamed has wide experience in international peacekeeping duties, having served with the United Nation Observation Mission in Iraq and Kuwait and having been involved in the deployment of Malaysian peacekeepers in Cambodia, Somalia and Bosnia Herzegovina. He also represented Malaysia at the United Nation Troop Contributing Nations Meeting in Zagreb. He is a graduate of the National Defense University Washington DC holding a Master of Science Degree in Natural Resources and Strategy. General Dato' Seri Mohd Azumi bin Mohamed also holds a Graduate Diploma in Strategy accredited by the Australian National Accreditation Agency. He is also a recipient of the French Award Officer Ordre du Merite. General Dato' Seri Mohd Azumi bin Mohamed is currently (1) an independent non-executive director of Atlan Holdings Bhd, a company listed on the Second Board of The Bursa Malaysia (the "Malaysia Exchange"); (2) a non-independent non-executive director of Halim Mazmin Bhd, a company listed on the Main Board of the Malaysia Exchange; (3) the chairman and independent non-executive director of CBS Technology Bhd, a company listed on the MESDAQ Market of the Malaysia Exchange; and (4) an independent non-executive director of RCG. He has attended various training programs on corporate compliance and governance, ethical conduct and board effectiveness conducted by the Malaysia Exchange and Institute of Corporate Governance. He was appointed as an independent non-executive director of the Company on 30 August 2008.

SENIOR MANAGEMENT

Ms. Chan Chi Yan, Serena, aged 34, is the deputy chief operating officer and responsible for the Group's corporate affairs, communications and operations. Prior to joining the Group, Ms. Chan has over 10 years of experience in corporate communication field. She has held various managerial positions in multinational corporation and government-funded university in the area of marketing, advertising, public affairs, and international relations. Ms. Chan holds a Bachelor of Business Administration Degree and a Master of Social Science Degree in Corporate Communication from The Chinese University of Hong Kong.

Mr. Chow Tung Suen, aged 37, is the general counsel and company secretary of the Company and responsible for the Group's corporate governance, compliance and company secretarial matters. Mr. Chow is a qualified solicitor in the HKSAR and holds a Bachelor of Laws Degree and Post-Graduate Certificate in Laws from the University of Hong Kong. Before joining the Group, he has more than 13 years of experience in the legal field and over 8 years of experience in corporate governance and compliance, and intellectual property protection in the software and IT industry. Mr. Chow was appointed as the company secretary of the Company on 30 August 2008.

Mr. Chu Kin Men, aged 34, is the financial controller and responsible for the Group's financial planning, treasury and corporate finance. Mr. Chu has over 11 years of experience in accounting, auditing and financial management, and has worked as qualified accountant in various listed companies on the GEM of the Stock Exchange. He holds a Bachelor of Arts Degree in Accountancy from The City University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Mr. Luk Ying Ki, aged 35, is the business development manager of the Group. With over 15 years of experience in channel sales, marketing and project management, Mr. Luk is responsible for implementing business development programs and maintaining a strong global sales network for the Group. He works with technical partners including software and hardware distributors and other technological solution providers around the globe. He received a Bachelor of Science Degree from the University of Portsmouth.

Directors' Report

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 16 to the financial statements.

SEGMENT INFORMATION

The analysis of the business and geographical segments of the operations of the Group are set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 and the state of affairs of the Group and the Company at that date, are set out in the financial statements on pages 27 to 60.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of the Company will be closed from Wednesday, 29 April 2009 to Tuesday, 5 May 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the attending of the forthcoming annual general meeting of the Company, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 28 April 2009.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 22 to the financial statements.

RESERVES

Details of the movements in reserves of the Company and of the Group during the year are set out in note 24 to the financial statements and the consolidated statement of changes in equity on page 30 respectively.

The Company had no reserves available for distribution to the shareholders of the Company as at 31 December 2008 (2007: Nil).

Directors' Report

GROUP FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group announced in previous years are set out on page 2 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

DIRECTORS

The Directors during the year ended 31 December 2008 and up to the date of this report were as follows:

Executive Directors

Mr. Pong Wai San, Wilson	(resigned on 30 August 2008)
Mr. Lau Wai Shu	(resigned on 30 August 2008)
Mr. Chan Chun Tin, Stanley	(appointed on 30 August 2008)
Mr. Ying Kan Man	(appointed on 30 August 2008)

Independent non-executive Directors

Mr. Ko Chun Hay, Kelvin	(resigned on 1 March 2008)
Mr. Lai Hin Wing, Henry	(resigned on 30 August 2008)
Mr. Lung Hung Cheuk	
Mr. Yip Tai Him	(appointed on 1 March 2008)
General Dato' Seri Mohd Azumi bin Mohamed	(appointed on 30 August 2008)

Pursuant to bye-law 86(2) of the Company's bye-laws, all Directors shall retire from office at the conclusion of the annual general meeting of the Company and, being eligible, will offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Group as at the date of this report are set out on pages 10 to 11.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Mr. Chan Chun Tin, Stanley, the executive director, chief executive officer and chairman of the Company, has entered into a service agreement with a subsidiary of the Company for a term of 2 years commencing from 30 August 2008 and has not entered into any service agreement with the Company.

Mr. Ying Kan Man, the executive director, has entered into a service agreement with a subsidiary of the Company for a term of 2 years commencing from 30 August 2008 and has not entered into any service agreement with the Company.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of 1 year. The letter of appointment of Mr. Lung Hung Cheuk commenced on 19 September 2008 and expiring on 18 September 2009. The letter of appointment of Mr. Yip Tai Him commenced on 1 March 2008 and expired on 28 February 2009. The letter of appointment of General Dato' Seri Mohd Azumi bin Mohamed commenced on 30 August 2008 and expiring on 29 August 2009. All of the letters of appointment of Mr. Lung Hung Cheuk, Mr. Yip Tai Him and General Dato' Seri Mohd Azumi bin Mohamed were extended to 31 December 2009, and their appointment are subject to retirement by rotation and/or re-election at the Company's annual general meeting in accordance with the bye-laws of the Company.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within the service period without payment of compensation.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the year to which the Company or any of its subsidiaries was a party.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2008, none of the Directors and the chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code").

Directors' Report

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the sole member of the Company on 26 October 2002 (the "Share Option Scheme"). No share options have been granted under the Share Option Scheme since its adoption.

Particulars of the Company's Share Option Scheme are set out in note 23 to the financial statements.

CONVERTIBLE BONDS

Pursuant to a bond subscription agreement dated 23 July 2007 entered into between the Company and Almond Global Limited, a zero coupon convertible bonds (the "Convertible Bonds") of HK$4,000,000 was issued on 4 September 2007. The Convertible Bonds can be converted into shares of the Company at an initial conversion price of HK$0.0005 per share (subject to adjustments in accordance with the terms of the Convertible Bonds) during its conversion period of five years from 4 September 2007.

Particulars of the Convertible Bonds are set out in note 20 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

At no time during the year had the Directors and chief executives of the Company (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2008, other than the interests of certain Directors as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name of Shareholder	Number of issued shares	Capacity in which shares are held	Percentage of issued share capital
Almond Global Limited	8,320,000,000 *(Note 1)*	Beneficial Owner	149.43%
Marilyn Investments Limited	8,320,000,000 *(Note 1)*	Beneficial Owner	149.43%
The Offshore Group Holdings Ltd.	950,000,000 *(Note 2)*	Beneficial Owner	17.06%
Mr. Chan Chun Chuen	9,270,000,000 *(Note 3)*	Interest in controlled corporation	166.49%
Ms. Tam Miu Ching	9,270,000,000 *(Note 3)*	Family Interest	166.49%
Mr. Pong Wai San, Wilson	1,677,792,000 *(Note 4)*	Personal	30.13%
Ms. Tung Ching Yee, Helena	1,677,792,000 *(Note 4)*	Family Interest	30.13%

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Long positions in shares and underlying shares of the Company *(Continued)*

Notes:

(1) Almond Global Limited is a limited liability company incorporated in the British Virgin Islands. The shares are held by Almond Global Limited. Marilyn Investments Limited owns 100% interest in Almond Global Limited. The 8,320,000,000 shares held by Almond Global Limited consist of a zero coupon convertible bonds of HK$2,900,000 which can be converted into 5,800,000,000 shares of the Company during its conversion period of five years from 4 September 2007. According to Part XV of the SFO, Marilyn Investments Limited is deemed to be interested in the 8,320,000,000 shares held by Almond Global Limited.

(2) The Offshore Group Holdings Ltd. is a limited liability company incorporated in the British Virgin Islands, which is 100% owned by Mr. Chan Chun Chuen.

(3) Mr. Chan Chun Chuen owns 100% interest in Marilyn Investments Limited and The Offshore Group Holdings Ltd.. According to Part XV of the SFO, Mr. Chan Chun Chuen is deemed to be interested in the 8,320,000,000 shares held by Almond Global Limited through his controlled corporation Marilyn Investments Limited and the 950,000,000 shares held by The Offshore Group Holdings Ltd.. Ms. Tam Miu Ching is the wife of Mr. Chan Chun Chuen and accordingly deemed to be interested in the shares beneficially owned by Mr. Chan Chun Chuen in his own capacity and through his controlled corporations under SFO.

(4) The 1,677,792,000 shares held by Mr. Pong Wai San, Wilson consist of a zero coupon convertible bonds of HK$500,000 which can be converted into 1,000,000,000 shares of the Company during its conversion period of five years from 4 September 2007. Ms. Tung Ching Yee, Helena is the wife of Mr. Pong Wai San, Wilson and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong Wai San, Wilson in his own capacity under SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2008, sales to the Group's four largest customers accounted for 100% of the total sales for the year and sales to the largest customer included therein amounted to 75%.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the four largest customers of the Group for the year ended 31 December 2008.

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

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Each of the Directors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in companies that competes or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group.

Directors' Report

CONNECTED TRANSACTIONS

There were no significant connected party transactions entered into by the Group for the year ended 31 December 2008.

PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

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

AUDITORS

The Company's auditors, Grant Thornton, would retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. The Company has not changed its auditors in the preceding three years.

On behalf of the Board

Chan Chun Tin, Stanley
Chairman

Hong Kong, 17 March 2009

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the CG Code and complied with the provisions set out in the CG Code for the year ended 31 December 2008 except for the deviation from code provision A.2.1 regarding the separate roles of chairman and chief executive officer of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors, the Directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2008.

BOARD OF DIRECTORS AND BOARD MEETING

The Board members for the year ended 31 December 2008 and up to the date of this annual report were:

Executive Directors

Mr. Pong Wai San, Wilson	(resigned on 30 August 2008)
Mr. Lau Wai Shu	(resigned on 30 August 2008)
Mr. Chan Chun Tin, Stanley	(appointed on 30 August 2008)
Mr. Ying Kan Man	(appointed on 30 August 2008)

Independent non-executive Directors

Mr. Ko Chun Hay, Kelvin	(resigned on 1 March 2008)
Mr. Lai Hin Wing, Henry	(resigned on 30 August 2008)
Mr. Lung Hung Cheuk	
Mr. Yip Tai Him	(appointed on 1 March 2008)
General Dato' Seri Mohd Azumi bin Mohamed	(appointed on 30 August 2008)

The Board is responsible for the Group's corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Each of the Directors' biographical information is set out on pages 10 to 11 of this annual report. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

Corporate Governance Report

BOARD OF DIRECTORS AND BOARD MEETING *(Continued)*

The Company had appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of the shareholders of the Company. All of them have been appointed for a term commencing from the date of their appointment, and extended to 31 December 2009.

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the members of the Board.

Directors' Appointment, Re-election and Removal

Mr. Chan Chun Tin, Stanley, the chairman, chief executive officer and executive director of the Company, has entered into a service agreement with a subsidiary of the Company for a term of 2 years commencing from 30 August 2008 and has not entered into any service agreement with the Company.

Mr. Ying Kan Man, the executive director, has entered into a service agreement with a subsidiary of the Company for a term of 2 years commencing from 30 August 2008 and has not entered into any service agreement with the Company.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of 1 year. The letter of appointment of Mr. Lung Hung Cheuk commenced on 19 September 2008 and expiring on 18 September 2009. The letter of appointment of Mr. Yip Tai Him commenced on 1 March 2008 and expired on 28 February 2009. The letter of appointment of General Dato' Seri Mohd Azumi bin Mohamed commenced on 30 August 2008 and expiring on 29 August 2009. All of the letters of appointment of Mr. Lung Hung Cheuk, Mr. Yip Tai Him and General Dato' Seri Mohd Azumi bin Mohamed were extended to 31 December 2009.

In accordance with the Company's bye-laws, any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Also, all Directors are subject to retirement by rotation at least once every three years. The Directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last election or re-election.

Independent non-executive Directors

Pursuant to the requirements of the GEM Listing Rules 5.09, the Company has received written confirmation from each of the independent non-executive Directors of his independence to the Company. Based on such confirmations of independence, the Company considers all of the independent non-executive Directors to be independent.

Corporate Governance Report

BOARD OF DIRECTORS AND BOARD MEETING *(Continued)*

Board Meetings and Board Practices

The Board meets four times a year to review the financial and operating performance of the Group.

Details of the attendance of the meetings of the Board are as follows:

Directors		Attendance
Mr. Ko Chun Hay, Kelvin	(resigned on 1 March 2008)	0/4
Mr. Lai Hin Wing, Henry	(resigned on 30 August 2008)	3/4
Mr. Pong Wai San, Wilson	(resigned on 30 August 2008)	3/4
Mr. Lau Wai Shu	(resigned on 30 August 2008)	2/4
Mr. Chan Chun Tin, Stanley	(appointed on 30 August 2008)	1/4
Mr. Ying Kan Man	(appointed on 30 August 2008)	1/4
Mr. Lung Hung Cheuk		4/4
Mr. Yip Tai Him	(appointed on 1 March 2008)	4/4
General Dato' Seri Mohd Azumi bin Mohamed	(appointed on 30 August 2008)	1/4

Apart from the above regular Board meetings of the year, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision in advance of each Board meeting. The company secretary of the Company (the "Company Secretary") is responsible for distributing detailed documents to the Directors prior to the meetings of the Board to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings so that they may receive accurate, timely and clear information. All Directors have access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters. The Company Secretary is also responsible for providing to the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive officer of the Company have been performed by Mr. Chan Chun Tin, Stanley, who is also the executive director. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

Corporate Governance Report

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established with written terms of reference in compliance with the provisions set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises three members, Mr. Lung Hung Cheuk, Mr. Yip Tai Him and General Dato' Seri Mohd Azumi bin Mohamed, all of them are independent non-executive Directors. The chairman of the Nomination Committee is Mr. Lung Hung Cheuk.

The roles and functions of the Nomination Committee include nomination of the potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

Details of the attendance of the meetings of the Nomination Committee are as follows:

Members		**Attendance**
Mr. Lai Hin Wing, Henry	(resigned on 30 August 2008)	2/2
Mr. Lau Wai Shu	(resigned on 30 August 2008)	2/2
Mr. Lung Hung Cheuk		2/2
Mr. Yip Tai Him	(appointed on 1 March 2008)	2/2
General Dato' Seri Mohd Azumi bin Mohamed	(appointed on 30 August 2008)	0/2

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established with written terms of reference in compliance with the provisions set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises three members, of which are all independent non-executive Directors, namely Mr. Lung Hung Cheuk, Mr. Yip Tai Him and General Dato' Seri Mohd Azumi bin Mohamed. The chairman of the Remuneration Committee is Mr. Lung Hung Cheuk.

The roles and functions of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of all the independent non-executive Directors and the senior management of the Company.

Details of the attendance of the meetings of the Remuneration Committee are as follows:

Members		**Attendance**
Mr. Ko Chun Hay, Kelvin	(resigned on 1 March 2008)	0/1
Mr. Pong Wai San, Wilson	(resigned on 30 August 2008)	1/1
Mr. Lau Wai Shu	(resigned on 30 August 2008)	1/1
Mr. Lai Hin Wing, Henry	(resigned on 30 August 2008)	1/1
Mr. Lung Hung Cheuk		1/1
Mr. Yip Tai Him	(appointed on 1 March 2008)	1/1
General Dato' Seri Mohd Azumi bin Mohamed	(appointed on 30 August 2008)	0/1

Corporate Governance Report

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the provisions set out in the CG Code and Rules 5.28 and 5.33 of the GEM Listing Rules and which had been revised on 1 March 2008. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, and provide advice and comments on the Company's draft annual reports and accounts, half-year reports and quarterly reports to the Directors. As at the date of this annual report, the Audit Committee comprises three members, Mr. Lung Hung Cheuk, Mr. Yip Tai Him and General Dato' Seri Mohd Azumi bin Mohamed, all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Yip Tai Him.

The Audit Committee held 4 meetings during the year under review. Details of the attendance of the Audit Committee meetings are as follows:

Members		**Attendance**
Mr. Ko Chun Hay, Kelvin	(resigned on 1 March 2008)	0/4
Mr. Lai Hin Wing, Henry	(resigned on 30 August 2008)	3/4
Mr. Lung Hung Cheuk		4/4
Mr. Yip Tai Him	(appointed on 1 March 2008)	4/4
General Dato' Seri Mohd Azumi bin Mohamed	(appointed on 30 August 2008)	1/4

The Group's unaudited quarterly and interim results, also, the audited annual results for the year ended 31 December 2008 have been reviewed by the Audit Committee during the year, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

AUDITORS' REMUNERATION

The Company has appointed Messrs. Grant Thornton as the auditors of the Group (the "Auditors"). The Board is authorized in the annual general meeting of the Company to determine the remuneration of the Auditors. During the year, the Auditors performed the work of statutory audit for the year ended 31 December 2008 and also involved in non-audit assignment of the Group. The remuneration of the Auditors for the year ended 31 December 2008 for the work of statutory audit and non-audit assignment are approximately HK$300,000 and HK$80,000 respectively.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors acknowledge their responsibility for the preparation and true and fair presentation of the financial statements of the Company. In preparing the financial statements, the financial reporting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to the events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the ongoing concern basis in preparing the financial statements.

The Auditors' responsibilities are set out in the section headed "Independent Auditors' Report".

Corporate Governance Report

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Board recognizes the importance of maintaining clear, timely and effective communication with the shareholders of the Company and investors. Therefore, the Company uses a number of formal communication channels to account to the shareholders and investors for the performance of the Company, which include the publication of the reports on the website of the Company, holding of the annual general meeting or extraordinary general meeting providing a forum for shareholders of the Company to raise comments and exchanging views with the Board and updating key information of the Group available on the website of the Company.

Independent Auditors' Report

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of UURG Corporation Limited
(Formerly known as Global Solution Engineering Limited)
(continued in Bermuda with limited liability)

We have audited the consolidated financial statements of UURG Corporation Limited (formerly known as Global Solution Engineering Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 60, which comprise the Company and consolidated balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Independent Auditors' Report

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 2008 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.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

17 March 2009

Consolidated Income Statement

for the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	6	**1,193**	1,417
Other income	6	**90**	66
Materials and consumable used		**(201)**	–
Depreciation		**(49)**	(65)
Staff costs	13	**(3,505)**	(1,188)
Other operating expenses		**(4,463)**	(2,992)
Loss from operations		**(6,935)**	(2,762)
Finance costs	8	**(239)**	(84)
Loss before income tax	9	**(7,174)**	(2,846)
Income tax credit	10	**51**	–
Net loss for the year		**(7,123)**	(2,846)
Loss attributable to the equity holders of the Company	11	**(7,123)**	(2,846)
Loss per share	12		
– Basic (2007: restated)		**HK(0.13) cents**	HK(0.06) cents
– Diluted		**N/A**	N/A

Consolidated Balance Sheet

as at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**193**	107
Current assets			
Other receivables, deposits and prepayments		**860**	207
Cash and cash equivalents	17	**17,495**	4,858
		18,355	5,065
Current liabilities			
Trade payables	19	**38**	–
Accruals and other payables		**769**	800
		807	800
Net current assets		**17,548**	4,265
Total assets less current liabilities		**17,741**	4,372
Non-current liabilities			
Convertible bonds	20	**2,282**	2,408
Deferred tax liabilities	21	**184**	293
		2,466	2,701
Net assets		**15,275**	1,671
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	22	**2,784**	2,134
Reserves		**12,491**	(463)
Total equity		**15,275**	1,671

Chan Chun Tin, Stanley
Chairman

Ying Kan Man
Director

Balance Sheet

as at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	16	**18,874**	–
Current assets			
Other receivables		**254**	116
Cash and cash equivalents	17	**591**	4,854
		845	4,970
Current liabilities			
Accruals and other payables		**164**	502
Amounts due to a subsidiary	18	**384**	–
		548	502
Net current assets		**297**	4,468
Non-current liabilities			
Convertible bonds	20	**2,282**	2,408
Deferred tax liabilities	21	**184**	293
		2,466	2,701
Net assets		**16,705**	1,767
EQUITY			
Share capital	22	**2,784**	2,134
Reserves	24	**13,921**	(367)
Total equity		**16,705**	1,767

Chan Chun Tin, Stanley
Chairman

Ying Kan Man
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

	Share capital HK$'000	Capital reserve HK$'000	Share premium HK$'000	Special reserve HK$'000	Convertible bonds equity reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	6,912	–	15,608	11	–	–	(21,697)	834
Net loss for the year	–	–	–	–	–	–	(2,846)	(2,846)
Total recognised income and expense for the year	–	–	–	–	–	–	(2,846)	(2,846)
Capital reduction and capital reorganisation (note 22(i))	(6,048)	–	(15,608)	–	–	–	21,656	–
Recognition of equity component of convertible bonds	–	–	–	–	1,676	–	–	1,676
Deferred tax charge to equity	–	–	–	–	(293)	–	–	(293)
Capital contribution by a shareholder company	–	1,030	–	–	–	–	–	1,030
Issue of shares	1,270	–	–	–	–	–	–	1,270
At 31 December 2007 and 1 January 2008	2,134	1,030	–	11	1,383	–	(2,887)	1,671
Translation difference (Net income recognised directly in equity)	–	–	–	–	–	(3)	–	(3)
Net loss for the year	–	–	–	–	–	–	(7,123)	(7,123)
Total recognised income and expense for the year	–	–	–	–	–	(3)	(7,123)	(7,126)
Partial conversion of convertible bonds	600	–	16	–	(251)	–	–	365
Deferred tax attributable to reduction in tax rate	–	–	–	–	17	–	–	17
Deferred tax relating to conversion of convertible bonds	–	–	–	–	41	–	–	41
Issue of shares	50	–	20,350	–	–	–	–	20,400
Share issue expenses	–	–	(93)	–	–	–	–	(93)
At 31 December 2008	**2,784**	**1,030***	**20,273***	**11***	**1,190***	**(3)***	**(10,010)***	**15,275**

* The aggregated amount of these balances of HK$12,491,000 in surplus (2007: HK$463,000 in deficit) is included as reserves in the consolidated balance sheet.

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the amount of the share capital of a subsidiary acquired pursuant to a group reorganisation in 2002.

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Loss before income tax		**(7,174)**	(2,846)
Adjustments for :			
Interest income	6	**(88)**	(63)
Interest expenses on convertible bonds	8	**239**	84
Depreciation	9	**49**	65
Write off of property, plant and equipment	9	**–**	45
Operating loss before working capital changes		**(6,974)**	(2,715)
(Increase)/decrease in other receivables, deposits and prepayments		**(653)**	145
Increase in trade payables		**38**	–
(Decrease)/increase in accruals and other payables		**(31)**	275
Net cash used in operating activities		**(7,620)**	(2,295)
Cash flows from investing activities			
Interest received		**88**	63
Purchase of property, plant and equipment		**(135)**	–
Net cash (used in)/generated from investing activities		**(47)**	63
Cash flows from financing activities			
Proceeds from the issue of shares	22(iii)	**20,400**	1,270
Share issue expenses		**(93)**	–
Proceeds from the issue of convertible bonds	20	**–**	4,000
Net cash generated from financing activities		**20,307**	5,270
Net increase in cash and cash equivalents		**12,640**	3,038
Cash and cash equivalents at beginning of the year		**4,858**	1,820
Effect of foreign exchange rate changes		**(3)**	–
Cash and cash equivalents at end of the year		**17,495**	4,858

Notes to the Financial Statements

for the year ended 31 December 2008

1. NATURE OF OPERATIONS

The principal activity of UURG Corporation Limited (formerly known as Global Solution Engineering Limited) (the "Company") is investment holding. The principal activities of its subsidiaries (together with the Company referred as the "Group") are set out in note 16 to the financial statements.

2. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Unit 3709, 37th Floor, Lippo Centre Tower Two, 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to the special resolution passed on 2 February 2009, the Company announced that the name of the Company has been changed from "Global Solution Engineering Limited" to "UURG Corporation Limited" with effect from 2 February 2009 and a new Chinese name of the Company "環球集團控股有限公司" has been adopted to replace "環球工程有限公司" for identification purpose only.

The financial statements on pages 27 to 60 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules").

The financial statements for the year ended 31 December 2008 were approved for issue by the board of directors on 17 March 2009.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's financial statements beginning on 1 January 2008.

HKAS 39 (Amendments)	Reclassification of financial assets
HK(IFRIC) – Interpretation 11	HKFRS 2 Group and Treasury Share Transactions

The adoption of the new and amended HKFRSs had no material effect on how the results and financial positions for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

Notes to the Financial Statements

for the year ended 31 December 2008

3. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Among these new standards and interpretations, HKAS 1 (revised) is expected to be relevant to the Group's financial statements. The directors are currently assessing the impact of the other new standards and interpretations but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separated Financial Statements [2]
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKAS 39 (Amendment)	Eligible Hedged Item [2]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs [2]
HKAS 1 & HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate [1]
HKFRS 2	Share-based Payment – Amendment Relating to Vesting Conditions and Cancellations [1]
HKFRS 3	Business Combination – Comprehensive Revision on Applying the Acquisition Method [2]
HKFRS 8	Operating Segments [1]
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes [3]
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate [1]
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation [4]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners [2]
HK(IFRIC) – Interpretation 18	Transfers of Assets from Customers [5]
Various HKAS	Annual Improvements to HKFRS 2008 [6]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for transfers of assets from customers received on or after 1 July 2009
6 Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge or judgements of current events and actions, actual results may ultimately differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

(c) Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from the consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, investments in subsidiaries are carried at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

(d) Foreign currencies

The financial statements are presented in Hong Kong Dollars ("HK$"), which is the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currencies *(Continued)*

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(e) Revenue recognition

Revenue comprises the fair value for the rendering of services. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Property, plant and equipment

(i) Depreciation

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, at the rates of 20% per annum.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(ii) Measurement bases

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment testing of assets

Property, plant and equipment and interests in subsidiaries are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the asset.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges as the lessee

Where the Group has the right to use assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(i) Financial assets

The Group's financial assets include other receivables and cash and cash equivalents.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial assets *(Continued)*

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus any directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost. Any changes in their value are recognised in the income statement.

Impairment of financial assets

At each balance sheet date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial assets *(Continued)*

Impairment of financial assets (Continued)

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not recognised in profit or loss of the period in which the reversal occurs.

(j) Income tax

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short term bank deposits with original maturities of three months or less.

(l) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

(m) Related parties

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

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

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

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

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

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control of significant influence of such individuals; or

(vi) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(n) Retirement benefit costs and short term employee benefits

Defined contribution plan

Retirement benefits to employees are provided through a defined contribution plan.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Retirement benefit costs and short term employee benefits *(Continued)*

Defined contribution plan (Continued)

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiary which operates in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to income statement as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(o) Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested at 1 January 2005 are recognised in the financial statements. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in the income statement with a corresponding increase in equity (share option reserve), net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than vested.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Share-based employee compensation *(Continued)*

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium.

(p) Financial liabilities

The Group's financial liabilities include trade payables, other payables and convertible bonds. They are included in the balance sheet items as "Trade payables", "Accruals and other payables" and "Convertible bonds".

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the call option for conversion of the bonds into equity, is included in equity as convertible bonds equity reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the bonds.

When the bonds are converted, the convertible bonds equity reserve and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the convertible bonds equity reserve is released directly to accumulated losses.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Notes to the Financial Statements

for the year ended 31 December 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segment be presented as the primary reporting format and geographical segments as the secondary reporting format.

Capital expenditure comprises property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, revenue is based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors consider that no critical accounting estimates and judgements are to be adopted in the preparation of these financial statements in the current year.

6. REVENUE

Revenue which is also the Group's turnover represents the aggregate of the amounts received and receivable from third parties in connection with the provision of information technology and engineering consultancy services. Revenue and other income recognised during the year are as follows:

	2008 **HK$'000**	2007 HK$'000
Revenue		
Service income	**1,193**	1,417
Other income		
Net exchange gain	**2**	3
Interest income on financial assets stated at amortised cost	**88**	63
	90	66

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group's operation is regarded as a single business segment which is the provision of information technology and engineering consultancy services.

Analysis of the Group's turnover and results as well as analysis of the carrying amount of segment assets and capital additions by geographical market have not been presented as they are substantially generated from or situated in Hong Kong.

Notes to the Financial Statements

for the year ended 31 December 2008

8. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest expenses on convertible bonds carried at amortised cost	239	84

9. LOSS BEFORE INCOME TAX

	2008 HK$'000	2007 HK$'000
Loss before income tax is arrived at after charging:		
Auditors' remuneration	300	260
Depreciation of owned assets	49	65
Operating lease rentals in respect of land and buildings	698	601
Write off of property, plant and equipment	–	45

10. INCOME TAX EXPENSE

The Company is not subject to taxes in profits, income or dividends in Bermuda. Its subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rates of 16.5% (2007: 17.5%) on the estimated assessable profits for the year.

No provision for taxation has been made in the financial statements as the subsidiaries in Hong Kong had no assessable profit for the year (2007: Nil).

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the year based on the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25%. No provision for taxation has been made in the financial statements as the subsidiary in the PRC had no assessable profit for the year (2007: Nil).

	2008 HK$'000	2007 HK$'000
Deferred tax (note 21)		
Reversal of deferred tax liabilities	(51)	–
Total income tax credit	**(51)**	–

Notes to the Financial Statements

for the year ended 31 December 2008

10. INCOME TAX EXPENSE *(Continued)*

Reconciliation between tax expense and accounting loss at applicable tax rates is as follows:

	2008	2007
	HK$'000	HK$'000
Loss before income tax	**(7,174)**	(2,846)
Tax on loss before income tax, calculated at the rates applicable to loss in the tax jurisdiction concerned	**(1,229)**	(498)
Tax effect of non-deductible expenses	**616**	393
Tax effect of non-taxable income	**(16)**	(11)
Tax effect of temporary differences not recognised	**(22)**	8
Tax effect of unused tax losses not recognised	**651**	108
Reversal of deferred tax liabilities	**(51)**	–
Total income tax credit	**(51)**	–

The Government of the HKSAR enacted a reduction in the Profits Tax Rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Accordingly, the relevant current and deferred tax liabilities have been calculated using the new tax rate of 16.5%.

11. LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Of the consolidated net loss for the year of HK$7,123,000 (2007: HK$2,846,000), a loss of HK$5,792,000 (2007: HK$2,826,000) has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of HK$7,123,000 (2007: HK$2,846,000) and on the weighted average number of 5,422,982,236 ordinary shares (2007: 5,024,730,540 ordinary shares, as restated) in issue during the year.

No diluted result per share has been presented because the potential ordinary shares had anti-dilutive effect for each of the two years ended 31 December 2008 and 2007.

13. STAFF COSTS (including directors' emoluments)

	2008	2007
	HK$'000	HK$'000
Wages and salaries	**3,333**	1,115
Retirement benefits scheme contributions	**59**	41
Staff benefits	**113**	32
	3,505	1,188

Notes to the Financial Statements

for the year ended 31 December 2008

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Employer's retirement scheme contributions HK$'000**	**Total HK$'000**
2008				
Executive directors:				
Mr. Chan Chun Tin, Stanley [1]	**–**	**68**	**6**	**74**
Mr. Ying Kan Man [1]	**–**	**160**	**7**	**167**
Mr. Pong Wai San, Wilson [2]	**–**	**–**	**–**	**–**
Mr. Lau Wai Shu [2]	**–**	**364**	**8**	**372**
	–	**592**	**21**	**613**
Independent non-executive directors:				
Mr. Lung Hung Cheuk [6]	**50**	**–**	**–**	**50**
Mr. Yip Tai Him [4]	**42**	**–**	**–**	**42**
Mr. Ko Chun Hay, Kelvin [4]	**7**	**–**	**–**	**7**
General Dato' Seri Mohd Azumi bin Mohamed [5]	**160**	**–**	**–**	**160**
Mr. Lai Hin Wing, Henry [5]	**32**	**–**	**–**	**32**
	291	**–**	**–**	**291**
	291	**592**	**21**	**904**

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's retirement scheme contributions HK$'000	Total HK$'000
2007				
Executive directors:				
Mr. Pong Wai San, Wilson [2]	–	–	–	–
Mr. Lau Wai Shu [2]	–	–	–	–
Mr. Chu Yen Ling [3]	–	–	–	–
Mr. Lee Chan Wah [3]	–	394	14	408
	–	394	14	408
Independent non-executive directors:				
Mr. Lai Hin Wing, Henry [5]	15	–	–	15
Mr. Ko Chun Hey, Kevin [4]	15	–	–	15
Mr. Lung Hung Cheuk [6]	15	–	–	15
Dr. Lu Da [7]	17	–	–	17
Mr. Lau Man Yiu [7]	43	–	–	43
Ms. Xue Xiaoyi [7]	43	–	–	43
	148	–	–	148
	148	394	14	556

Notes to the Financial Statements

for the year ended 31 December 2008

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

[1] The executive directors, Mr. Chan Chun Tin, Stanley and Mr. Ying Kan Man, were newly appointed on 30 August 2008.

[2] The executive directors, Mr. Pong Wai San, Wilson and Mr. Lau Wai Shu, resigned on 30 August 2008.

[3] The executive directors, Mr. Chu Yen Ling and Mr. Lee Chan Wah, resigned on 19 September 2007.

[4] The independent non-executive director, Mr. Ko Chun Hay, Kelvin was appointed on 19 September 2007. On 1 March 2008, Mr. Ko Chun Hay, Kelvin resigned and Mr. Yip Tai Him was appointed.

[5] The independent non-executive director, Mr. Lai Hin Wing, Henry was appointed on 19 September 2007. On 30 August 2008, Mr. Lai Hin Wing, Henry resigned and General Dato' Seri Mohd Azumi bin Mohamed was appointed.

[6] The independent non-executive director, Mr. Lung Hung Cheuk was appointed on 19 September 2007.

[7] The independent non-executive directors, Dr. Lu Da, Mr. Lau Man Yiu and Ms. Xue Xiaoyi, resigned on 19 September 2007.

(b) Five highest paid individuals

The five highest paid individuals during the year included one (2007: three) former director, whose emoluments are set out above. The details of the emoluments of the remaining four (2007: two) highest paid individuals are as follows:

	2008 HK$'000	2007 HK$'000
Basic salaries and allowances	**1,781**	539
Retirement benefits scheme contributions	**49**	25
	1,830	564

None of the above four (2007: two) highest paid individuals received individual emoluments in excess of HK$1 million.

During each of the two years ended 31 December 2008 and 2007, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during each of the two years ended 31 December 2008 and 2007.

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15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture, fixtures and equipment HK$'000
At 1 January 2007	
Cost	333
Accumulated depreciation	(116)
Net book amount	217
Year ended 31 December 2007	
Opening net book amount	217
Disposal	(45)
Depreciation	(65)
Closing net book amount	107
At 31 December 2007	
Cost	222
Accumulated depreciation	(115)
Net book amount	107
Year ended 31 December 2008	
Opening net book amount	**107**
Additions	**135**
Depreciation	**(49)**
Closing net book amount	**193**
At 31 December 2008	
Cost	**357**
Accumulated depreciation	**(164)**
Net book amount	**193**

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16. INTERESTS IN SUBSIDIARIES

	The Company	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**400**	10
Less: Impairment	**(10)**	(10)
	390	–
Amounts due from subsidiaries	**26,732**	5,725
Less: Provision for amounts due from subsidiaries	**(8,248)**	(5,725)
	18,484	–
	18,874	–

The amounts due from subsidiaries are unsecured, interest-free and not repayable within twelve months from 31 December 2008. The directors consider these amounts, in substance, are extensions of the Group's investments in these subsidiaries.

Details of the Company's subsidiaries at 31 December 2008 are as follows:

Name	Place of incorporation and kind of legal entity	Issued and paid-up share capital	Percentage of issued capital held by the Company Directly	Indirectly	Principal activities and place of operations
New Goal Plus Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	100%	–	Dormant
AGL Design Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Dormant
Global Solution Engineering (HK) Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Provision of information technology and engineering consultancy services in Hong Kong
Ally Champ Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Dormant

Notes to the Financial Statements

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16. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Issued and paid-up share capital	Percentage of issued capital held by the Company Directly	Indirectly	Principal activities and place of operations
UURG (Hong Kong) Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Provision of information technology and engineering consultancy services in Hong Kong
UURG (China) Limited	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Investment holding in Hong Kong
UURG Controls (Shenzhen) Limited*#	PRC, limited liability company	Registered and paid-in capital of HK$5,000,000 and HK$2,000,000 respectively	–	100%	Provision of information technology and engineering consultancy services in the PRC
Dragon Vision Group Limited*	British Virgins Island	1 ordinary share of US$1	100%	–	Dormant
China Coalbed Methane Holdings (Group) Limited*	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Dormant
UURG Limited*	Hong Kong, limited liability company	1 ordinary share of HK$1	100%	–	Dormant
UURG (Malaysia) Limited*	British Virgins Island	50,000 ordinary shares of US$1 each	100%	–	Dormant

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

* Subsidiaries newly set up during the year.

\# Not audited by Grant Thornton Hong Kong or other Grant Thornton International member firms. The aggregate net assets of subsidiary not audited by Grant Thornton amounted to 10% of the Group's total net assets.

Impairment on amounts due from subsidiaries is determined using the lower of amounts due from subsidiaries and the net liabilities value of the relevant subsidiary. No provision is required for subsidiaries with net assets value.

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17. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and in hand	**17,495**	4,858	**591**	4,854

The effective interest rates of the bank balances of the Group and the Company ranged from 0.5% to 4.2% (2007: 2.1% to 5.3%) per annum.

Included in cash at banks and in hand of the Group is approximately HK$1,641,000 (2007: Nil) of bank balances denominated in Renminbi ("RMB") placed with bank in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

18. AMOUNTS DUE TO SUBSIDIARIES

The amounts due were unsecured, interest-free and have no fixed terms of repayment.

19. TRADE PAYABLES

As at 31 December 2008, trade payables were due within 30 days (2007: Nil).

20. CONVERTIBLE BONDS

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Convertible bonds	**2,282**	2,408

The convertible bonds were issued by the Company on 4 September 2007. The bonds are convertible into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date.

On 4 February 2008, the convertible bonds with principal amount of HK$600,000 were converted in 1,200,000,000 ordinary shares at the conversion price of HK$0.0005 per share. As at 31 December 2008, the balance of principal amount of convertible bonds was HK$3,400,000.

If the bonds have not been converted, they will be redeemed on 4 September 2012 at par. The convertible bonds do not bear any interests.

The fair value of the liability component, included in the convertible bonds, was calculated using a market interest rate for an equivalent non-convertible bond. The excess of consideration received on issue of convertible bonds over the fair value of liability component, representing the value of the equity conversion component, is included in shareholders' equity in convertible bonds equity reserve, net of deferred taxes.

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for the year ended 31 December 2008

20. CONVERTIBLE BONDS *(Continued)*

The carrying amount of the convertible bonds is denominated in Hong Kong dollars which is the functional currency of the Company.

The convertible bonds recognised in the balance sheet are calculated as follows:

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Nominal value of convertible bonds	**4,000**	4,000
Equity component	**(1,676)**	(1,676)
Liability component on initial recognition	**2,324**	2,324
Exercise of the convertible bonds	**(365)**	–
Accumulated interest expenses recognised	**323**	84
Liability component at 31 December	**2,282**	2,408

Interest expenses on the convertible bonds for the year of HK$239,000 (2007: HK$84,000) is calculated using the effective interest method by applying the effective interest rate of 11.473% per annum to the liability component.

21. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary difference under the liabilities method using a principal taxation rate of 16.5% (2007: 17.5%).

Recognised deferred tax liabilities

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Convertible bonds	**184**	293
Net deferred tax liabilities	**184**	293

The movement in the deferred tax liabilities is as follows:

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
At 1 January	**293**	–
Initial recognition of convertible bonds charged to equity	**–**	293
Attributable to change in tax rate	**(17)**	–
Conversion of convertible bonds	**(41)**	–
Credit to income statement (note 10)	**(51)**	–
At 31 December	**184**	293

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21. DEFERRED TAXATION *(Continued)*

Unrecognised deferred tax assets

As at 31 December 2008, the Group and the Company had unutilised tax losses of HK$16,041,000 (2007: HK$9,462,000) and HK$6,666,000 (2007: HK$3,784,000) respectively available for offsetting against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Unused tax losses of the Group of HK$15,558,000 (2007: HK$12,344,000) have no expiry date whereas the balance of HK$483,000 (2007: Nil) will expire in 2012, and the unused tax losses of the Company of HK$6,666,000 (2007: HK$3,784,000) have no expiry date.

22. SHARE CAPITAL

	2008		2007	
	Number of shares ’000	**HK$’000**	Number of shares ’000	HK$’000
Authorised:				
Ordinary shares of HK$0.0005 (2007: HK$0.08) each at beginning of year	**40,000,000**	**20,000**	250,000	20,000
Capital reduction and capital reorganisation (Note (i))	**–**	**–**	1,750,000	–
Share subdivision (Note (ii))	**–**	**–**	38,000,000	–
Ordinary shares of HK$0.0005 (2007: HK$0.0005) each at end of year	**40,000,000**	**20,000**	40,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK$0.0005 (2007: HK$0.08) each at beginning of year	**4,268,000**	**2,134**	86,400	6,912
Capital reduction and capital reorganisation (Note (i))	**–**	**–**	–	(6,048)
Share subdivision (Note (ii))	**–**	**–**	4,054,600	–
Issue of ordinary shares (Note (iii))	**100,000**	**50**	127,000	1,270
Issue of ordinary shares upon conversion of convertible bonds (Note (iv))	**1,200,000**	**600**	–	–
Ordinary shares of HK$0.0005 (2007: HK$0.0005) each at end of year	**5,568,000**	**2,784**	4,268,000	2,134

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22. SHARE CAPITAL *(Continued)*

Notes:

(i) Capital reduction and capital reorganisation

Pursuant to a special resolution passed on 17 August 2007, a capital reduction on the basis that the nominal value of each of the issued share was reduced from HK$0.08 each by cancelling the paid-up capital to the extent of HK$0.07 on each issued share and the existing issued share capital of HK$6,912,000 was reduced by HK$6,048,000 to HK$864,000 comprising 86,400,000 new shares of HK$0.01 each with effect from 31 August 2007. As a result of the above capital reduction, the share premium account was cancelled and the credit arising from such cancellation was credited to the contributed surplus of the Company which was used to eliminate the accumulated losses of the Company. Upon the completion of the capital reduction, a share subdivision for each of the authorised but unissued share on the basis being subdivided into 8 subdivided shares of HK$0.01 each was carried out. The authorised share capital of the Company remained at HK$20,000,000, but was divided into 2,000,000,000 shares of HK$0.01 each.

(ii) Share subdivision

Pursuant to an ordinary resolution passed on 20 December 2007, a share subdivision with effect from 21 December 2007 on the basis that each share of HK$0.01 in the issued and unissued share capital of the Company being subdivided into 20 subdivided shares of HK$0.0005 each was carried out. The authorised share capital of the Company remained at HK$20,000,000, but was divided into 40,000,000,000 shares of HK$0.0005 each. The subdivided shares rank pari passu in all respects with each other and the share subdivision did not result in any change in the relative rights of the shareholders.

(iii) Issue of ordinary shares

The Company entered into a subscription agreement (the "Subscription Agreement") with Almond Global Limited on 25 June 2007. Pursuant to the Subscription Agreement, the Company issued a total of 127,000,000 subscription shares at subscription price of HK$0.01 each. The issued share capital of the Company was thus increased from HK$864,000 to HK$2,134,000 as enlarged by the allotment and issue of the subscription shares with effect from 4 September 2007. The Company intended to apply the proceeds raised as general working capital for the Group.

The Company entered into a subscription agreement with Mr. Pong Wai San, Wilson on 18 April 2008. Pursuant to the subscription agreement, the Company issued a total of 100,000,000 subscription shares at subscription price of HK$0.204 each. The issued share capital of the Company was thus increased from HK$2,134,000 to HK$2,184,000 as enlarged by the allotment and issue of the subscription shares on 2 May 2008.

(iv) Issue of ordinary shares upon conversion of convertible bonds

Pursuant to an ordinary resolution passed on 29 January 2008, 1,200,000,000 ordinary shares were issued at a price of HK$0.0005 per share, according to the terms and conditions of the bonds. The new shares rank pari passu in all respects with the existing shares of the Company in issue.

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23. SHARE OPTION SCHEME

The current share option scheme in force was adopted and approved by the sole member of the Company on 26 October 2002 (the "Share Option Scheme").

The Share Option Scheme was adopted for a period of 10 years commencing from 26 October 2002 pursuant to a written resolution of the sole member passed on 26 October 2002 for the primary purpose of providing incentives or rewards to directors and eligible employees. Under the Share Option Scheme, the Company may grant options to eligible employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. In addition, under the Share Option Scheme, the Company may, from time to time, grant share options to any contractor, supplier, customer, agent or advisor, of the Group at the discretion of the board of directors.

The number of shares which may be issued under the Share Option Scheme is subject to the following limits:

(i) the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of issued shares of the Company from time to time.

(ii) as refreshed by the shareholders in the annual general meeting on 5 May 2008, 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 scheme of the Company must not exceed 556,800,000 shares, representing 10% of the issued share capital of the Company at 5 May 2008.

A nominal consideration of HK$10 is payable upon acceptable of the grant of the options. The exercise price is determined by the directors of the Company and will be the highest of: (a) the closing price of the ordinary shares of the Company on the date of offer; (b) the average of the closing prices of the ordinary shares of the Company for the five business days immediately preceding the date of offer; and (c) the nominal value of the ordinary shares of the Company.

Any options granted under the Share Option Scheme must be exercised during such option period as may be determined and notified by the directors of the Company, which shall not exceed 10 years from the date of grant of the options.

No options had been granted or remained outstanding for each of the two years ended 31 December 2008 and 2007.

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24. RESERVES

The Company

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Convertible bonds equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	15,608	–	742	–	(22,352)	(6,002)
Net loss for the year	–	–	–	–	(2,826)	(2,826)
Capital reduction and capital reorganisation	(15,608)	–	–	–	21,656	6,048
Recognition of equity component of convertible bonds	–	–	–	1,676	–	1,676
Capital contribution from a shareholder company	–	1,030	–	–	–	1,030
Deferred tax charge to equity	–	–	–	(293)	–	(293)
At 31 December 2007 and 1 January 2008	–	1,030	742	1,383	(3,522)	(367)
Net loss for the year	–	–	–	–	(5,792)	(5,792)
Issue of shares upon conversion of convertible bonds	16	–	–	(251)	–	(235)
Deferred tax attributable to reduction in tax rate	–	–	–	17	–	17
Deferred tax relating to conversion of convertible bonds	–	–	–	41	–	41
Issue of new shares	20,350	–	–	–	–	20,350
Share issue expenses	(93)	–	–	–	–	(93)
At 31 December 2008	**20,273**	**1,030**	**742**	**1,190**	**(9,314)**	**13,921**

The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the group reorganisation in 2002 and the nominal amount of the Company's shares issued for the acquisition.

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25. OPERATING LEASE COMMITMENTS

As at 31 December 2008, the total future minimum lease payments of the Group under non-cancellable operating lease in respect of land and buildings are payable as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**1,872**	207
In the second to fifth year inclusive	**1,357**	197
	3,229	404

The Group leases a number of office premises under operating leases. The leases run for an initial period of two years, without any option to renew the lease terms at the expiry date and does not include any contingent rentals.

Save as disclosed above, the Company does not have any significant operating lease commitments at the balance sheet date (2007: Nil).

26. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of other related party transactions during the year ended 31 December 2008 are disclosed as follows:

	2008	2007
	HK$'000	HK$'000
Compensation of key management personnel:		
Total remuneration of directors and other members of key management during the year	**904**	556

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest risk and certain other price risks, which result from both its operating and investing activities. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether these changes are caused by factors specific to the individual financial instrument or its issuers, or factors affecting all similar financial instrument traded in the market. The Group does not have written risk management policies and guidelines. However, the directors closely monitor and focus on actively securing the Group's short to medium term cash flows by minimising the exposure to financial market.

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

The Group does not actively involve in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

(i) Interest rate risk

The Group's exposure to changes in interest rates mainly due to cash and cash equivalents which earn interest at floating rates. However, the directors are of the opinion that the sensitivity of the Group's result for the year to the reasonably possible change in interest rate in the coming twelve months is considered as minimal.

(ii) Foreign currency risk

The Group mainly operates in Hong Kong and the PRC. The functional currencies of the Company and its subsidiaries are mainly HK$ and RMB with certain of their business transactions being settled in RMB. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group is thus exposed to currency risk arising from fluctuations in foreign currencies, primarily RMB, against the functional currency of the relevant Group entities. However, management considers the current operation in the PRC is still in the initial stage and not significant to the Group, and thus foreign exchange exposure is considered as minimal. The Group currently does not have a foreign currency hedging policy.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2008 are as follows:

	Denominated in RMB HK$'000
2008	
Other receivables	49
Cash and cash equivalents	1,641
Trade and other payables	(133)
	1,557
Foreign currency strengthen/(weaken) by:	7%/(7%)
(Decrease)/increase in loss after tax	(109)/109

(iii) Credit risks

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfil its obligation which results in financial loss. The carrying amounts of cash and cash equivalents, and other current assets except for deposits and prepayments included in the balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

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

(iv) Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs are identified monthly.

The Group maintains mainly cash to meet its liquidity requirements for up to 60-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

As at 31 December 2008 and 31 December 2007, the remaining contractual maturities of the Group's financial liabilities which are based on contractual undiscounted cash flows are summarized below:

Group

	Total carrying amount HK$'000	Total undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 year HK$'000
At 31 December 2008				
Trade payables	**38**	**38**	**38**	**–**
Accruals and other payables	**613**	**613**	**613**	**–**
Convertible bonds	**2,282**	**3,400**	**–**	**3,400**
	2,933	**4,051**	**651**	**3,400**
At 31 December 2007				
Accruals and other payables	540	540	540	–
Convertible bonds	2,408	4,000	–	4,000
	2,948	4,540	540	4,000

Company

	Total carrying amount HK$'000	Total undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 year HK$'000
At 31 December 2008				
Accruals and other payables	**164**	**164**	**164**	**–**
Amounts due to a subsidiary	**384**	**384**	**384**	**–**
Convertible bonds	**2,282**	**3,400**	**–**	**3,400**
	2,830	**3,948**	**548**	**3,400**
At 31 December 2007				
Accruals and other payables	502	502	502	–
Convertible bonds	2,408	4,000	–	4,000
	2,910	4,502	502	4,000

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

(v) Summary of financial assets and liabilities by category

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at 31 December 2008 and 2007 may be categorised as follows. See notes 4(i) and 4(p) for explanations about how the category of financial instruments affects their subsequent measurement.

(i) Financial assets

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and cash equivalents	**17,495**	4,858	**591**	4,854
Loans and receivables:				
Other receivables and deposits	**569**	65	**–**	4
	18,064	4,923	**591**	4,858

(ii) Financial liabilities

Financial liabilities at amortised cost:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities:				
Trade payables	**38**	–	**–**	–
Accruals and other payables	**613**	540	**164**	502
Amounts to a subsidiary	**–**	–	**384**	–
Non-current liabilities:				
Convertible bonds	**2,282**	2,408	**2,282**	2,408
	2,933	2,948	**2,830**	2,910

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28. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(i) to ensure the Group's ability to continue as a going concern;

(ii) to provide an adequate return to the equity holders of the Company;

(iii) to support the Group's sustainable growth; and

(iv) to provide capital for the purpose of potential mergers and acquisitions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders of the Company; return capital to equity holders of the Company; issue new shares; or sell assets to reduce debt.

Management regards total equity and convertible bonds presented below as capital, for capital management purpose.

	2008	2007
	HK$'000	HK$'000
Convertible bonds	**2,282**	2,408
Total equity	**15,275**	1,671
	17,557	4,079