Poly Investments Holdings Limited

(Stock Code : 263)

ANNUAL REPORT 2007

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Suen Cho Hung, Paul *(Chairman)*
Sue Ka Lok *(Chief Executive Officer)*
Cao Jian An
Ng Shin Kwan, Christine

Independent Non-executive Directors

Sun Ka Ziang, Henry
Kwok Ming Fai
Wong Yun Kuen

AUDIT COMMITTEE

Sun Ka Ziang, Henry *(Chairman)*
Kwok Ming Fai
Wong Yun Kuen

REMUNERATION COMMITTEE

Kwok Ming Fai *(Chairman)*
Sun Ka Ziang, Henry
Wong Yun Kuen
Sue Ka Lok

QUALIFIED ACCOUNTANT

Sue Ka Lok

COMPANY SECRETARY

Chan Yuk Yee

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock code: 263)

REGISTERED OFFICE

Units 2502-5, 25th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
Standard Bank Asia Limited
Fortis Bank, Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

PRINCIPAL LEGAL ADVISERS

Richards Butler
Mallesons Stephen Jaques
Tsang, Chan & Wong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

SHARE REGISTRARS AND TRANSFER OFFICE

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

Chairman's Statement

BUSINESS REVIEW AND PROSPECTS

I am pleased to report that the Group achieved a profit attributable to shareholders of HK$75,319,000 in 2007, showing a significant improvement from its loss results in last year. Earnings per share were HK5.17 cents. During the year, all of the Group's continuing operations – trading, provision of finance, brokerage and securities investment had progressed well. The revenue of the Group's continuing operations was up 93% to HK$856,261,000 with gross profit increased by 3.6 times to HK$108,200,000. The Group's 30% owned jointly controlled entity- Shanghai Hong Qiao Friendship Shopping Center Co., Ltd. ("Hong Qiao") also performed well. The revenue of Hong Qiao was up 14% to HK$602,004,000 and the Group's share of its profit was HK$9,281,000, representing a 19% growth from last year. As a whole, the overall performance of the Group's continuing operations, as well as the jointly controlled entity, was very encouraging in 2007. During the year, certain strategic initiatives were also adopted by the Board to restructure the business portfolio as well as to further develop the mineral business of the Group.

In April 2007, the Group entered into an agreement to dispose of its interest in an associate which operates a general hospital for a consideration of HK$150,000,000, the transaction was completed in July 2007. In August 2007, the Group entered into an agreement to dispose of its entire interest in the power generation operation for a consideration of HK$130,000,000. The transaction was completed in October 2007 and a disposal gain of HK$27,162,000 was booked. Part of the proceeds from these disposals were applied to the acquisition of the new bauxite mine project.

In November 2007 and February 2008, the Group entered into agreements with Yunnan Tin Australia Investment Holding Company Pty Ltd ("Yunnan Tin Australia") for the acquisition of a 12.19% interest in YTC Resources Limited - a mineral company listed on the Australian Securities Exchange. The Company will issue new shares as consideration for the acquisition and as part of the agreements, Yunnan Tin Australia will further subscribe for shares in the Company by cash. Upon completion of the transactions, Yunnan Tin Australia will hold in total 200,000,000 shares in the Company, representing approximately 6.2% of the existing share capital of the Company. Yunnan Tin Australia is a wholly owned subsidiary of the People's Republic of China ("PRC") incorporated Yunnan Tin Group (Holding) Co Limited ("Yunnan Tin PRC"), a major producer of non-ferrous metals products and the world's largest producer of tin and tin products. In order to reflect the strategic alliance of the Group with Yunnan Tin PRC, the Company will change its name to "China Yunnan Tin Minerals Group Company Limited" upon completion of the transactions. The transactions have been approved by shareholders and completion is expected to be in late April.

In December 2007, the Group entered into an agreement to acquire the entire interests in Jebson Investments Limited ("Jebson"), an investment holding company which effectively holds 51% of a PRC company that has the approval to produce alumina and owns a company that has the exploitation licence of a bauxite mine. Alumina is the major material required to produce aluminium and bauxite ore is the major ingredient in producing alumina. The acquisition of Jebson was completed in March 2008.

Chairman's Statement

During the year, in order to complement the business expansion plan of the Group, the Company had conducted several fund raising exercises which were well supported by investors. A total of over HK$657,942,000 was raised by the Company through placings of convertible notes and new shares to investors. The newly raised funds, together with the proceeds from disposal of the power generation operation and the associate, have substantially strengthened the Group's capital structure and provided extra financial flexibility to the Group in developing its businesses.

2007 was a successful year for the Group with significant advancements recorded for all of its continuing businesses. Looking ahead, on the back of the optimistic long term outlook of the Mainland and Hong Kong economy, our strategic alliance with Yunnan Tin PRC, the new bauxite mine project acquired and strengthened financial structure, I am confident of the growth prospects of the Group.

APPRECIATION

I would like to take this opportunity to thank all our shareholders, investors, bankers, business associates and customers for their continuous support to the Group, and to my fellow directors and all staff members for their hard work and contributions over the past year.

Suen Cho Hung, Paul
Chairman

Hong Kong, 21st April, 2008

Management Discussion and Analysis

OPERATIONS REVIEW

For the year ended 31st December, 2007, the revenue of the Group's continuing operations was up 93% to HK$856,261,000 (2006: HK$442,896,000) with gross profit jumped by 3.6 times to HK$108,200,000 (2006: HK$23,648,000). Such sharp increases were mainly due to increased activity level and profit growth of the Group's continuing operations – trading, provision of finance, brokerage and securities investment.

Group's Operations

The Group's trading operation was focused on trading of iron ore and continued to deliver profitable results in 2007. The revenue of the operation grew by 18% to HK$402,672,000 (2006: HK$342,434,000) with operating profit increased by 6.1 times to HK$5,403,000 (2006: HK$759,000). Such increases were principally due to the increased volume of goods traded during the year and in 2006, a one-time settlement payment for a shipping dispute of approximately HK$2,426,000 was booked. The outlook for the iron ore market in Mainland China, where most of the Group's customers are based, remains positive and management expects the operation will continue to perform well in 2008.

The interest income and operating profit generated by the financing operation were up by 5.2 times and 7.1 times to HK$21,073,000 (2006: HK$3,419,000) and HK$24,921,000 (2006: HK$3,059,000) respectively. Such increases were mainly attributable to the higher average balance of loans advanced to customers compared to last year and the written back of a provision against a doubtful debtor which had fully repaid the amount owed. It is the policy of the Group to regularly review the composition of the loan portfolio and borrowing rates charged in order to maximize the return of this operation.

The revenue of the brokerage and securities investment operation increased by 3.5 times to HK$432,516,000 (2006: HK$95,956,000) and recorded an operating profit of HK$72,213,000 in 2007 against a loss of HK$11,045,000 in last year. The profit made was mainly contributed by gains from investing in blue chips, H shares, IPO shares and actively traded shares listed on the Hong Kong Stock Exchange as well as operating profit generated by the securities brokerage division. The operation was more active in investing before the stock market peaked in October 2007 and had slowed down since then. At year end, the market value of the securities portfolio was HK$42,822,000 comprising blue chips, H shares and actively traded shares.

The Group disposed of its investment properties in Yuen Long in May 2006 and the Group's property operation had no activity during the current year.

Management Discussion and Analysis

Jointly Controlled Entity

The Group's 30% owned jointly controlled entity- Shanghai Hong Qiao Friendship Shopping Center Co., Ltd. ("Hong Qiao") continued to perform well in 2007. Hong Qiao is operating an upmarket department store in Shanghai. During the year, the promotional and marketing campaigns of Hong Qiao continued to be highly successful in its brand building and market penetration. As a result, the revenue of Hong Qiao had reached its new high of HK$602,004,000 (2006: HK$526,834,000), representing a year-on-year growth of 14%. The Group's profit share of Hong Qiao, because of its strong sales and profitability growth, also rose by 19% to HK$9,281,000 (2006: HK$7,782,000). In light of the continuing growth of income level and consumer spending of the Shanghai population, the Group remains optimistic about the results of Hong Qiao in the coming years.

Discontinued Operation and Very Substantial Disposal

In August 2007, the Group entered into an agreement to dispose of its entire interest in the power generation operation for a consideration of HK$130,000,000. The transaction was completed in October 2007 and a disposal gain of HK$27,162,000 was recorded. Details of the transaction are contained in the Company's circular dated 11th September, 2007.

In April 2007, the Group entered into an agreement to dispose of its interest in an associate which operates a general hospital for a consideration of HK$150,000,000. An impairment loss of HK$111,497,000 was recognised against this investment in 2006 by writing down the carrying value of this investment approximate to the fair value of the deferred consideration. The transaction was completed in July 2007. Details of the transaction are contained in the Company's circular dated 12th June, 2007.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31st December, 2007, the Group had current assets of HK$842,634,000 (2006: HK$278,922,000) and liquid assets comprising, bank balances, cash and marketable Hong Kong listed securities totaled HK$350,404,000 (excluding pledged bank deposits and bank balances held under segregated trust accounts) (2006: HK$7,958,000). In addition, the Group's current ratio, calculated on the basis of current assets of HK$842,634,000 over current liabilities of HK$89,134,000 was at strong level of 9.5 times (2006: 0.6 times).

At the balance sheet date, total bank and other borrowings amounted to HK$50,000,000 (2006: HK$266,810,000). The borrowings were due within one year, denominated in Hong Kong dollars and bearing floating interest rate. In 2006, most of the Group's borrowings were raised to finance the power generation operation, upon completion of the disposal of this operation in October 2007, the Group's bank and other borrowings had been significantly reduced.

Management Discussion and Analysis

The Group had conducted several fund raising exercises during the year and a total of over HK$657,942,000 was raised through placings of new shares and convertible notes. As of the date of this report, all HK$500,000,000 convertible notes issued had been converted into new shares of the Company, of which conversion of notes of HK$410,000,000 took place before the year end. The newly raised equity funds and profit generated by the operations had both contributed to the 2.7 times increase of the Group's shareholders' funds which amounted to HK$975,422,000 (2006: HK$262,650,000) at 31st December, 2007. This was equivalent to a consolidated net asset value of about HK$0.38 per share of the Company. As of the year end date, the Group's gearing ratio calculated on the basis of bank and other borrowings and convertible notes totalling HK$117,853,000 over total assets of HK$1,136,063,000 was at low level of 10% (2006: 35%).

With the amount of liquid assets and marketable securities on hand, as well as credit facilities available to the Group, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and US dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimized via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Pledge of Asset

At 31st December, 2007, the Group's equity interest in a subsidiary which in turns holds the interest in Hong Qiao was pledged to secure a credit facility of HK$50,000,000 granted to the Group. The facility was fully repaid after the year end.

Capital Commitment

At 31st December, 2007, the Group had a commitment of HK$6,020,000 in relation to acquisitions of fixed assets and office renovation works.

Contingent Liability

At 31st December, 2007, the Group had no significant contingent liability.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

At 31st December, 2007, the Company and its subsidiaries had about 35 employees. Total staff costs incurred for continuing operations (including directors' remuneration and excluding equity settled share-based payment expenses) was HK$11,810,000 and decreased by 32% as compared to HK$17,277,000 in 2006. The decrease reflected the result of the disposal of several subsidiaries in 2006 which were engaged in insurance brokerage and asset management. Equity settled share-based payment expenses of HK$19,030,000 (2006: nil) were charged to the Group's income statement in 2007 for share options granted to directors and employees, these expenses were not associated with cash outlay but represented fair value of share options granted. The Group generally remunerates its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Benefits offered by the Group to its employees included discretionary bonus, provident fund scheme, share options, training subsidies as well as medical insurance.

Biographical Details of Directors and Senior Management

DIRECTORS

Mr. Suen Cho Hung, Paul, aged 47, has been Chairman of the Company since July 2002. Mr. Suen holds a Master of Business Administration degree from the University of South Australia. Prior to joining the Company, he was chief executive of several private enterprises and has over 15 years of experience in international trading of metals, minerals and raw materials, manufacturing of metal products, property investment as well as management and corporate planning of industrial enterprises in the People's Republic of China (the "PRC"). Mr. Suen is a substantial shareholder of the Company as disclosed in the section headed "Interests of Shareholders Discloseable under the SFO" in the Directors' Report. Mr. Suen is also an executive director and the Chairman of Xin Corporation Limited, a listed company in Hong Kong.

Mr. Sue Ka Lok, aged 42, joined the Group in January 2003 and has been Executive Director of the Company since August 2004. Mr. Sue was appointed as Chief Executive Officer of the Company in September 2005. He is also the qualified accountant of the Company. Mr. Sue graduated from the University of Sydney, Australia with a Bachelor of Economics degree and holds a Master of Science in Finance degree from the City University of Hong Kong. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries and a member of the Hong Kong Securities Institute. Mr. Sue has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is also an executive director of Xin Corporation Limited, a listed company in Hong Kong.

Mr. Cao Jian An, aged 39, has been Executive Director of the Company since September 2002. He graduated from Northwestern Polytechnical University in the PRC and has over 10 years of experience in sales and marketing of pharmaceutical products. Prior to joining the Company, Mr. Cao held senior executive positions in various pharmaceutical companies in the United States and the PRC.

Ms. Ng Shin Kwan, Christine, aged 39, has been Executive Director of the Company since August 2007. Ms. Ng holds a Bachelor of Economics degree from the University of Sydney in Australia and has over 10 years of experience in business development, corporate management and investment fields and held executive positions in various investment and securities companies.

Mr. Sun Ka Ziang, Henry, aged 50, has been Independent Non-executive Director of the Company since July 2002. He possesses over 20 years of experience in international finance, corporate finance, corporate planning, financial management and accounting and held executive positions at several international banks, accounting firm, the Hong Kong Airport Authority and an information technology company. Mr. Sun obtained a Bachelor Degree in Economics from Monash University in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Sun is also an independent non-executive director of Zhongda International Holdings Limited, a listed company in Hong Kong.

Biographical Details of Directors and Senior Management

Mr. Kwok Ming Fai, aged 43, has been Independent Non-executive Director of the Company since July 2002. He has over 15 years of experience in banking, finance and accounting and held executive positions at several international financial institutions, accounting firm and listed company. Mr. Kwok obtained his Bachelor Degree in Accounting & Economics from the University of Sheffield in the United Kingdom and a Master Degree in Business Administration from the University of Adelaide in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok is also an executive director of Zhongda International Holdings Limited and an independent non-executive director of Incutech Investments Limited, both companies are listed companies in Hong Kong.

Dr. Wong Yun Kuen, aged 50, has been Independent Non-executive Director of the Company since September 2004. Dr. Wong received a Ph.D. Degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for more than 10 years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities Institute. Dr. Wong is also an executive director of UBA Investments Limited, and an independent non-executive director of Climax International Company Limited, ProSticks International Holdings Limited, Bauhaus International (Holdings) Limited, Golden Resorts Group Limited, Grand Field Group Holdings Limited, Harmony Asset Limited, Kong Sun Holdings Limited, Superb Summit International Timber Company Limited (formerly known as Tak Shun Technology Group Limited) and Challenger Group Holdings Limited (formerly known as Ultra Group Holdings Limited), all these companies are listed companies in Hong Kong.

SENIOR MANAGEMENT

Ms. Chan Yuk Yee, aged 40, joined the Company in September 2002 and was appointed as Company Secretary of the Company in July 2005. Ms. Chan holds a Master of Business Law degree from Monash University in Australia. She is also an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Chan has over 10 years of experience in company secretarial practice.

Directors' Report

The directors of the Company are pleased to present their annual report and the audited consolidated financial statements for the year ended 31st December, 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and jointly controlled entity are set out in notes 14 and 16 to the consolidated financial statements, respectively.

RESULTS

The results of the Group for the year ended 31st December, 2007 are set out in the consolidated income statement on page 26.

The directors of the Company do not recommend the payment of a final dividend for the year ended 31st December, 2007 (2006: nil).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 31 of the annual report and in note 34 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment totally HK$5,785,000 for the purpose of expanding the Group's operations.

Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated and reclassified as appropriate, is set out on page 112. This summary does not form part of the audited consolidated financial statements.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers and the largest customer accounted for approximately 31% and 15% of the Group's total sales for the year, respectively.

The five largest suppliers and the largest supplier accounted for approximately 44% and 32% of the Group's total purchases for the year, respectively.

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Suen Cho Hung, Paul *(Chairman)*
Sue Ka Lok *(Chief Executive Officer)*
Cao Jian An
Ng Shin Kwan, Christine (appointed on 31st August, 2007)

Independent Non-executive Directors:

Sun Ka Ziang, Henry
Kwok Ming Fai
Wong Yun Kuen

In accordance with Articles 96 and 105(A) of the Company's Articles of Association, Ms. Ng Shin Kwan, Christine, Mr. Sue Ka Lok and Mr. Kwok Ming Fai will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Each of the independent non-executive directors is appointed for a term of twelve-month period. The term will be automatically renewed for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the independent non-executive directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Company's Articles of Association.

Directors' Report

None of the directors of the Company being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2007, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number of shares	Number of underlying shares	Total interests	Approximate percentage of the issued share capital of the Company
Suen Cho Hung, Paul	Interest held by controlled corporation	383,263,096 *(Note 1)*	360,000,000 *(Note 2)*	–	–
	Beneficial owner	5,800,000	–	749,063,096	28.81%
Sue Ka Lok	Beneficial owner	5,800,000	10,000,000 *(Note 3)*	15,800,000	0.61%
Ng Shin Kwan, Christine	Beneficial owner	–	16,780,000 *(Note 4)*	16,780,000	0.65%
Sun Ka Ziang, Henry	Beneficial owner	–	252,000 (Note 5)	252,000	0.01%
Kwok Ming Fai	Beneficial owner	–	252,000 *(Note 6)*	252,000	0.01%
Wong Yun Kuen	Beneficial owner	–	252,000 *(Note 7)*	252,000	0.01%

Directors' Report

Notes:

1. These shares were beneficially owned by Top Media Resources Limited as to 143,263,096 shares and Oriental Genesis Limited as to 240,000,000 shares. Top Media Resources Limited and Oriental Genesis Limited are wholly-owned by All Sino Resources Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul.

2. This represents the interest of Oriental Genesis Limited in 360,000,000 underlying shares through the convertible notes issued by the Company to it in the principal amount of HK$90,000,000 on 31st December, 2007 which can be converted into 360,000,000 shares at conversion price of HK$0.25 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007).

3. This represents the interest of Mr. Sue Ka Lok in 10,000,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the share option scheme of the Company adopted by the shareholders of the Company on 8th November 2006 ("Share Option Scheme"). The consideration paid by Mr. Sue Ka Lok on acceptance of the share options granted was HK$1.00. The exercise price of the share options is HK$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

4. This represents the interest of Ms. Ng Shin Kwan, Christine in 16,780,000 underlying shares issuable under the share options granted by the Company to her on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Ms. Ng Shin Kwan, Christine on acceptance of the share options granted was HK$1.00. The exercise price of the share options is HK$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

5. This represents the interest of Mr. Sun Ka Ziang, Henry in 252,000 underlying shares, of which, 200,000 underlying shares issuable under the share options granted by the Company to him on 23rd March, 2007 and 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Mr. Sun Ka Ziang, Henry on acceptance of the share options granted was HK$1.00 for each grant of share options. For the 200,000 share options, the exercise price is HK$0.38 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007) and the exercise period is between 23rd March, 2007 and 22nd March, 2017. For the remaining 52,000 share options, the exercise price is HK$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

6. This represents the interest of Mr. Kwok Ming Fai in 252,000 underlying shares, of which, 200,000 underlying shares issuable under the share options granted by the Company to him on 23rd March, 2007 and 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Mr. Kwok Ming Fai on acceptance of the share options granted was HK$1.00 for each grant of share options. For the 200,000 share options, the exercise price is HK$0.38 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007) and the exercise period is between 23rd March, 2007 and 22nd March, 2017. For the remaining 52,000 share options, the exercise price is HK$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

Directors' Report

7. This represents the interest of Dr. Wong Yun Kuen in 252,000 underlying shares, of which, 200,000 underlying shares issuable under the share options granted by the Company to him on 23rd March, 2007 and 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Dr. Wong Yun Kuen on acceptance of the share options granted was HK$1.00 for each grant of share options. For the 200,000 share options, the exercise price is HK$0.38 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007) and the exercise period is between 23rd March, 2007 and 22nd March, 2017. For the remaining 52,000 share options, the exercise price is HK$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

Save as disclosed above, as at 31st December, 2007, none of the directors or chief executive of the Company had any interests or 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 SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company and details of movements in the share options of the Company during the year are set out in note 35 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' interests in shares, underlying shares and debentures" and "Share Option Scheme" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate; and none of the directors or their spouse or children under the age of eighteen, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

Directors' Report

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st December, 2007, the register of interest kept by the Company under section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares	Number of underlying shares	Total interests	Approximate percentage of the issued share capital of the Company
Suen Cho Hung, Paul	Interest held by controlled corporation	383,263,096 *(Note 1)*	360,000,000 *(Note 2)*	–	–
	Beneficial owner	5,800,000	–	749,063,096	28.81%
All Sino Resources Limited	Interest held by controlled corporation	383,263,096 *(Note 1)*	360,000,000 *(Note 2)*	743,263,096	28.59%
Top Media Resources Limited	Beneficial owner	143,263,096	–	143,263,096	5.51%
Oriental Genesis Limited	Beneficial owner	240,000,000	360,000,000 *(Note 2)*	600,000,000	23.08%
雲南錫業集團（控股）有限責任公司 (literally translated as Yunnan Tin Group (Holding) Co Limited)	Interest held by controlled corporation	500,000,000 *(Note 3)*	–	500,000,000	19.23%
Yunnan Tin Australia Investment Holding Company Pty Ltd	Beneficial owner	500,000,000 *(Note 3)*	–	500,000,000	19.23%
Ong Lily Lee	Interest held by controlled corporation	250,000,000 *(Note 4)*	–	250,000,000	9.62%
Oriental Pine Investments Limited	Beneficial owner	250,000,000 *(Note 4)*	–	250,000,000	9.62%

Directors' Report

Notes:

1. These shares were beneficially owned by Top Media Resources Limited as to 143,263,096 shares and Oriental Genesis Limited as to 240,000,000 shares. Top Media Resources Limited and Oriental Genesis Limited are wholly-owned by All Sino Resources Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and All Sino Resources Limited were deemed to be interested in 383,263,096 shares under the SFO. Mr. Suen Cho Hung, Paul is a director of Oriental Genesis Limited, Top Media Resources Limited and All Sino Resources Limited.

2. This represents the interest of Oriental Genesis Limited in 360,000,000 underlying shares through the convertible notes issued by the Company to it in the principal amount of HK$90,000,000 on 31st December, 2007 which can be converted into 360,000,000 shares at conversion price of HK$0.25 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007).

3. Yunnan Tin Australia Investment Holding Company Pty Ltd is beneficially wholly-owned by Yunnan Tin Group (Holding) Co Limited. Accordingly, Yunnan Tin Australia Investment Holding Company Pty Ltd and Yunnan Tin Group (Holding) Co Limited were deemed to be interested in 500,000,000 shares under the SFO. Their interests were reduced to 200,000,000 shares on 28th February, 2008 according to an amending agreement for a share purchase and subscription agreement. Details are contained in the Company's circular dated 20th March, 2008.

4. Oriental Pine Investments Limited is wholly-owned by Ms. Ong Lily Lee. Accordingly, Oriental Pine Investments Limited and Ms. Ong Lily Lee were deemed to be interested in 250,000,000 shares under the SFO.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 31st December, 2007 as required pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, no directors of the Company is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to Rule 8.10 of the Listing Rules, other than those businesses of which the directors of the Company were appointed as directors to represent the interests of the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transaction" below and the section headed "Material Related Party Transactions" in note 44 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

Directors' Report

CONNECTED TRANSACTION

During the year, the following connected transaction (as defined under Chapter 14A of the Listing Rules), which was not exempted under Rule 14A.31 of the Listing Rules and in relation to which, disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with, was entered into by the Company.

On 16th February, 2007, the Company entered into a placing agreement with GT Capital Limited ("GT Capital"), a wholly-owned subsidiary of the Company, pursuant to which GT Capital agreed amongst other things to procure, on a best efforts basis, placees to subscribe in cash for convertible notes of up to an aggregate principal amount of HK$500 million to be issued by the Company ("Convertible Notes"). Oriental Genesis Limited ("Oriental Genesis"), a company which is indirectly wholly-owned by Mr. Suen Cho Hung, Paul, the substantial shareholder, Chairman and Executive Director of the Company, may subscribe up to (but no more than) an aggregate principal amount of HK$150 million of the Convertible Notes: Oriental Genesis subscribed for Convertible Notes of principal amount of HK$60 million and HK$90 million on 27th July, 2007 and 31st December, 2007 respectively.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The audited financial statements of the Company for the year ended 31st December, 2007 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board of Directors under the recommendation of the Audit Committee.

The Company has received, from each of the independent non-executive directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

Details of corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

Directors' Report

EMOLUMENT POLICY

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits included insurance and medical cover, subsidised training programme as well as share option scheme.

The determination of emoluments of the directors of the Company had taken into consideration of their respective responsibilities and contribution to the Company and by reference to market benchmark.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the directors of the Company confirm that the Company has maintained the amount of public float as required under the Listing Rules as at the date of this report.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 46 to the consolidated financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company with effect from 4th February, 2008 and Messrs. HLB Hodgson Impey Cheng were appointed as auditors of the Company on 6th February, 2008 to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. HLB Hodgson Impey Cheng as auditors of the Company.

On behalf of the Board

Suen Cho Hung, Paul
Chairman

Hong Kong, 21st April, 2008

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain high standards of corporate governance. The Board of Directors (the "Board") believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

During the year, the Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. All directors of the Company have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code for the year ended 31st December, 2007.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises four executive directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Cao Jian An and Ms. Ng Shin Kwan, Christine; and three independent non-executive directors, namely Mr. Sun Ka Ziang, Henry, Mr. Kwok Ming Fai and Dr. Wong Yun Kuen.

A total of 51 board meetings were held during the year ended 31st December, 2007 with individual attendance of directors as follows:

Directors	**Attendance**
Suen Cho Hung, Paul	48/51
Sue Ka Lok	50/51
Cao Jian An	9/51
Ng Shin Kwan, Christine	7/51
Sun Ka Ziang, Henry	7/51
Kwok Ming Fai	7/51
Wong Yun Kuen	7/51

Corporate Governance Report

The Board is primarily responsible for the leadership and control of the Company and is committed to make decision in the interests of both the Company and its shareholders. With delegating authorities from the Board, management of the Company is responsible for daily operations of the Group including management of all aspects of the Group's principal activities.

The Board delegates appropriate aspects of its management and administration functions to management, it also gives clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board determines those functions reserved to the Board and those delegated to the management and these arrangements are reviewed on a periodic basis to ensure they remain appropriate to the needs of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Group adopts a dual leadership structure in which the role of the Chairman is separated from that of the Chief Executive Officer ("CEO"). The Chairman is responsible for overseeing all Board functions, while the executive directors and senior management are under the leadership of the CEO to oversee the day-to-day operations of the Group and implementing the strategies and policies approved by the Board.

NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors is appointed for a term of twelve-month period. The term will be automatically renewed for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the independent non-executive directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Company's Articles of Association.

APPOINTMENT AND RE-ELECTION

Potential new directors of the Company are identified and considered for appointment by the Board. A director appointed by the Board to fill a casual vacancy is subject to re-election by shareholders of the Company at the next general meeting whereas a director appointed by the Board as an addition to the Board is subject to re-election by shareholders of the Company at the next annual general meeting. Details of change in the Board during the year is set out on page 12 of the Directors' Report.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established with terms of reference as set out in the CG Code. The Remuneration Committee consists of three independent non-executive directors and one executive director, namely Mr. Kwok Ming Fai, Mr. Sun Ka Ziang, Henry, Dr. Wong Yun Kuen and Mr. Sue Ka Lok. The Chairman of the Remuneration Committee is Mr. Kwok Ming Fai.

The Remuneration Committee held two meetings during the year ended 31st December, 2007 to discuss the remuneration of directors of the Company with individual attendance of members as follows:

Members	Attendance
Kwok Ming Fai	2/2
Sun Ka Ziang, Henry	2/2
Wong Yun Kuen	2/2
Sue Ka Lok	2/2

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management; to determine the specific remuneration packages of all executive directors and senior management as well as making recommendations to the Board of remuneration of non-executive directors.

AUDITORS' REMUNERATION

For the year ended 31st December, 2007, payments to Deloitte Touche Tomatsu, the previous auditors of the Company for providing audit and non-audit services are approximately HK$170,000 and HK$271,000, respectively. Audit fee payable to HLB Hodgson Impey Cheng, the existing auditors of the Company for providing audit service is approximately HK$1,320,000.

AUDIT COMMITTEE

The Audit Committee of the Company was established with terms of reference as set out in the CG Code. The Audit Committee comprises three independent non-executive directors namely Mr. Sun Ka Ziang, Henry, Mr. Kwok Ming Fai and Dr. Wong Yun Kuen. The Chairman of the Audit Committee is Mr. Sun Ka Ziang, Henry.

Corporate Governance Report

The Audit Committee held two meetings during the year ended 31st December, 2007 with individual attendance of members as follows:

Members	Attendance
Sun Ka Ziang, Henry	2/2
Kwok Ming Fai	2/2
Wong Yun Kuen	2/2

During the year ended 31st December, 2007, the Audit Committee reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including review of unaudited interim results and annual audited results of the Group.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges their responsibility for preparing the financial statements of the Company for each financial period in accordance with statutory requirements and applicable accounting standards so as to give a true and fair view of the state of affairs of the Group.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 24 to 25.

INTERNAL CONTROL

The Board recognises its responsibilities for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests. An internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguard assets against unauthorized use, maintain proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control system is set up to provide reasonable, but not absolute, assurance against material mis-statement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

During the year, the Board conducted a review of the effectiveness of the internal control system of the Group.

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF POLY INVESTMENTS HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Poly Investments Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 111, which comprise the consolidated and company balance sheets as at 31st December, 2007, 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

Independent Auditors' Report

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2007 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 21st April, 2008

Consolidated Income Statement

For the year ended 31st December, 2007

	Notes	2007 HK$'000	2006 HK$'000 (Restated)
Continuing operations			
Revenue	7	**856,261**	442,896
Cost of sales		**(748,061)**	(419,248)
Gross profit		**108,200**	23,648
Other income	8	**23,225**	6,814
Administrative expenses		**(30,517)**	(42,564)
Gain on disposal of subsidiaries	36	**–**	20
Release of translation reserve of an associate		**19,771**	–
Impairment loss recognised in respect of available-for-sale financial assets	18	**(9,562)**	–
Impairment loss recognised in respect of interest in an associate	15	**–**	(111,497)
Fair value change in respect of financial assets at fair value through profit or loss		**(2,464)**	(7,445)
Loss on disposal of investment properties held for sale		**–**	(1,170)
Provision for litigation claims	29	**–**	(2,426)
Finance costs	9	**(10,754)**	(13,637)
Share of loss of an associate		**–**	(32,123)
Share of profit of a jointly controlled entity	16	**9,281**	7,782
Equity settled share-based payment expenses	35	**(57,863)**	–
Profit/(loss) before taxation		**49,317**	(172,598)
Income tax expense	10	**(4,513)**	(1)
Profit/(loss) for the year from continuing operations		**44,804**	(172,599)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	37	**28,555**	(87,052)
Profit/(loss) for the year		**73,359**	(259,651)

Consolidated Income Statement

For the year ended 31st December, 2007

	Notes	**2007**	2006
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Equity holders of the Company		**75,319**	(238,132)
Minority interests		**(1,960)**	(21,519)
		73,359	(259,651)
Earnings/(loss) per share	*12*		
From continuing and discontinued operations			
Basic and diluted (HK cents per share)		**5.17**	(49.03)
From continuing operations			
Basic and diluted (HK cents per share)		**3.07**	(35.54)

The accompanying notes form an integral part of these financial statements.

Consolidated Balance Sheet

As at 31st December, 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,807**	414,857
Interest in a jointly controlled entity	16	**45,127**	42,963
Prepaid lease payments – non-current portion	17	**–**	8,767
Available-for-sale financial assets	18	**–**	9,562
Deferred tax assets	19	**–**	3,816
Other deposits and prepayments	46(b)	**144,715**	–
Other receivables	36	**99,400**	–
Other assets	20	**2,230**	2,230
Trading right	21	**150**	250
		293,429	482,445
Current assets			
Inventories	22	**–**	5,195
Trade and other receivables	23	**260,593**	49,386
Bills receivable	23	**1,389**	12,516
Financial assets at fair value through profit or loss	24	**42,822**	5,626
Prepaid lease payments – current portion	17	**–**	882
Short-term loans receivable	25	**215,293**	24,255
Tax recoverable		**4**	42
Pledged bank deposits	26	**–**	25,003
Bank balances held under segregated trust accounts	26	**14,951**	12,385
Bank balances and cash	26	**307,582**	2,332
		842,634	137,622
Assets held for sale	27	**–**	141,300
		842,634	278,922
Current liabilities			
Trade and other payables	28	**32,438**	97,484
Bills payable	28	**2,179**	29,587
Provision for litigation claims	29	**–**	92,095
Tax payable		**4,517**	25
Amount due to a minority shareholder of subsidiaries	30	**–**	7,524
Bank and other borrowings – due within one year	31	**50,000**	246,310
		89,134	473,025
Net current assets/(liabilities)		**753,500**	(194,103)
Total assets less current liabilities		**1,046,929**	288,342

Consolidated Balance Sheet

As at 31st December, 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Non-current liabilities			
Deferred tax liabilities	*19*	**3,654**	3,861
Bank and other borrowings – due after one year	*31*	**–**	20,500
Convertible notes	*32*	**67,853**	–
		71,507	24,361
Net assets		**975,422**	263,981
Capital and reserves			
Share capital	*33*	**259,968**	607,059
Reserves		**715,454**	(344,409)
Equity attributable to equity holders of the Company		**975,422**	262,650
Minority interests		**–**	1,331
Total equity		**975,422**	263,981

The consolidated financial statements on pages 26 to 111 were approved and authorised for issue by the Board of Directors on 21st April, 2008 and are signed on its behalf by:

Suen Cho Hung, Paul
Director

Sue Ka Lok
Director

The accompanying notes form an integral part of these financial statements.

Balance Sheet

As at 31st December, 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Interests in subsidiaries	14	**32,587**	32,587
Available-for-sale financial assets	18	**–**	2,152
		32,587	34,739
Current assets			
Other receivables		**349**	793
Financial assets at fair value through profit or loss	24	**21,329**	51
Amounts due from subsidiaries	14	**765,381**	280,380
Bank balances and cash	26	**256,750**	73
		1,043,809	281,297
Current liabilities			
Accruals and other payables		**9,216**	1,553
Amounts due to subsidiaries	14	**38,013**	43,386
Other borrowings	31	**–**	9,250
		47,229	54,189
Net current assets		**996,580**	227,108
Total assets less current liabilities		**1,029,167**	261,847
Non-current liabilities			
Deferred tax liabilities		**3,766**	–
Convertible notes	32	**67,175**	–
		70,941	–
Net assets		**958,226**	261,847
Capital and reserves			
Share capital	33	**259,968**	607,059
Reserves	34	**698,258**	(345,212)
		958,226	261,847

Suen Cho Hung, Paul
Director

Sue Ka Lok
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31st December, 2007

	Equity attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible notes equity reserve HK$'000	PRC statutory reserves HK$'000 (Note i)	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January, 2006	607,058	2,252	6,280	–	–	–	(142,448)	473,142	20,154	493,296
Exchange differences arising on translation of overseas operations	–	–	6,011	–	–	–	–	6,011	2,696	8,707
Share of translation reserve of an associate	–	–	19,771	–	–	–	–	19,771	–	19,771
Share of translation reserve of a jointly controlled entity	–	–	1,857	–	–	–	–	1,857	–	1,857
Net income and expenses recognised directly in equity	–	–	27,639	–	–	–	–	27,639	2,696	30,335
Share of transfer of reserves of an associate	–	–	–	–	507	–	(507)	–	–	–
Loss for the year	–	–	–	–	–	–	(238,132)	(238,132)	(21,519)	(259,651)
Total recognised income and expenses for the year	–	–	27,639	–	507	–	(238,639)	(210,493)	(18,823)	(229,316)
Issue of shares on exercise of share options	1	–	–	–	–	–	–	1	–	1
At 31st December, 2006 and 1st January, 2007	607,059	2,252	33,919	–	507	–	(381,087)	262,650	1,331	263,981
Exchange differences arising on translation of overseas operations	–	–	6,256	–	–	–	–	6,256	–	6,256
Release of minority interests on disposal of subsidiaries	–	–	–	–	–	–	–	–	629	629
Recognition of equity settled share-based payment expenses	–	–	–	–	–	57,863	–	57,863	–	57,863
Share of translation reserve of a jointly controlled entity	–	–	3,420	–	–	–	–	3,420	–	3,420
Release of translation reserve from subsidiaries	–	–	(16,786)	–	–	–	–	(16,786)	–	(16,786)
Release of translation reserve from an associate	–	–	(19,771)	–	–	–	–	(19,771)	–	(19,771)
Net income and expenses recognised directly in equity	–	–	(26,881)	–	–	57,863	–	30,982	629	31,611
Disposal of an associate	–	–	–	–	(507)	–	507	–	–	–
Profit for the year	–	–	–	–	–	–	75,319	75,319	(1,960)	73,359
Total recognised income and expenses for the year	–	–	(26,881)	–	(507)	57,863	75,826	106,301	(1,331)	104,970
Capital reorganisation	(594,918)	434,803	–	–	–	–	160,115	–	–	–
Issue of shares	10,653	155,705	–	–	–	–	–	166,358	–	166,358
Transaction costs attributable to issue of shares	–	(2,716)	–	–	–	–	–	(2,716)	–	(2,716)
Issue of shares on exercise of share options	1,198	21,472	–	–	–	(4,460)	–	18,210	–	18,210
Issue of convertible notes	–	–	–	119,539	–	–	–	119,539	–	119,539
Deferred tax liability on recognition of equity component of convertible notes	–	–	–	(3,654)	–	–	–	(3,654)	–	(3,654)
Conversion of convertible notes	41,000	365,126	–	(97,392)	–	–	–	308,734	–	308,734
Bonus issue of shares	194,976	(194,976)	–	–	–	–	–	–	–	–
At 31st December, 2007	**259,968**	**781,666**	**7,038**	**18,493**	**–**	**53,403**	**(145,146)**	**975,422**	**–**	**975,422**

Note:

(i) PRC statutory reserves are reserves required by the relevant laws in the People's Republic of China (the "PRC") applicable to the Group's associate established in the PRC.

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31st December, 2007

	2007 *HK$'000*	2006 *HK$'000*
Cash flow from operating activities		
Profit/(loss) for the year	**73,359**	(259,651)
Adjustments for:		
Income tax expenses	**6,375**	1,438
Finance costs	**20,431**	26,408
Share of loss of an associate	–	32,123
Share of profit of a jointly controlled entity	**(9,281)**	(7,782)
Impairment losses recognised on trade and other receivables	**1,456**	2,680
Reversal of impairment losses on short-term loans receivable	**(5,468)**	–
Amortisation of trading right	**100**	100
Bank interest income	**(5,581)**	(971)
Depreciation of property, plant and equipment	**25,797**	38,977
Gain on disposal of subsidiaries	**(27,162)**	(20)
Release of translation reserve of subsidiaries	**(16,786)**	–
Release of translation reserve of an associate	**(19,771)**	–
Impairment loss recognised in respect of interest in an associate	**–**	111,497
Impairment loss recognised in respect of available-for-sale financial assets	**9,562**	–
Fair value change in respect of financial assets at fair value through profit or loss	**2,464**	7,445
Loss on disposal of investment properties held for sale	**–**	1,170
Increase in fair value of sales proceeds on disposal of an associate and a subsidiary	**(8,100)**	–
Equity settled share-based payment expenses	**57,863**	–
Loss on disposal of property, plant and equipment	**15**	395
Provision for litigation claims	**5,000**	92,095
Amortisation of prepaid lease payments	**764**	882
Operating cash flows before movements in working capital	**111,037**	46,786
Increase in other assets	**–**	(25)
Decrease in inventories	**368**	2,859
Increase in trade and other receivables	**(164,529)**	(492)
Increase in short-term loans receivable	**(185,570)**	(1,531)
Decrease/(increase) in bills receivable	**11,127**	(12,516)
Increase in bank balances held under segregated trust accounts	**(2,566)**	(539)
Increase in financial assets at fair value through profit or loss	**(39,660)**	(134)
Increase/(decrease) in trade and other payables	**21,989**	(31,496)
Increase in bills payable	**3,732**	19,587
Cash (used in)/generated from operations	**(244,072)**	22,499
Interest paid	**(18,605)**	(26,408)
Hong Kong Profits Tax refunded	**17**	–
Net cash used in operating activities	**(262,660)**	(3,909)

Consolidated Cash Flow Statement

For the year ended 31st December, 2007

	2007 HK$'000	2006 HK$'000
Cash flow from investing activities		
Net proceeds from disposal of investment properties held for sale	–	61,830
Dividend received from a jointly controlled entity	**10,537**	5,394
Interest received, other than from investments	**5,581**	971
Proceeds from disposal of interest in an associate held for sale	**50,000**	–
Deposits paid for acquisition of investment *(note 46(b))*	**(144,715)**	–
Proceeds from disposal of property, plant and equipment	**33**	952
Purchase of property, plant and equipment	**(5,785)**	(20,424)
Decrease/(increase) in pledged bank deposits	**91**	(15,388)
Cash inflow/(outflow) for disposal of subsidiaries (net of cash and cash equivalents disposed of)	**27,680**	(136)
Net cash (used in)/generated from investing activities	**(56,578)**	33,199
Cash flow from financing activities		
Repayment of borrowings	**(111,917)**	(169,385)
Borrowings raised	**62,058**	123,225
Advance from a minority shareholder of subsidiaries	–	4,966
Proceeds from issue of shares on exercise of share options	**18,210**	1
Proceeds from issue of shares, net of issue expenses paid	**163,642**	–
Proceeds from issue of convertible notes, net of issue costs	**494,300**	–
Net cash generated from/(used in) financing activities	**626,293**	(41,193)
Net increase/(decrease) in cash and cash equivalent	**307,055**	(11,903)
Effect of foreign exchange rate changes	**(1,805)**	577
Cash and cash equivalents brought forward	**2,332**	13,658
Cash and cash equivalents carried forward, represented by bank balances and cash	**307,582**	2,332

The accompany notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company is Units 2502-5, 25th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries and jointly controlled entity are set out in notes 14 and 16 respectively.

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

In the current year, the Company and its subsidiaries (the "Group") have applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the financial year beginning 1st January, 2007. The new HKFRSs adopted by the Group in the financial statements are set out as follows:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

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

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

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

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arrangements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1st January, 2009.

[2] Effective for annual periods beginning on or after 1st July, 2009.

[3] Effecctive for annual periods beginning on or after 1st March, 2007.

[4] Effective for annual periods beginning on or after 1st January, 2008.

[5] Effective for annual periods beginning on or after 1st July, 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

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

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Interest in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interest in a jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of a jointly controlled entity is incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in a jointly controlled entity is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entity, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Trading right

Trading right represents the right of trading on the Stock Exchange. Trading right is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation for trading right is provided to write off the relevant cost on a straight-line basis over the estimated useful lives.

Any gain or loss arising on derecognition of the trading right is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated income statement in the year in which the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets (or disposal groups) previous carrying amount and fair value less costs to sell, except for investment properties held for sale which are measured using the fair value model.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent investments held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, bills receivable, short-term loans receivable, pledged bank deposits and bank balances and cash and amounts due from subsidiaries of the Company) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss or loans and receivables. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial liabilities and equity

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

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities

Financial liabilities including trade and other payables, bills payable, amount due to a minority shareholder of subsidiaries, bank and other borrowings and amounts due to subsidiaries of the Company are subsequently measured at amortised cost, using the effective interest method.

Convertible notes

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the conversion option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible notes using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

Derecognition

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

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to other participants

For share options granted to other participants in exchange for services, they are measured at the fair value of the services received. The fair values of the services are recognised as expenses immediately, unless the services qualify for recognition as assets.

Corresponding adjustments have been made to equity (share options reserve).

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent balance sheet date, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation (if appropriate).

Revenue recognition

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

Sales of goods are recognised when goods are delivered and title has passed.

Sales of electricity are recognised when electricity has been transmitted to the customer and the right to receive payment has been established.

All transactions in securities dealings are recorded on a trade date basis.

Commission and brokerage income and property management fee income are recognised when the services are rendered.

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

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant lease.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

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

Retirement benefits costs

Payments to state-managed retirement benefits schemes/Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. 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 circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Consolidated Financial Statements
For the year ended 31st December, 2007

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Critical accounting estimates and assumptions *(Continued)*

(b) Impairment of assets

The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

(c) Estimate of fair value of financial instruments

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2007	2006
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through profit or loss		
– held for trading	**42,822**	5,626
Loan and receivables (including cash and cash equivalents)		
– trade and other receivables	**260,593**	49,386
– bills receivable	**1,389**	12,516
– short-term loans receivable	**215,293**	24,255
– pledged bank deposits	**–**	25,003
– bank balances held under segregated trust accounts	**14,951**	12,385
– bank balances and cash	**307,582**	2,332
– other receivables	**99,400**	–
Available-for-sale financial assets	**–**	9,562
Financial liabilities		
Amortised cost		
– trade and other payables	**32,438**	97,484
– bills payable	**2,179**	29,587
– amount due to a minority shareholder of subsidiaries	**–**	7,524
– bank and other borrowings – due within one year	**50,000**	246,310
– bank and other borrowings – due after one year	**–**	20,500
– convertible notes	**67,853**	–

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade and other receivables, bills receivable, short-term loans receivable, trade and other payables, bills payable, bank and other borrowings and bank deposits and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's principal financial assets include trade and other receivables, bills receivable, short-term loans receivable and bank deposits and bank balances. The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31st December, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In addition, the Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The table below shows the balance of 3 major counterparties (including liquid funds) at the balance sheet date using the Moody's credit rating symbols.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Counterparty	Rating	**2007** ***HK$'000***	2006 *HK$'000*
Bank A	A1	**246,768**	1,842
Bank B	Baa1	**31,009**	233
Bank C	A3	**29,283**	221

Market risk

(i) *Foreign currency risk*

Several subsidiaries of the Company have foreign currency transactions, which expose the Group to foreign currency risk. In addition, certain trade receivables and payables and bank balances of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, management considers the foreign exchange exposure is relatively insignificant currently and will monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currency other than functional currency at the reporting date are as follows:

Assets

	2007 ***HK$'000***	2006 *HK$'000*
RMB	**22**	19
USD	**14,771**	688
Others	**19**	9

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Foreign currency risk (Continued)

Liabilities

	2007	2006
	HK$'000	*HK$'000*
USD	**2,179**	587

(ii) Price risk

The Group is exposed to equity security price risk through its available-for-sale financial assets and financial assets at fair value through profit or loss held for trading. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower:

- net profit for the year ended 31st December, 2007 would increase/decrease by HK$2,141,000 (2006: increase/decrease by HK$281,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss held for trading; and

- other equity reserves would not change (2006: increase/decrease by HK$478,000) as a result of the changes in fair value of available-for-sale financial assets.

The Group's sensitivity to equity prices has increased from prior year because the Group has increased its financial assets at fair value through profit or loss held for trading.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank deposits and bank balances, short-term loans receivable and borrowings. Balances at variable rates exposed the Group to cash flow interest-rate risk. Balances at fixed rates exposed the Group to fair value interest rate risk. Details of the Group's bank deposits and bank balances, short-term loans receivable and borrowings are set out in respective notes. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for short-term loans receivable, bank deposits and variable-rate borrowings at the balance sheet date. The analysis is prepared assuming the amount of short-term loans receivable, bank deposits and variable-rate borrowings outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31st December, 2007 would increase/decrease by HK$250,000 (2006:decrease/increase by HK$297,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and short-term loan interest income; and

- other equity reserves would not increase/decrease.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank balances and cash and the availability of fundings through an adequate amount of committed credit facilities. The Group also aims at maintaining flexibility in funding by arranging and keeping committed banking facilities and other external financing available.

The Group's primary cash requirements have been for capital investments and repayment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations and borrowings.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 + years	Total un-discounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December, 2007								
Non-derivative financial assets								
Other receivables	6.75	–	–	–	100,000	–	100,000	99,400
Trade receivables	–	95,307	–	–	–	–	95,307	95,307
Other receivables	–	–	65,286	100,000	–	–	165,286	165,286
Bills receivable	–	1,389	–	–	–	–	1,389	1,389
Financial assets at fair value through profit or loss	–	42,822	–	–	–	–	42,822	42,822
Short-term loans receivable	–	–	23,171	192,122	–	–	215,293	215,293
Bank balances held under segregated trust accounts	–	14,951	–	–	–	–	14,951	14,951
Bank balances and cash	–	307,582	–	–	–	–	307,582	307,582
		462,051	88,457	292,122	100,000	–	942,630	942,030

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 + years	Total un-discounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December, 2007								
Non-derivative financial liabilities								
Trade and other payables	–	32,438	–	–	–	–	32,438	32,438
Bills payable	–	2,179	–	–	–	–	2,179	2,179
Bank and other borrowings – due within one year	–	–	50,000	–	–	–	50,000	50,000
Convertible notes	12.37	–	–	–	90,000	–	90,000	67,853
		34,617	50,000	–	90,000	–	174,617	152,470
As at 31st December, 2006								
Non-derivative financial assets								
Trade receivables	–	23,885	–	–	–	–	23,885	23,885
Other receivables	–	–	25,501	–	–	–	25,501	25,501
Bills receivable	–	12,516	–	–	–	–	12,516	12,516
Financial assets at fair value through profit or loss	–	5,626	–	–	–	–	5,626	5,626
Short-term loans receivable	–	–	24,255	–	–	–	24,255	24,255
Pledged bank deposits	–	–	25,003	–	–	–	25,003	25,003
Bank balances held under segregated trust accounts	–	12,385	–	–	–	–	12,385	12,385
Bank balances and cash	–	2,332	–	–	–	–	2,332	2,332
Available-for-sale financial assets	–	–	–	–	–	9,562	9,562	9,562
		56,744	74,759	–	–	9,562	141,065	141,065

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 + years	Total un-discounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December, 2006								
Non-derivative financial liabilities								
Trade and other payables	–	97,484	–	–	–	–	97,484	97,484
Bills payable	–	29,587	–	–	–	–	29,587	29,587
Bank and other borrowings – due within one year	–	–	246,310	–	–	–	246,310	246,310
Bank and other borrowings – due after one year	–	–	–	–	20,500	–	20,500	20,500
		127,071	246,310	–	20,500	–	393,881	393,881

Fair value of financial instruments

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

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices, respectively; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(c) Capital risk management

The Group's objectives when managing capital to ensure that entities in the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which include bank and other borrowings and convertible notes, and equity attributable to equity holders of the Group, comprising issued share capital and reserves.

The directors of the Group review the capital structure on an annual basis. As a part of this review, the directors of the Group consider the cost of capital and other sources of funds other than issuance of shares, including issue of convertible notes. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total assets. During the year ended 31st December, 2006 and 2007, the Group's strategy was to maintain a reasonable gearing ratio. The gearing ratio at 31st December, 2006 and 2007 were as follows:

	As at 31st December, 2007	As at 31st December, 2006
	HK$'000	*HK$'000*
Total borrowings	**117,853**	266,810
Total assets	**1,136,063**	761,367
Gearing ratio	**10.37%**	35.04%

The gearing ratio has decreased during the year ended 31st December, 2007 because of increase in total assets mainly as a result of placing of ordinary shares, share options exercised and issue of convertible notes which were subsequently converted into shares, while borrowings were decreased mainly due to the disposal of the power generation business during the year.

The Group overall strategy remains unchanged during the year.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into four continuing operating divisions – trading of goods, provision of finance, property investment and management, and brokerage and securities investment. These divisions are the basis on which the Group reports its primary segment information.

During the year ended 31st December, 2007, the Group disposed of its power generation segment.

Income Statement

For the year ended 31st December, 2007

	Continuing operations						Discontinued operation	
	Trading of goods *HK$'000*	Provision of finance *HK$'000*	Property investment and management *HK$'000*	Brokerage and securities investment *HK$'000*	Elimination *HK$'000*	Total *HK$'000*	Power generation *HK$'000*	Consolidated *HK$'000*
REVENUE								
External sales	402,672	21,073	–	432,516	–	856,261	151,995	1,008,256
Inter-segment sales*	–	–	–	4,513	(4,513)	–	–	–
Total	402,672	21,073	–	437,029	(4,513)	856,261	151,995	1,008,256
RESULTS								
Segment results	5,403	24,921	–	72,213	–	102,537	1,146	103,683
Unallocated corporate income						14,154	–	14,154
Unallocated corporate expenses						(18,247)	–	(18,247)
Gain on disposal of subsidiaries						–	27,162	27,162
Release of translation reserve of subsidiaries						–	16,786	16,786
Release of translation reserve of an associate						19,771	–	19,771
Impairment loss recognised in respect of available-for-sale financial assets						(9,562)	–	(9,562)
Provision for litigation claims						–	(5,000)	(5,000)
Finance costs						(10,754)	(9,677)	(20,431)
Share of profit of a jointly controlled entity						9,281	–	9,281
Equity settled share-based payment expenses						(57,863)	–	(57,863)
Profit before taxation						49,317	30,417	79,734
Income tax expense						(4,513)	(1,862)	(6,375)
Profit for the year						44,804	28,555	73,359

* *Inter-segment sales were charged at cost plus margin basis as agreed between both parties.*

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Balance Sheet

At 31st December, 2007

	Trading of goods	Provision of finance	Property investment and management	Brokerage and securities investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	18,242	253,590	–	176,576	448,408
Interest in a jointly controlled entity					45,127
Unallocated corporate assets					642,528
Consolidated total assets					1,136,063
LIABILITIES					
Segment liabilities	3,258	309	–	29,270	32,837
Unallocated corporate liabilities					127,804
Consolidated total liabilities					160,641

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Other Information

For the year ended 31st December, 2007

	Continuing operations						Discontinued operation	
	Trading of goods	Provision of finance	Property investment and management	Brokerage and securities investment	Unallocated	Total	Power generation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Impairment losses recognised on trade and other receivables	–	–	–	1,100	356	1,456	–	1,456
Capital additions	–	–	–	503	910	1,413	4,372	5,785
Depreciation/amortisation of:								
property, plant and equipment	–	–	–	234	484	718	25,079	25,797
prepaid lease payments	–	–	–	–	–	–	764	764
trading right	–	–	–	100	–	100	–	100
Loss arising from fair value change in respect of financial assets at fair value through profit or loss	–	–	–	2,464	–	2,464	–	2,464
Loss on disposal of property, plant and equipment	–	–	–	–	15	15	–	15
Reversal of impairment losses on short-term loans receivable	–	(5,468)	–	–	–	(5,468)	–	(5,468)

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Income Statement

For the year ended 31st December, 2006

	Continuing operations						Discontinued operation	
	Trading of goods	Provision of finance	Property investment and management	Brokerage and securities investment	Elimination	Total	Power generation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE								
External sales	342,434	3,419	1,087	95,956	–	442,896	173,821	616,717
Inter-segment sales*	–	–	223	–	(223)	–	–	–
Total	342,434	3,419	1,310	95,956	(223)	442,896	173,821	616,717
RESULTS								
Segment results	759	3,059	(2,436)	(11,045)	–	(9,663)	16,825	7,162
Unallocated corporate income						1,160	–	1,160
Unallocated corporate expenses						(12,194)	–	(12,194)
Impairment loss recognised in respect of interest in an associate						(111,497)	–	(111,497)
Provision for litigation claims						(2,426)	(89,669)	(92,095)
Finance costs						(13,637)	(12,771)	(26,408)
Share of loss of an associate						(32,123)	–	(32,123)
Share of profit of a jointly controlled entity						7,782	–	7,782
Loss before taxation						(172,598)	(85,615)	(258,213)
Income tax expense						(1)	(1,437)	(1,438)
Loss for the year						(172,599)	(87,052)	(259,651)

* *Inter-segment sales were charged at cost plus margin basis as agreed between both parties.*

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Balance Sheet

At 31st December, 2006

	Continuing operations					Discontinued operation	
	Trading of goods	Provision of finance	Property investment and management	Brokerage and securities investment	Total	Power generation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS							
Segment assets	567	25,767	443	28,452	55,229	479,029	534,258
Interest in an associate held for sale							141,300
Interest in a jointly controlled entity							42,963
Unallocated corporate assets							42,846
Consolidated total assets							761,367
LIABILITIES							
Segment liabilities	11,015	1,518	1,507	13,318	27,358	98,528	125,886
Provision for litigation claims							92,095
Unallocated corporate liabilities							279,405
Consolidated total liabilities							497,386

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Other Information

For the year ended 31st December, 2006

	Continuing operations						Discontinued operation	
	Trading of goods	Provision of finance	Property investment and management	Brokerage and securities investment	Unallocated	Total	Power generation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Impairment losses recognised on trade and other receivables	389	–	13	126	–	528	2,152	2,680
Capital additions	–	–	–	93	134	227	20,197	20,424
Depreciation/amortisation of:								
property, plant and equipment	–	–	–	661	501	1,162	37,815	38,977
prepaid lease payments	–	–	–	–	–	–	882	882
trading right	–	–	–	100	–	100	–	100
Impairment loss recognised in respect of interest in an associate	–	–	–	–	111,497	111,497	–	111,497
Loss arising from fair value change in respect of financial assets at fair value through profit or loss	–	–	–	7,445	–	7,445	–	7,445
Loss on disposal of investment properties held for sale	–	–	1,170	–	–	1,170	–	1,170
Loss on disposal of property, plant and equipment	–	–	–	375	–	375	20	395
Provision for litigation claims	2,426	–	–	–	–	2,426	89,669	92,095

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments

The Group's four continuing divisions operate in two principal geographical areas – the PRC (excluding Hong Kong) and Hong Kong. Revenue from the Group's discontinued operation was derived mainly from the PRC. The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the goods:

Revenue from external customers

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
PRC	**402,672**	342,434
Hong Kong	**453,589**	100,462
	856,261	442,896
Discontinued operation		
PRC	**151,995**	173,821
	1,008,256	616,717

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

Carrying amount of segment assets

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
PRC	**18,242**	567
Hong Kong	**430,166**	54,662
	448,408	55,229
Discontinued operation		
PRC	**–**	479,029
	448,408	534,258

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments *(Continued)*

Additions to property, plant and equipment

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**1,413**	227
Discontinued operation		
PRC	**4,372**	20,197
	5,785	20,424

7. REVENUE

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Sales of goods	**402,672**	342,434
Securities dealing and commission and brokerage income	**432,516**	95,956
Interest income from provision of finance	**21,073**	3,419
Rental and property management income	**–**	1,087
	856,261	442,896
Discontinued operation		
Sales of electricity	**151,995**	173,821
	1,008,256	616,717

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

8. PROFIT/(LOSS) FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) for the year has been arrived at after charging:						
Staff costs						
including directors' remuneration	**11,394**	16,714	**887**	891	**12,281**	17,605
Equity settled share-based payment expenses	**19,030**	–	**–**	–	**19,030**	–
Retirement benefits schemes contributions	**416**	563	**500**	563	**916**	1,126
Total staff costs	**30,840**	17,277	**1,387**	1,454	**32,227**	18,731
Impairment losses recognised on trade and other receivables	**1,456**	528	**–**	2,152	**1,456**	2,680
Amortisation of:						
prepaid lease payments	**–**	–	**764**	882	**764**	882
trading right	**100**	100	**–**	–	**100**	100
Auditors' remuneration	**1,490**	1,905	**–**	–	**1,490**	1,905
Cost of inventories recognised as an expense	**390,364**	217,592	**143,958**	156,133	**534,322**	373,725
Depreciation of property, plant and equipment	**718**	1,162	**25,079**	37,815	**25,797**	38,977
Loss on disposal of property, plant and equipment	**15**	375	**–**	20	**15**	395
Net exchange loss	**17**	66	**–**	–	**17**	66
Share of taxation of a jointly controlled entity (included in share of profit of a jointly controlled entity)	**1,408**	4,285	**–**	–	**1,408**	4,285
and after crediting:						
Other income						
Interest income on:						
Bank deposits	**5,581**	971	**–**	–	**5,581**	971
Sales proceeds on disposal of an associate and a subsidiary	**8,100**	–	**–**	–	**8,100**	–
Other loan and receivables	**2,296**	–	**–**	–	**2,296**	–
Total interest income	**15,977**	971	**–**	–	**15,977**	971
Reversal of impairment losses on short-term loans receivable	**5,468**	–	**–**	–	**5,468**	–
Exchange difference	**–**	1	**–**	–	**–**	1
Sundry income	**1,780**	5,842	**1,004**	9,785	**2,784**	15,627
	23,225	6,814	**1,004**	9,785	**24,229**	16,599
Other income analysed by category of asset is as follows:						
Loans and receivables (including bank deposits)	**15,977**	971	**–**	–	**15,977**	971
Non-financial assets	**7,248**	5,843	**1,004**	9,785	**8,252**	15,628
	23,225	6,814	**1,004**	9,785	**24,229**	16,599
Net gain arising from financial assets at fair value through profit or loss						
Proceeds on sales of investments (included in revenue)	**420,828**	84,991	**–**	–	**420,828**	84,991
Less: cost of sales (included in cost of sales)	**(350,529)**	(77,633)	**–**	–	**(350,529)**	(77,633)
Net realised gain on financial assets at fair value through profit or loss	**70,299**	7,358	**–**	–	**70,299**	7,358
Unrealised loss on financial assets at fair value through profit or loss	**(2,464)**	(7,445)	**–**	–	**(2,464)**	(7,445)
	67,835	(87)	**–**	–	**67,835**	(87)
Property rental income, net of outgoings of nil (2006: HK$75,000)	**–**	953	**–**	–	**–**	953

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

9. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Interest on borrowings wholly repayable within five years:		
Bank loans	**–**	350
Convertible notes	**2,165**	–
Other loans	**8,589**	13,287
	10,754	13,637
Discontinued operation		
Interest on borrowings wholly repayable within five years:		
Bank loans	**3,820**	10,206
Other loans	**5,857**	2,565
	9,677	12,771
	20,431	26,408

10. INCOME TAX EXPENSE

The tax charge comprises:

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax	**4,513**	–
Deferred tax *(note 19)*	**–**	1
	4,513	1
Discontinued operation		
Deferred tax *(note 19)*	**1,862**	1,437
	1,862	1,437
	6,375	1,438

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

10. INCOME TAX EXPENSE *(Continued)*

Hong Kong Profits Tax for the year ended 31st December, 2007 was calculated at 17.5% of the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made for the year ended 31st December, 2006 as the Group had no assessable profit subject to Hong Kong Profits Tax for the year.

No provision for taxation arose in other jurisdictions as the Group had no assessable profit subject to taxation for the year.

Pursuant to the relevant laws and regulations in the PRC, a subsidiary of the Group is entitled to exemption from the PRC enterprise income tax for two years commencing from its first profit-making year of operation and thereafter, it is entitled to 50% relief from the PRC enterprise income tax for the following three years. The reduced tax rate for the relief period is 7.5%. The subsidiary had no assessable profit subject to taxation for the year.

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

	2007	2006
	HK$'000	*HK$'000*
Profit/(loss) before taxation:		
Continuing operations	**49,317**	(172,598)
Discontinued operation	**30,417**	(85,615)
	79,734	(258,213)
Tax at the domestic income tax rate of 17.5% (2006: 15%)	**13,953**	(38,732)
Tax effect of share of profit of a jointly controlled entity	**220**	(1,167)
Tax effect of share of loss of an associate	**–**	4,819
Tax effect of expenses not deductible for tax purpose	**15,728**	37,639
Tax effect of income not taxable for tax purpose	**(16,535)**	(258)
Tax effect of tax losses not recognised	**518**	550
Effect of utilisation of tax losses previously not recognised	**(9,969)**	(1,413)
Others	**2,460**	-
	6,375	1,438

Note: The domestic tax rate in the jurisdiction where the operations of the Group is substantially based is used.

Details of deferred taxation are set out in note 19.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

11. DIRECTORS' AND EMPOLYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the seven (2006: six) directors were as follows:

For the year ended 31st December, 2007

	Suen Cho Hung, Paul	Sue Ka Lok	Cao Jian An	Ng Shin Kwan, Christine	Sun Ka Ziang, Henry	Kwok Ming Fai	Wong Yun Kuen	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	–	–	–	–	84	84	84	252
Other emoluments								
Salaries and other benefits	1,500	1,644	480	121	–	–	–	3,745
Equity settled share-based payment expenses	538	5,520	–	8,360	44	44	44	14,550
Retirement benefits schemes contributions	53	65	18	6	–	–	–	142
Total emoluments	2,091	7,229	498	8,487	128	128	128	18,689

For the year ended 31st December, 2006

	Suen Cho Hung, Paul	Sue Ka Lok	Cao Jian An	Sun Ka Ziang, Henry	Kwok Ming Fai	Wong Yun Kuen	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	–	–	–	84	84	84	252
Other emoluments							
Salaries and other benefits	1,273	1,124	450	–	–	–	2,847
Retirement benefits schemes contributions	50	39	16	–	–	–	105
Total emoluments	1,323	1,163	466	84	84	84	3,204

Notes to the Consolidated Financial Statements
For the year ended 31st December, 2007

11. DIRECTORS' AND EMPOLYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2006: two) individuals were directors of the Company whose emoluments are included in the disclosures set out in note (a) above. The emoluments of the remaining highest paid individuals were as follows:

	2007	2006
	HK$'000	*HK$'000*
Salaries and other benefits	**3,486**	2,331
Retirement benefits schemes contributions	**64**	32
	3,550	2,363

Their emoluments were within the following band:

	2007	2006
	No. of employee	*No. of employee*
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$3,000,000	**1**	–
	3	3

(c) During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the year.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

12. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) attributable to the equity holders of the Company	**75,319**	(238,132)

	2007	2006
	'000	*'000*
Number of shares		
Weighted average number of shares for the purposes of basic earnings/(loss) per share	**364,287**	1,214,116
Effect of share consolidation on 23rd January, 2007	**–**	(1,092,705)
Effect of bonus issue of three shares for every one share held on 7th November, 2007	**1,092,861**	364,235
Weighted average number of shares for the purposes of basic earnings/(loss) per share	**1,457,148**	485,646

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share has been adjusted for the share consolidation on 23rd January, 2007 and bonus issue on 7th November, 2007 as set out in note 33.

Basic and diluted earnings per share for continuing and discontinued operations for the year ended 31st December, 2007 have been presented as equal because conversion of the convertible notes would increase the earnings per share, therefore, anti-dilutive.

Basic and diluted loss per share for the year ended 31st December, 2006 have been presented as equal because the exercise price of the Company's options was higher than the average market price for the year.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

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

From continuing operations

The calculation of the basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) attributable to the equity holders of the Company	**44,804**	(172,599)

	2007	2006
	'000	*'000*
Number of shares		
Weighted average number of shares for the purposes of basic earnings/(loss) per share	**364,287**	1,214,116
Effect of share consolidation on 23rd January, 2007	**–**	(1,092,705)
Effect of bonus issue of three shares for every one share held on 7th November, 2007	**1,092,861**	364,235
Weighted average number of shares for the purposes of basic earnings/(loss) per share	**1,457,148**	485,646

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share has been adjusted for the share consolidation on 23rd January, 2007 and bonus issue on 7th November, 2007as set out in note 33.

Basic and diluted earnings per share for continuing operations for the year ended 31st December, 2007 have been presented as equal because conversion of the convertible notes would increase the earnings per share, therefore, anti-dilutive.

Basic and diluted loss per share for the year ended 31st December, 2006 have been presented as equal because the exercise price of the Company's options was higher than the average market price for the year.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Plant and machinery *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
THE GROUP							
COST							
At 1st January, 2006	133,581	1,721	2,448	1,721	275,214	37,033	451,718
Exchange realignment	5,564	–	7	33	11,626	1,285	18,515
Additions	274	20	107	888	10,314	8,821	20,424
Transfer	(4,076)	–	409	566	45,116	(42,015)	–
Disposal of subsidiaries	–	–	(7)	–	–	–	(7)
Disposals	–	(1,445)	(1,791)	(284)	(127)	–	(3,647)
At 31st December, 2006 and 1st January, 2007	135,343	296	1,173	2,924	342,143	5,124	487,003
Exchange realignment	5,957	–	25	78	14,740	259	21,059
Additions	–	–	216	1,304	462	3,803	5,785
Disposals of subsidiaries	(141,300)	–	(502)	(1,876)	(357,345)	(9,186)	(510,209)
Disposals	–	–	–	(110)	–	–	(110)
At 31st December, 2007	–	296	912	2,320	–	–	3,528
DEPRECIATION AND IMPAIRMENT							
At 1st January, 2006	8,290	935	677	441	21,276	–	31,619
Exchange realignment	1,190	–	7	22	2,632	–	3,851
Provided for the year	6,957	354	640	540	30,486	–	38,977
Transfer	(985)	–	228	92	665	–	–
Eliminated on disposal of subsidiaries	–	–	(1)	–	–	–	(1)
Eliminated on disposals	–	(1,077)	(1,078)	(113)	(32)	–	(2,300)
At 31st December, 2006 and 1st January, 2007	15,452	212	473	982	55,027	–	72,146
Exchange realignment	1,500	–	17	30	4,169	–	5,716
Provided for the year	6,048	79	413	576	18,681	–	25,797
Eliminated on disposal of subsidiaries	(23,000)	–	(308)	(691)	(77,877)	–	(101,876)
Eliminated on disposals	–	–	–	(62)	–	–	(62)
At 31st December, 2007	–	291	595	835	–	–	1,721
CARRYING VALUES							
At 31st December, 2007	**–**	**5**	**317**	**1,485**	**–**	**–**	**1,807**
At 31st December, 2006	119,891	84	700	1,942	287,116	5,124	414,857

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

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

The Group's buildings were situated in the PRC and were held under medium-term land use rights.

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

Buildings	2% – 18%
Leasehold improvements	Over the term of the leases
Furniture and fixtures	20%
Motor vehicles	20%
Plant and machinery	5% – 33%

14. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	THE COMPANY	
	2007	2006
	HK$'000	*HK$'000*
Cost of unlisted investments	**38,906**	38,906
Less: Impairment losses recognised	**(6,319)**	(6,319)
	32,587	32,587
Amounts due from subsidiaries	**1,006,621**	585,942
Less: Impairment losses recognised	**(241,240)**	(305,562)
	765,381	280,380
Amounts due to subsidiaries	**(38,013)**	(43,386)

During the year, the directors of the Company reviewed and examined the current operations of the subsidiaries and identified that the present value of estimated net future cash flows from certain subsidiaries are lower than their carrying amounts. Accordingly, the carrying amounts of these balances are reduced to their respective recoverable amounts.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

14. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM/(TO) SUBSIDIARIES *(Continued)*

The amounts due from/(to) subsidiaries are unsecured and have no fixed terms of repayment. Of the balances, HK$272,846,000 (2006: HK$50,294,000) of the amounts due from subsidiaries bear interest at an effective interest rate of prime rate plus 4% (2006: HIBOR plus 1%) per annum and the remaining balances are non-interest bearing.

Particulars of the Company's principal subsidiaries at 31st December, 2007 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital held by Company		Principal activities
			Directly	Indirectly	
Broadmeadow Investments Limited	British Virgin Islands ("BVI")	US$1	100%	–	Investment holding
Citi Merit Limited	BVI	US$100	–	100%	Investment holding
Eastern Prosper Developments Ltd.	BVI	US$1	100%	–	Securities investment
Equal Link Investments Limited	Hong Kong	HK$2	–	100%	Investment holding
Eternal Strategic Limited	BVI	US$1	–	100%	Investment holding
GT Capital Limited ("GT Capital")	Hong Kong	HK$45,000,000	–	100%	Securities brokerage
GT Financial Holdings Limited	BVI	US$1	–	100%	Investment holding
Lolliman Finance Limited	Hong Kong	HK$1,000,000	100%	–	Financial services
Lolliman Property Nominees Limited	Hong Kong	HK$2	100%	–	Property management
Marvellous Development Limited	Hong Kong	HK$100	100%	–	Property investment
Poly International Trading Limited	BVI	US$1	–	100%	Trading of iron ore

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

14. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM/(TO) SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital held by Company		Principal activities
			Directly	Indirectly	
Poly Metal and Minerals Limited	Hong Kong	HK$1	–	100%	Trading of iron ore
Poly Minerals Holdings Limited	BVI	US$1	–	100%	Investment holding
Poly Trading Group Limited	BVI	US$1	–	100%	Investment holding
Sunstar Management Limited	Hong Kong	HK$2	100%	–	Provision of management services
Time Profit Investments Limited	Hong Kong	HK$100	100%	–	Property investment
Treasure Well Associates Limited	BVI	US$1	100%	–	Investment holding
Upperclass Developments Limited	Hong Kong	HK$1	100%	–	Securities investment

The above table only lists those subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

All the above subsidiaries, except Eastern Prosper Developments Ltd. which operates principally in Hong Kong, operate in their respective place of incorporation/registration.

None of the subsidiaries had any debt securities outstanding during the year or at the balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

15. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Cost of unlisted investment in an associate	–	323,243
Share of post-acquisition loss and reserves, net of dividends received	–	(70,446)
Less: Impairment loss recognised	–	(111,497)
	–	141,300
Reclassified as assets held for sale	–	(141,300)
	–	–

Interest in an associate has been classified as assets held for sale as at 31st December, 2006. Pursuant to a conditional sale and purchase agreement dated on 24th April, 2007 entered into between the Group and an independent third party, the Group's entire equity interest in Xi'an Gaoxin Hospital Co., Ltd. ("Gaoxin Hospital") would be disposed of at a consideration of HK$150 million. The transaction was completed in July 2007. Part of the consideration will be receivable in two installments over a period of 18 months from the date of completion of the transaction. Accordingly, the Group's interest in Gaoxin Hospital has been written down to the fair value of the deferred consideration as estimated by the directors of the Company. Details of the disposal are contained in the Company's circular dated 12th June, 2007.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

16. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Cost of unlisted investment in a jointly controlled entity	**49,862**	49,862
Share of post-acquisition profits and reserves, net of dividends received	**(4,735)**	(6,899)
	45,127	42,963

Particulars of the Group's jointly controlled entity at 31st December, 2007 are as follows:

Name of entity	Form of business structure	Country of establishment	Principal place of operation	Proportion of nominal value of registered capital indirectly held by the Group	Principal activities
Shanghai Hong Qiao Friendship Shopping Center Co., Ltd. ("Hong Qiao")	Established	The PRC	Shanghai, the PRC	30%	Retail sales of high end consumer goods

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

16. INTEREST IN A JOINTLY CONTROLLED ENTITY *(Continued)*

The summarised financial information in respect of Hong Qiao is set out below:

	2007	2006
	HK$'000	*HK$'000*
Non-current assets	**122,631**	137,967
Current assets	**180,203**	157,548
Current liabilities	**(133,771)**	(120,356)
Net current assets	**46,432**	37,192
Non-current liabilities	**(18,640)**	(31,947)
Net assets	**150,423**	143,212
The Group's share of net assets of the jointly controlled entity	**45,127**	42,963
Income	**602,004**	526,834
Expenses	**(566,376)**	(486,610)
Income tax expense	**(4,692)**	(14,283)
Profit for the year	**30,936**	25,941
The Group's share of profit of the jointly controlled entity for the year	**9,281**	7,782

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

17. PREPAID LEASE PAYMENTS

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current assets	–	882
Non-current assets	–	8,767
	–	9,649

The Group's prepaid lease payments represented leasehold land situated in the PRC and were held under medium-term land use rights.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Unlisted securities:		
Equity securities	–	9,562

	THE COMPANY	
	2007	2006
	HK$'000	*HK$'000*
Unlisted securities:		
Equity securities	–	2,152

Available-for-sale financial assets at the balance sheet date represent investments in a company which was established in the PRC. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

The directors of the Company have reviewed the recoverable amount of the available-for-sale financial assets as at 31st December, 2007 and 2006 and considered impairment loss of HK$9,562,000 (2006: nil) should be made. The movement of impairment loss provided was as follows:

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
At 1st January	**–**	–
Impairment loss recognised during the year	**9,562**	–
At 31st December	**9,562**	–

19. DEFERRED TAXATION

THE GROUP

The followings are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior periods.

	Accelerated tax depreciation *HK$'000*	**Pre-operating expenses** *HK$'000*	**Convertible notes** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
At 1st January, 2006	2,934	(4,471)	–	153	(1,384)
Exchange realignment	75	(91)	–	7	(9)
Charged to consolidated income statement for the year	(3,253)	4,562	–	129	1,438
At 31st December, 2006 and 1st January, 2007	(244)	–	–	289	45
Exchange realignment	91	–	–	(17)	74
Charged to consolidated income statement for the year	1,979	–	–	(117)	1,862
Charged to convertible notes equity reserve	–	–	3,654	–	3,654
Disposal of subsidiaries	(1,826)	–	–	(155)	(1,981)
At 31st December, 2007	**–**	**–**	**3,654**	–	**3,654**

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

19. DEFERRED TAXATION *(Continued)*

THE GROUP *(Continued)*

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

	2007	2006
	HK$'000	*HK$'000*
Deferred tax liabilities	**3,654**	3,861
Deferred tax assets	**–**	(3,816)
	3,654	45

At 31st December, 2007, the Group had unused tax losses of HK$72,082,000 (2006: HK$158,641,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. At 31st December, 2006, included in unrecognised tax losses are HK$62,633,000 that will expire in five years from the dates they were incurred, other tax losses may be carried forward indefinitely.

20. OTHER ASSETS

THE GROUP

Other assets are statutory deposits paid to government regulators in relation to the Group's licensed activities in the Hong Kong securities market.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

21. TRADING RIGHT

	THE GROUP
	HK$'000
COST	
Balance at 1st January, 2006, 31st December, 2006, 1st January, 2007 and 31st December, 2007	778
AMORTISATION AND IMPAIRMENT	
At 1st January, 2006	428
Amortisation for the year	100
At 31st December, 2006 and 1st January, 2007	528
Amortisation for the year	100
At 31st December, 2007	628
CARRYING VALUES	
At 31st December, 2007	**150**
At 31st December, 2006	250

Trading right is amortised on a straight-line basis over the useful life of four years.

22. INVENTORIES

THE GROUP

At 31st December, 2006, the inventories were raw materials carried at costs.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

23. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**96,701**	24,053
Less: Impairment loss recognised	**(1,394)**	(168)
	95,307	23,885
Other receivables and prepayments	**165,642**	25,501
Less: Impairment loss recognised	**(356)**	–
	165,286	25,501
Bills receivable	**1,389**	12,516
	261,982	61,902

The settlement term of trade receivables arising from securities dealing business is two days after the trade date. As at the balance sheet date, none of the trade receivables were past due and impaired. Interests are charged on overdue cash account clients and margin account clients at prime rate plus 7% (2006: prime rate plus 5%) per annum and at prime rate plus 1% to 4% (2006: prime rate plus 1% to 3%) per annum, respectively. Trade receivables arising from securities dealing business are as follows:

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Margin account clients	**22,315**	6,603
Cash account clients	**4,408**	1,071
Clearing house	**69,852**	–
Others	**126**	–
	96,701	7,674

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

23. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE *(Continued)*

Movement of impairment losses recognised

	2007	2006
	HK$'000	*HK$'000*
Balance at beginning of the year	**168**	168
Amounts written off as uncollectible	**126**	–
Impairment losses recognised during the year	**1,456**	–
Balance at end of the year	**1,750**	168

The Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

Aging of the impaired trade receivables

	2007	2006
	HK$'000	*HK$'000*
0 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**1,750**	**168**

The Group allows an average credit period of 60 days to its other trade customers. As at the balance sheet date, none of the trade receivables were past due and impaired. The following is an aged analysis of trade receivables (other than arising from securities dealing business) and bills receivable at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
0 to 60 days	**1,389**	28,727

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

THE GROUP AND THE COMPANY

Financial assets at fair value through profit or loss at the balance sheet date represent equity securities listed on the Stock Exchange.

25. SHORT-TERM LOANS RECEIVABLE

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Short-term loans receivable, net of impairment losses recognised	**215,293**	24,255

Movement of impairment losses recognised

	2007	2006
	HK$'000	*HK$'000*
Balance at beginning of the year	**10,501**	10,501
Amounts reversed during the year	**(4,809)**	–
Balance at end of the year	**5,692**	10,501

Included in the carrying value of short-term loans receivable at 31st December, 2007 is impairment losses recognised of HK$5,692,000 (2006: HK$10,501,000).

The range of effective interest rates (which are equal to contractual interest rates) on the Group's fixed-rate short-term loans receivable is 8% to 24% (2006: 8% to 24%) per annum.

In addition, the Group has variable rate short-term loans receivable amounting to HK$100,000,000 (2006: nil) which carry interest at prime rate plus 5% to 6% per annum.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

26. PLEDGED BANK DEPOSITS/BANK BALANCES HELD UNDER SEGREGATED TRUST ACCOUNTS/BANK BALANCES AND CASH

THE GROUP AND THE COMPANY

Pledged bank deposits represented deposits pledged to banks to secure short-term banking facilities granted to the Group and therefore had been classified as current assets. The pledged bank deposits would be released upon the settlement of relevant bank borrowing.

Bank balances carry interest at market rates ranging from 3.13% to 3.3% (2006: 0.72% to 4.00%) per annum. No pledged deposits were held by the Group and the Company as at 31st December, 2007 (2006: pledged deposits were non-interest bearing.)

As a subsidiary of the Company is principally engaged in the business of securities dealing and broking, it receives and holds money deposits by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more segregated trust bank accounts. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

27. ASSETS HELD FOR SALE

THE GROUP

Interest in an associate held for sale

As set out in note 15, the Group's interest in an associate of Gaoxin Hospital, had been reclassified as assets held for sale as at 31st December, 2006 and was disposed of in July 2007. Details of the disposal are contained in the Company's circular dated 12th June, 2007.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

28. TRADE AND OTHER PAYABLES/BILLS PAYABLE

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Trade payables	**16,990**	46,941
Other payables and accruals	**15,448**	50,543
	32,438	97,484
Bills payable	**2,179**	29,587
	34,617	127,071

	2007	2006
	HK$'000	*HK$'000*
Trade payables arising from securities dealing business:		
Cash account clients	**12,754**	10,074
Clearing house	**158**	1,457
Others	**111**	–
Margin account clients	**3,967**	1,086
	16,990	12,617
Trade payables and bills payable arising from other businesses:		
0 to 60 days	**2,179**	46,318
61 to 90 days	**–**	3,411
Over 90 days	**–**	14,182
	2,179	63,911
Other payables	**15,448**	47,222
Value added tax payables	**–**	3,321
	15,448	50,543
	34,617	127,071

The Group's other trade suppliers granted an average credit period of 60 days to the Group. As at the balance sheet date, none of the trade payables were past due.

The settlement term of trade payables arising from securities dealing business is two days after the trade date. Amounts due to margin account clients are repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

28. TRADE AND OTHER PAYABLES/BILLS PAYABLE *(Continued)*

Included in account payables arising from securities dealing business of HK$14,951,000 (2006: HK$12,385,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed. The deposits placed carry variable commercial interest rate.

29. PROVISION FOR LITIGATION CLAIMS

THE GROUP

(a) During the year ended 31st December, 2006, a total of approximately RMB78.4 million (equivalent to approximately HK$78.4 million) of Henan APD Tian Yuan Power Company Limited ("Henan APD")'s and Henan CGL Tian Yuan Power Company Limited ("Henan CGL")'s assets were charged according to a judgment handed down by China's Supreme People's Court on 30th August, 2006 in respect of a litigation involving, among others, Henan APD, Henan CGL, a bank in the PRC (the "Bank") and an independent third party which was in the process of liquidation, for a RMB75 million loan granted by the Bank to the third party where Henan APD and Henan CGL acted as guarantors. Having obtained legal advice, the Group planned to appeal against the judgment and was at the stage of collation of evidence. Henan APD and Henan CGL's right to appeal would expire two years from the date of the judgment, which is on 30th August, 2008. The ultimate outcome of the appeal could not be determined with an acceptable degree of certainty. Accordingly, the directors of the Company had made full provision of the amount being claimed (including accrued interest) which amounted to approximately RMB89.6 million (equivalent to approximately HK$89.6 million) against the litigation in the consolidated financial statements for the year ended 31st December, 2006. For the year ended 31st December, 2007, the directors of the Company had made provision of the accrued interest in related to the amount being claimed which amounted to approximately HK$5 million.

On 29th October, 2007, the Group's equity interest in Henan APD and Henan CGL were disposed of together with the litigation claim as described above.

(b) During the year ended 31st December, 2006, a subsidiary of the Company was named as a respondent in a shipping dispute for an amount of approximately HK$4.1 million. During the year ended 31st December, 2007, the Group and the plaintiff (the "Plaintiff") entered into a settlement agreement, pursuant to which the Group agreed to settle US$311,000 (equivalent to approximately HK$2,426,000) of such claims and the Plaintiff agreed to dismiss the proceedings against the Group upon the receipt of the settlement. The related provision was accrued in the consolidated financial statements as at 31st December, 2006. During the year ended 31st December, 2007, the case was settled and dismissed.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

30. AMOUNT DUE TO A MINORITY SHAREHOLDER OF SUBSIDIARIES

THE GROUP

The balance as at 31st December, 2006 represented amount due to Sanmenxia Tian Yuan Aluminum Industries Group Company Limited ("Sanmenxia Tian Yuan"). Sanmenxia Tian Yuan held 20% equity interest in Henan APD and Henan CGL, being non wholly-owned subsidiaries of the Company, which were disposed of during the year ended 31st December 2007. The amount was unsecured, non-interest bearing and had no fixed terms of repayment.

31. BANK AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank loans	**–**	173,984	**–**	–
Other loans	**50,000**	92,826	**–**	9,250
	50,000	266,810	**–**	9,250
Analysed as:				
Secured	**50,000**	219,984	**–**	–
Unsecured	**–**	46,826	**–**	9,250
	50,000	266,810	**–**	9,250
Carrying amount repayable:				
On demand or within one year	**50,000**	246,310	**–**	9,250
More than one year, but not exceeding two years	**–**	20,500	**–**	–
	50,000	266,810	**–**	9,250
Less: Amount due within one year shown under current liabilities	**(50,000)**	(246,310)	**–**	(9,250)
	–	20,500	**–**	–

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

31. BANK AND OTHER BORROWINGS *(Continued)*

At the balance sheet date, the Group was not exposed to any fixed-rate borrowings (2006: fixed rate borrowing carrying interest ranging from 3.30% to 12.00%) per annum, and the contractual maturity dates are as follows:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fixed rate borrowings:				
Within one year	–	186,815	–	9,250
More than one year, but not exceeding two years	–	20,500	–	–
	–	207,315	–	9,250

In addition, the Group has variable-rate borrowings amounting to HK$50,000,000 (2006: HK$59,495,000) which carry interest at prime rate plus 3% to 6% (2006: prime rate plus 3%) per annum.

32. CONVERTIBLE NOTES

THE GROUP AND THE COMPANY

On 16th February, 2007, the Company entered into a placing agreement with GT Capital to place a series of convertible notes up to an aggregate principal amount of HK$500,000,000 to be issued by the Company ("Convertible Notes").

The Company has agreed that GT Capital, a wholly owned subsidiary of the Company, may, at any time during the period between the date immediately following the date of satisfaction of the convertible notes conditions precedent and the 270th day following such date (or such later date as the parties may agree), both dates inclusive, require the Convertible Notes to be issued up to ten tranches with the principal amount of each tranche being not less than HK$50,000,000 and the maximum aggregate principal amount for all tranches not to more than HK$500,000,000.

During the year, the Convertible Notes were issued by four tranches of HK$65,000,000, HK$50,000,000, HK$295,000,000 and HK$90,000,000 on 26th April, 2007, 4th June, 2007, 27th July, 2007 and 31st December, 2007 respectively, at a conversion price of HK$1 per conversion share.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

32. CONVERTIBLE NOTES *(Continued)*

THE GROUP AND THE COMPANY *(Continued)*

The Convertible Notes bear an interest rate of 2% per annum payable in six months intervals from the date of issue of the relevant tranche of the Convertible Notes. The effective interest rate of the liability component ranges from 11.7% to 12.76%.

The maturity dates are on the third anniversary of the date of issue of each tranche of the Convertible Notes. Any outstanding Convertible Notes can be redeemed by the Company during the redemption period commencing the first anniversary of the date of issue of the relevant tranche of the Convertible Notes.

The movement of the liabilities component of the Convertible Notes for the year is set out below:

	THE GROUP *HK$'000*	THE COMPANY *HK$'000*
Proceeds of issue	**500,000**	**500,000**
Transactions costs of issue of the Convertible Notes	**(5,700)**	**(9,087)**
Net proceeds from issue of Convertible Notes	**494,300**	**490,913**
Equity component	**(119,539)**	**(118,721)**
Liabilities component	**374,761**	**372,192**
Interest expenses	**2,165**	**2,165**
Interest paid	**(339)**	**(339)**
Converted into ordinary shares	**(308,734)**	**(306,843)**
Amortised cost as at 31st December, 2007	**67,853**	**67,175**

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

33. SHARE CAPITAL

	Number of shares		Share capital	
	2007	2006	**2007**	2006
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares				
Authorised:				
At beginning of the year,				
ordinary shares of HK$0.50 each	**1,800,000**	1,800,000	**900,000**	900,000
Capital reduction *(Note (a)(i))*	**–**	–	**(882,000)**	–
Share consolidation *(Note (a)(ii))*	**(1,620,000)**	–	**–**	–
Increase of ordinary shares				
of HK$0.10 each *(Note (a)(iii))*	**8,820,000**	–	**882,000**	–
At end of the year,				
ordinary shares of HK$0.10 each	**9,000,000**	1,800,000	**900,000**	900,000
Issued and fully paid:				
At beginning of the year	**1,214,117**	1,214,116	**607,059**	607,058
Capital reorganisation *(Note (a))*	**(1,092,705)**	–	**(594,918)**	–
Issue of shares on exercise				
of share options *(Note (b))*	**11,981**	1	**1,198**	1
Issue of shares *(Note (c), (d) and (e))*	**106,528**	–	**10,653**	–
Conversion of convertible notes				
(Note (f))	**410,000**	–	**41,000**	–
Bonus issue of shares *(Note (g))*	**1,949,762**	–	**194,976**	–
At end of the year	**2,599,683**	1,214,117	**259,968**	607,059

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

33. SHARE CAPITAL *(Continued)*

Details of the changes in the Company's shares for the year ended 31st December, 2007 and 2006 are as follows:

(a) The Company's capital reorganisation became effective on 23rd January, 2007 after the sanction of the proposed capital reduction and share premium account reduction of the Company by the High Court of Hong Kong ("High Court") on 19th January, 2007. Pursuant to the High Court Order, the capital reorganisation of the Company ("Capital Reorganisation") involved:

(i) the authorised share capital of the Company reduced from HK$900,000,000 divided into 1,800,000,000 shares of HK$0.50 each to HK$18,000,000 divided into 1,800,000,000 shares of HK$0.01 each and that such reduction was effected by cancelling capital paid up or credited as paid up to the extent of HK$0.49 per share upon each of the shares which were in issue immediately before the Capital Reorganisation became effective and by reducing the nominal value of all the issued and unissued shares in the capital of the Company from HK$0.50 to HK$0.01 per share ("Capital Reduction").

(ii) every 10 shares of such 1,800,000,000 shares of HK$0.01 each were consolidated into 1 share of HK$0.10 each.

(iii) the authorised share capital of the Company was increased to HK$900,000,000 by the creation of 8,820,000,000 new shares of HK$0.10 each.

(iv) the share premium account of the Company was reduced to zero ("Share Premium Account Reduction") and the credit of HK$2,252,000 arising from such reduction was set off against accumulated losses of the Company.

(v) the credit of HK$157,863,000 arising from the Capital Reduction was set off against accumulated losses of the Company and the balance of HK$437,055,000 was credited to the share premium account of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

33. SHARE CAPITAL *(Continued)*

(a) *(Continued)*

The Company had given the following undertakings to the High Court in respect of the Capital Reduction and Share Premium Account Reduction:

1. So long as there shall remain outstanding any debt of or claim against the Company which would be admissible to proof in a winding-up of the Company commencing on the day on which the Capital Reduction and Share Premium Account Reduction take effect ("the effective date") and the persons entitled to the benefit of such debts or claims shall not have agreed otherwise, in the event of its making any future recoveries in respect of the identified list of assets (the "Assets"), in respect of which provision for diminution in value was made in the accounts of the Company during the loss-making years/periods for the financial years/ periods from the year ended 31st March, 1992 to the six months ended 30th June, 2006, beyond their written down value as stated in the Company's management accounts as at 30th June, 2006, all such recoveries beyond that written down value up to an amount of HK$84,095,000 ("the limit"), will be credited to a special capital reserve in the accounting records of the Company ("Capital Recovery Reserve") and such reserve shall not be treated as realised profits of the Company for the purposes of section 79B of the Hong Kong Companies Ordinance (Cap. 32) and shall be treated as an undistributable reserve of the Company for the purposes of section 79C of the Hong Kong Companies Ordinance (Cap. 32), or any statutory reenactments or modifications thereof provided that:

   (1) the Company shall be at liberty to apply the Capital Recovery Reserve for the same purposes as a share premium account may be applied;

   (2) the limit in respect of the Capital Recovery Reserve may be reduced by the amount of any increase, after the effective date, in the paid up share capital or the amount standing to the credit of the share premium account of the Company as the result of the payment up of shares by the receipt of new consideration or the capitalisation of distributable profits;

   (3) the limit in respect of the Capital Recovery Reserve may be reduced upon the disposal or other realisation, after the effective date, of any of the Assets by the amount of the provision made in relation to such asset as at 30th June, 2006 less such amount, if any, as is credited to the Capital Recovery Reserve as a result of such disposal or realisation; and

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

33. SHARE CAPITAL *(Continued)*

(a) *(Continued)*

(4) in the event that the amount standing to the credit of the Capital Recovery Reserve exceeds the limit thereof after any reduction of such limit pursuant to provisos (2) and/or (3) above, the Company shall be at liberty to add the amount of any such excess to the retained profits of the Company and the same shall become available for distribution or to use any such excess to offset the accumulated losses of the Company, as the case may be.

2. The amount of approximately HK$437,055,000, representing the amount by which the total credit arising from the Capital Reduction and the Share Premium Account Reduction, exceeds the total accumulated losses of the Company as at 30th June, 2006, will be credited to the Share Premium Account of the Company.

And the Company further undertook that, for so long as the undertakings set out above remain effective, it would:

(1) cause or procure its statutory auditor to report by way of a note or otherwise a summary of such undertakings in its audited financial statements or in the accounts of the Company published in any other form; and

(2) publish or cause to be published in any prospectus issued by or on behalf of the Company a summary of such undertakings.

The undertakings of the Company to the High Court ceased to apply or have been complied with (as the case may be) during the year as (1) there was no outstanding debt of or claim against the Company which would be admissible to proof in a winding-up of the Company commencing on the day on which the Capital Reduction and Share Premium Account Reduction took effect and (2) the total credit arising from the Capital Reduction and the Share Premium Account Reduction which exceeded the total accumulated losses as at 30th June, 2006 has been credited to the Share Premium Account of the Company.

Further details of the Capital Reorganisation are set out in the Company's announcements dated 28th September, 2006, 21st December, 2006 and 19th January, 2007 and the Company's circular dated 16th October, 2006.

(b) During the year, the Company issued 11,981,000 ordinary shares of HK$0.10 each, at HK$1.52, on exercise of share options which were granted on 23rd March, 2007 and 23rd May, 2007. Details of the share options are set out in note 35. These shares issued rank pari passu in all respects with the then existing shares. For the year ended 31st December, 2006, the Company issued approximately 1,000 ordinary shares of HK$0.5 each on exercise of share options which were granted on 9th November, 2006.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

33. SHARE CAPITAL *(Continued)*

(c) Pursuant to a placing agreement entered into on 26th January, 2007, the Company issued 24,000,000 ordinary shares of HK$0.1 each at HK$0.74 per share to independent investors. The issue price per share represented a discount of approximately 15.9 % to the closing price of HK$0.88 per share on 26th January, 2007 as quoted on the Stock Exchange. The net proceeds of the placement of approximately HK$17,400,000 (equivalent to a net price of approximately HK$0.725 per share) was used as general working capital of the Group.

(d) Pursuant to a placing agreement entered into on 27th June, 2007, the Company issued 29,000,000 ordinary shares of HK$0.1 each at HK$2.3 per share to independent investors. The issue price per share represented a discount of approximately 16.36 % to the closing price of HK$2.75 per share on 26th June, 2007 (being the last trading day prior to the signing of the placing agreement) as quoted on the Stock Exchange. The net proceeds of the placement of approximately HK$65,500,000 (equivalent to a net price of approximately HK$2.26 per share) was used as general working capital of the Group and as part of the cash consideration paid for the acquisition referred to in note 46(b).

(e) Pursuant to a placing and subscription agreement entered into on 7th September, 2007, the Company issued 53,528,000 ordinary shares of HK$0.1 each at HK$1.53 per share to independent investors. The issue price per share represented a discount of approximately 14.53 % to the closing price of HK$1.79 per share on 6th September, 2007 (being the last trading day prior to the signing of the placing and subscription agreement) as quoted on the Stock Exchange. The net proceeds of the placement of approximately HK$80,200,000 (equivalent to a net price of approximately HK$1.50 per share) was used as general working capital of the Group and as part of the cash consideration paid for the acquisition referred to in note 46(b).

(f) During the year ended 31st December, 2007, convertible notes issued by the Company in the aggregate principal amount of HK$410,000,000 were converted into 410,000,000 ordinary shares of HK$0.10 each at a conversion price of HK$1.00 per share. These shares issued rank pari passu in all respects with the then existing shares. Details of the convertible notes are set out in note 32.

(g) Pursuant to an ordinary resolution passed by the shareholders of the Company at an extraordinary general meeting on 5th November, 2007, bonus issue of 1,949,762,100 bonus shares on the basis of three bonus shares for every one existing share held was approved by the shareholders at the extraordinary general meeting. The bonus issue became effective on 7th November, 2007.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

34. RESERVES

THE COMPANY

	Share premium *HK$'000*	Capital reserve *HK$'000*	Convertible notes equity reserve *HK$'000*	Share options reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1st January, 2006	2,252	3,547	–	–	(135,354)	(129,555)
Loss for the year	–	–	–	–	(215,657)	(215,657)
At 31st December, 2006 and 1st January, 2007	2,252	3,547	–	–	(351,011)	(345,212)
Capital reorganisation	434,803	–	–	–	160,115	594,918
Recognition of equity settled share-based payment expenses	–	–	–	57,863	–	57,863
Issue of shares	155,705	–	–	–	–	155,705
Transaction costs attributable to issue of shares	(2,917)	–	–	–	–	(2,917)
Issue of shares on exercise of share options	21,472	–	–	(4,460)	–	17,012
Issue of convertible notes	–	–	118,721	–	–	118,721
Deferred tax liability on recognition of equity component of convertible notes	–	–	(3,766)	–	–	(3,766)
Conversion of convertible notes	362,639	–	(96,796)	–	–	265,843
Bonus issue of shares	(194,976)	–	–	–	–	(194,976)
Profit for the year	–	–	–	–	35,067	35,067
At 31st December, 2007	**778,978**	**3,547**	**18,159**	**53,403**	**(155,829)**	**698,258**

The Company had no distributable reserve as at the balance sheet date.

Capital reserve of the Company represents the amount of initial payment from certain shareholders to subscribe for new shares in the Company and the amount was subsequently forfeited as a result of non-payment of the remaining committed contribution.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

35. SHARE OPTION SCHEME

The existing share option scheme was approved and adopted by the shareholders of the Company at the extraordinary general meeting held on 8th November, 2006 (the "Share Option Scheme"). The primary purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Pursuant to the Share Option Scheme, which will expire on 7th November, 2016, the Company may grant share options to all directors and employees of the Company or its subsidiaries and any other persons including consultants, advisors, agents, customers, suppliers, service providers, contractors, business partners or connected persons (as such term is defined in the Rules Governing the Listing of Securities on the Stock Exchange) of any member of the Group who, in the sole discretion of the board of directors of the Company, have contributed or will contribute to the Group to subscribe for shares in the Company for a consideration of HK$1 for each lot of share options granted.

Share options granted should be accepted within 14 days from the offer date. Share options granted are exercisable during the period commencing on the date of grant and expiring on the date ten years after the date of grant. The number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the shares in issue on the date of adoption of the Share Option Scheme. The total number of shares issued and to be issued upon exercise of the share options granted to each participant or grantee (as the case may be) (including both exercised and unexercised options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12 month period must not exceed 1% of the shares in issue unless otherwise approved by shareholders of the Company in accordance with the terms of the Share Option Scheme. The subscription price for the shares shall be no less than the highest of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant. The subscription price will be determined by the board of directors of the Company at the time the share option is offered to the relevant participant.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

35. SHARE OPTION SCHEME *(Continued)*

Details of specific categories of share options are as follow:

Tranche	Date of grant	Exercise period	Exercise price per share *HK$*	Closing price of the Company's share immediately before the grant date *HK$*
One	23/3/2007	23/3/2007 to 22/3/2017	1.52	1.49
Two	23/5/2007	23/5/2007 to 22/5/2017	1.52	1.34
Three	3/12/2007	3/12/2007 to 2/12/2017	1.22	1.04

Details of movements of the Company's share options held by directors, employees (other than directors) and other participants are as follow:

	Number of share options				
Name or category of participant	At 1st January, 2007 *'000*	Granted during the year *'000*	Exercised during the year *'000*	Effect of bonus issue *'000*	At 31st December, 2007 *'000*
Tranche One					
Directors					
Suen Cho Hung, Paul	–	1,450	(1,450)	–	–
Sue Ka Lok	–	1,450	(1,450)	–	–
Sun Ka Ziang, Henry	–	50	–	150	200
Kwok Ming Fai	–	50	–	150	200
Wong Yun Kuen	–	50	–	150	200
Employees other than directors					
In aggregate	–	8,860	(8,850)	30	40
	–	11,910	(11,750)	480	640
Tranche Two					
Employees other than directors					
In aggregate	–	231	(231)	–	–

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

35. SHARE OPTION SCHEME *(Continued)*

	Number of share options				
Name or category of participant	**At 1st January, 2007 '000**	**Granted during the year '000**	**Exercised during the year '000**	**Effect of bonus issue '000**	**At 31st December, 2007 '000**
Tranche Three					
Directors					
Sue Ka Lok	–	10,000	–	–	10,000
Ng Shin Kwan, Christine	–	16,780	–	–	16,780
Sun Ka Ziang, Henry	–	52	–	–	52
Kwok Ming Fai	–	52	–	–	52
Wong Yun Kuen	–	52	–	–	52
Employees other than directors					
In aggregate	–	2,188	–	–	2,188
Other participants					
In aggregate	–	77,940	–	–	77,940
	–	107,064	–	–	107,064
	–	119,205	(11,981)	480	107,704

Notes:

(a) The number of share options granted were adjusted to take into account the effect of bonus issue which became effective on 7th November, 2007 as described in note 33(g).

(b) There was no vesting period for the share options granted during the year.

(c) There were no share options cancelled or lapsed during the year ended 31st December, 2007.

(d) For share options granted under Tranche One, the weighted average closing price of shares quoted on the Stock Exchange on the trading dates immediately before the dates on which the share options were exercised was HK$2.08.

(e) For share options granted under Tranche Two, the weighted average closing price of shares quoted on the Stock Exchange on the trading dates immediately before the dates on which the share options were exercised was HK$2.53.

Notes to the Consolidated Financial Statements

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35. SHARE OPTION SCHEME *(Continued)*

(f) The fair value of share options granted during the year in the amount of approximately HK$57,863,000 was recognised as expenses in the income statement of the Company in accordance with its accounting policy as set out in note 3. The Company has used the Black-Scholes option pricing model to value the share options granted during the year. The following major assumptions were used to calculate the fair values of share options:

	23rd March, 2007	**23rd May, 2007**	**3rd December, 2007**
Grant date share price	HK$1.42	HK$1.50	HK$1.05
Exercisable period	10 years	10 years	10 years
Exercise price	HK$1.52	HK$1.52	HK$1.22
Expected life	0.5 year	0.5 year	1.22 year
Expected volatility	110.31%	107.30%	128.80%
Dividend yield	0%	0%	0%
Risk-free interest rate	3.659%	3.825%	1.416%

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The expected life of the options was determined with reference to the historical share price records of the Company and the expected volatility was determined with reference to the historical volatilities of the share prices of the Company over the period that is equal to the expected life of the options before the grant date.

Tranche One

On 23rd March, 2007, 3,050,000 and 8,860,000 share options were granted to directors and employees of the Group, respectively. These share options entitle the holders thereof to subscribe for shares of HK$0.10 each in the Company at a subscription price of HK$1.52 per share during the exercisable period from 23rd March, 2007 to 22nd March, 2017. For outstanding share options not yet exercised, the subscription price was adjusted to HK$0.38 per share as a result of the bonus issue which became effective on 7th November, 2007 as described in note 33 (g).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

35. SHARE OPTION SCHEME *(Continued)*

Tranche Two

On 23rd May, 2007, 231,000 share options were granted to employees of the Group. These share options entitle the holders thereof to subscribe for shares of HK$0.10 each in the Company at a subscription price of HK$1.52 per share during the exercisable period from 23rd May, 2007 to 22nd May, 2017.

Tranche Three

On 3rd December, 2007, 26,936,000, 2,188,000 and 77,940,000 share options were granted to directors, employees (other than directors) and other participants, respectively. These share options entitle the holders thereof to subscribe for shares of HK$0.10 each in the Company at a subscription price of HK$1.22 per share during the exercisable period from 3rd December, 2007 to 2nd December, 2017.

As at the date of this report, a total of 259,968,280 shares are available for issue under the Share Option Scheme which represents approximately 8.1% of the issued share capital of the Company as at the date of this report.

36. DISPOSAL OF SUBSIDIARIES

On 24th April, 2007 and 22nd August, 2007, the Group entered into sale and purchase agreement to dispose of its 80% and 100% equity interests in Success Harbour International Limited ("Success Harbour") and Poly Power Group Limited ("Poly Power") for consideration of HK$150,000,000 and HK$130,000,000 respectively. Success Harbour's principal activity is investment in an associate which principally engaged in providing medical consultation, health care and related consultation services through a general hospital it owns in the PRC. Poly Power is an investment holding company and its subsidiaries are engaged in the power generation. The disposal of Poly Power and its subsidiaries ("Poly Power Group") constitutes a discontinued operation of the Group as described in note 37.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

The aggregate amounts of net assets and liabilities of Success Harbour at the date of disposal were:

	2007
	HK$'000
NET ASSETS DISPOSED OF	
Interest in an associate	**141,300**
Total consideration	**141,300**
Satisfied by:	
Cash	**50,000**
Deferred consideration *(Note)*	**91,300**
	141,300
Net cash inflow arising on disposal:	
Cash consideration received	**50,000**

The subsidiary disposed of during the year did not contribute significantly to the revenue, operating results or cash flows of the Group.

The aggregate amounts of net assets and liabilities of Poly Power Group at the date of disposal were:

	2007
	HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	**408,333**
Prepaid lease payments	**9,240**
Deferred tax assets	**2,641**
Inventories	**4,827**
Trade and other receivables	**50,422**
Pledged bank deposits	**24,912**
Bank balances and cash	**2,320**
Trade and other payables	**(87,035)**
Bills payable	**(31,140)**
Bank and other borrowings	**(174,478)**
Provision for litigation claims	**(94,669)**
Amount due to a minority shareholder of subsidiaries	**(7,913)**
Deferred tax liabilities	**(4,622)**
	102,838
Gain on disposal of subsidiaries	**27,162**
Total consideration	**130,000**
Satisfied by:	
Cash	**30,000**
Consideration *(Note)*	**100,000**
	130,000
Net cash inflow arising on disposal:	
Cash consideration received	**30,000**
Bank balances and cash disposed of	**(2,320)**
	27,680

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

Note: Part of the considerations with carrying amounts totaling HK$99,400,000 to be received by the Group from disposal of Success Harbour and Poly Power Group is classified as non-current assets according to the payment terms of the respective sale and purchase agreements.

During the year ended 31st December, 2006, the Group disposed of its entire equity interests in several subsidiaries that are engaged in the business of insurance brokerage, investment management of offshore funds and asset management. The aggregate amounts of net assets and liabilities of these subsidiaries at the date of disposal were:

	2006
	HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	6
Other receivables	1,838
Other payables	(2,000)
Bank balances and cash	360
	204
Gain on disposal of subsidiaries	20
Total consideration	224
Satisfied by:	
Cash	224
Net cash outflow arising on disposal:	
Cash consideration received	224
Bank balances and cash disposed of	(360)
	(136)

The subsidiaries disposed of during the year did not contribute significantly to the revenue, operating results or cash flows of the Group.

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For the year ended 31st December, 2007

37. DISCONTINUED OPERATION

As described in note 36, the Group disposed of its entire equity interests in several subsidiaries that are engaged in the power generation.

The profit/(loss) from the discontinued operation which has been included in the consolidated income statement is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit/(loss) for the year from discontinued operation:		
Revenue	**151,995**	173,821
Expenses	**(148,740)**	(259,436)
Profit/(loss) before tax	**3,255**	(85,615)
Income tax expenses	**(1,862)**	(1,437)
Gain on disposal of subsidiaries	**27,162**	–
Profit/(loss) for the year from discontinued operation	**28,555**	(87,052)
Cash flow from discontinued operation:		
Net cash flow from operating activities	**37,392**	31,902
Net cash flow from investing activities	**(4,281)**	(35,585)
Net cash flow from financing activities	**(31,964)**	5,452
Total net cash inflow	**1,147**	1,769

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For the year ended 31st December, 2007

38. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

	2007	2006
	HK$'000	*HK$'000*
Operating lease rentals in respect of land and buildings	**2,144**	1,474

At the balance sheet date, the Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2007	2006
	HK$'000	*HK$'000*
Within one year	**7,042**	423
In the second to fifth year inclusive	**7,133**	214
	14,175	637

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of three years with fixed rentals.

39. CAPITAL COMMITMENTS

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**6,020**	1,147

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

40. PLEDGE OF ASSETS

At 31st December, 2006, the property, plant and equipment of HK$159,198,000 and bank deposits of HK$25,003,000 of the Group's power generation operation were pledged to secure banking and other facilities granted to the Group. At 31st December, 2007, no asset of the Group was pledged as the power generation group was disposed of during the year ended 31st December, 2007 as described in note 37.

In addition, at the balance sheet date, the Group's equity interest in Equal Link Investments Limited, a wholly-owned subsidiary of the Company which in turn holds 30% equity interest in the jointly controlled entity, was pledged to an independent third party for credit facilities granted to the Group. At 31st December, 2007, an amount of HK$50,000,000 (2006: HK$50,000,000) of such facilities was utilised. Subsequent to 31st December, 2007, the amount was fully repaid.

41. OTHER RESTRICTION OF ASSETS

During the year ended 31st December, 2004, the Group entered into a long-term bank loan agreement. Pursuant to the terms of this agreement, a subsidiary of the Company engaging in the power generation business had pledged its tariff collection right to a bank to secure banking facilities granted to the Group. At 31st December, 2007, no tariff collection of the Group was pledged as the power generation operation was disposed of during the year ended 31st December, 2007 as described in note 37 (2006: HK$ HK$4,665,000).

42. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, this contribution is matched by employees.

The employees of the Group's subsidiaries established in the PRC are members of state-managed retirement benefits schemes operated by the local government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligations of the Group with respect to the retirement benefits schemes are to make the specified contributions.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

43. CONTINGENT LIABILITIES

At 31st December, 2007, no material contingent liabilities of the Group and the Company were noted. At 31st December, 2006, the directors of the Company considered that the fair value of the financial guarantee given to a bank in respect of banking facilities of HK$4,000,000 utilised by an outside supplier is insignificant.

In addition, the Group's share of contingent liabilities of its associate as at 31st December, 2006 was as follows:

	Amount utilised		Amount recognised as provision for financial guarantees	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial guarantees given to banks in respect of banking facilities utilised by certain outside parties	**–**	36,106	**–**	14,010

44. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, during the year, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 11 is as follow:

	2007	2006
	HK$'000	*HK$'000*
Short term employee benefits	**3,997**	3,099
Equity settled share-based payment expenses	**14,550**	–
Retirement benefits schemes contributions	**142**	105
	18,689	3,204

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

44. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

During the year, the Group had the following material transactions with related parties:

Name of related party	**Relationship**	**Nature of transactions**	**2007** ***HK$'000***	2006 *HK$'000*
Oriental Genesis Lmited	A director of the Company has beneficial interests	Subscription of ordinary shares *(Note (a))*	**81,898**	–
Oriental Genesis Limited	A director of the Company has beneficial interests	Subscription of convertible notes *(Note (b))*	**150,000**	–

Notes:

(a) Oriental Genesis Limited, a company indirectly wholly-owned by Mr. Suen Cho Hung, Paul, an executive director, Chairman and substantial shareholder of the Company, subscribed 53,528,000 shares of the Company under a placing and subscription agreement, details of which are set out in note 33(e).

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(b) Oriental Genesis Limited subscribed convertible notes issued by the Company in aggregate principal amount of HK$150,000,000 under a placing agreement, details of which are set out in note 32.

45. COMPARATIVE FIGURES

As a result of adopting HKFRS 7, Financial Instruments: Disclosures, and the amendments to HKAS I, Presentation of Financial Statements: Capital Disclosures, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2007. Further details of these changes are disclosed in note 2.

46. POST BALANCE SHEET EVENTS

The following significant events took place subsequent to 31st December, 2007:

(a) On 7th November, 2007, the Company entered into a conditional share purchase and subscription agreement and on 28th February, 2008 entered into an amending agreement to acquire 5,000,000 shares (representing approximately 12.19% interest) in YTC Resources Limited whose shares are listed on the Australian Securities Exchange. The consideration will be satisfied by the issue of 89,055,556 of the Company's shares. In addition, the vendor will, at a cash consideration of approximately HK$60 million, to further subscribe 110,944,444 of the Company's shares. Details of the acquisition are set out in the Company's announcements dated 13th November, 2007, 29th February, 2008 and the circulars dated 4th December, 2007 and 20th March, 2008.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2007

46. POST BALANCE SHEET EVENTS *(Continued)*

(b) On 24th December, 2007, the Company entered into a conditional sale and purchase agreement to acquire the entire issued share capital of Jebson Investments Limited and a shareholder's loan at an aggregate consideration of HK$700 million (subject to adjustments). Deposits and other amounts paid in relation to the acquisition up to 31st December, 2007 was approximately HK$144,715,000. The acquisition was approved by shareholders and completed in March 2008. Details of the acquisition are set out in the Company's announcement dated 4th January, 2008 and the circular dated 22nd February, 2008.

47. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 21st April, 2008.

Five Year Financial Summary

	2003 *HK$'000*	2004 *HK$'000*	2005 *HK$'000*	2006 *HK$'000*	**2007** ***HK$'000***
RESULTS					
Revenue	418,348	140,617	376,521	616,717	**1,008,256**
Profit/(loss) before taxation	14,358	(14,580)	(75,000)	(258,213)	**79,734**
Income tax (expense)/credit	(1,424)	1,102	(1,898)	(1,438)	**(6,375)**
Profit/(loss) for the year	12,934	(13,478)	(76,898)	(259,651)	**73,359**
Profit/(loss) attributable to:					
Equity holders of the Company	13,644	(10,698)	(75,614)	(238,132)	**75,319**
Minority interests	(710)	(2,780)	(1,284)	(21,519)	**(1,960)**
	12,934	(13,478)	(76,898)	(259,651)	**73,359**

	2003 *HK$'000*	2004 *HK$'000*	2005 *HK$'000*	2006 *HK$'000*	**2007** ***HK$'000***
ASSETS AND LIABILITIES					
Total assets	889,966	1,053,392	945,997	761,367	**1,136,063**
Total liabilities	(343,434)	(507,448)	(452,701)	(497,386)	**(160,641)**
	546,532	545,944	493,296	263,981	**975,422**
Equity attributable to equity holders of the Company	522,320	524,512	473,142	262,650	**975,422**
Minority interests	24,212	21,432	20,154	1,331	**–**
	546,532	545,944	493,296	263,981	**975,422**

For consistent presentation, certain figures have been restated and reclassified as appropriate.