智富能源金融(集團)有限公司*

Smart Rich Energy Finance (Holdings) Ltd.

(Incorporated in Bermuda with limited liability)
Stock Code: 1051

Annual Report 2008

* For identification purpose only

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. Wong Kam Fu *(Chairman)*
Dr. Lew Mon Hung *(Deputy Chairman)*
Mr. Wah Wang Kei, Jackie *(Managing Director)*
Mr. Tam Wai Keung, Billy *(Vice President)*
Mr. Wong Hong Loong
Mr. Sin Chi Keung, Mega

Independent Non-Executive Directors

Mr. Wong Che Man, Eddy
Mr. Tang King Fai
Mr. Dai Zhongcheng

Audit Committee

Mr. Wong Che Man, Eddy *(Chairman)*
Mr. Tang King Fai
Mr. Dai Zhongcheng

Remuneration Committee

Mr. Wong Che Man, Eddy *(Chairman)*
Mr. Tang King Fai
Mr. Dai Zhongcheng

Qualified Accountant & Company Secretary

Ms. Cheng Sau Man

Auditor

SHINEWING (HK) CPA Limited

Legal Advisors

Hong Kong: K&L Gates
Bermuda: Appleby

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited

Share Registrars

Hong Kong

Union Registrars Limited
Rooms 1901-02
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai, Hong Kong

Bermuda

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08, Bermuda

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business

Suite 1606-07, 16/F
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

Website

http://www.creditcarddna.com

Executive Directors

Wong Kam Fu, aged 62, was appointed as the Chairman and executive director of the Company on 13 June 2000. Mr. K.F. Wong has extensive experience and connections in the electronic industry. He achieved numerous awards including the "Hong Kong Young Industrialist Awards 1990" and the 3rd and 4th "World Genius Convention" in 1989 (Golden Award) and 1990 (Silver Award) respectively and his inventions won extensive public recognition. From January 1996 to June 1999, he was the Chairman of Hong Kong Radio Paging Association. Due to his distinguished achievements in the paging industry and his contributions to China affairs, he was appointed "Hong Kong Affairs Adviser" in April 1995. In November 1996, he was appointed as member for the First Election Committee for Hong Kong Special Administrative Region. Mr. K.F. Wong has been engaged in the telecommunications and internet related business for over 20 years.

Mr. K.F. Wong is interested in 603,121,089 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, representing approximately 16.15% of the issued share capital of the Company as at the date of this letter. Mr. K.F. Wong is the father of Mr. Wong Hong Loong, an executive director of the Company, and is also the sole director and beneficial owner of Sheung Hai Developments Limited, a substantial shareholder of the Company.

Lew Mon Hung, aged 59, was appointed as an executive director and the deputy chairman of the Company on 7 January 2002 and 18 April 2008, respectively. Dr. Lew is a committee member of the 11th National Committee of the Chinese People's Political Consultative Conference and Foreign Affairs Committee. Dr. Lew was appointed as a part-time member of the Government of the HKSAR Central Policy unit for the year of 2006 and 2007. Dr. Lew is currently the chief consultant of Core Pacific – Yamaichi International (HK) Ltd. and a director of the Mirror Post Cultural Enterprise Co. Ltd.. He also had been director, chief executive and chief consultant of various financial institutions. Dr. Lew has extensive experience in corporate financing and takeovers activities and has established good relationship and connection with both financial and political sectors in Hong Kong.

Wah Wang Kei, Jackie, aged 41, was appointed as an executive director and the managing director of the Company on 9 April 2008. Mr. Wah graduated from The University of Hong Kong in 1990. He is a practising solicitor in Hong Kong and was qualified as a solicitor in 1992. Mr. Wah was a partner of Vivien Chan and Company, a law firm in Hong Kong until 1997 and is a consultant of Messrs. Beiten Burkhardt, an international law firm.

Tam Wai Keung, Billy, aged 45, was appointed as an executive director and vice president of the Company on 26 January 2006. Mr. Tam had been the chairman and executive director of China Financial Industry Investment Fund Limited, a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), and the founder and the chief executive officer of iLink Holdings Limited, which was listed on the Growth Enterprises Market of the Stock Exchange and was privatized in December 2003. Mr. Tam is also a director and technical consultant for a nationwide digital TV project in the People's Republic of China. Mr. Tam graduated with a bachelor degree in electrical engineering from Seattle University, United States.

Biographical Details of Directors and Senior Management

Executive Directors (Continued)

Wong Hong Loong, aged 30, was appointed as an executive director of the Company on 24 June 2004. He obtained a bachelor degree in Mathematics from the University of Toronto in 2003. Mr. H.L. Wong has extensive experience in marketing and business management. Mr. H.L. Wong is the son of Mr. K.F. Wong, the Chairman of the Company.

Sin Chi Keung, Mega, aged 44, was appointed as an executive director of the Company on 26 January 2006. Mr. Sin is at present the director of Inno Network Media Limited which is a company engaged in HuangGang Cross Border Bus Media advertising business. Mr. Sin had been worked as a director in a company which business is to provide tailor-made corporate level Bus Media advertising solutions to corporations of different ranks and involved in the overall business development strategies covers the varieties of through-the-line activities in the brand name building and creatively formulating marketing strategies to achieve corporate objectives. Mr. Sin holds a bachelor's degree in Business from La Trobe University, Bendigo, Australia.

Independent Non-Executive Directors

Wong Che Man, Eddy, aged 48, was appointed as an independent non-executive director of the Company on 24 June 2004. Mr. Eddy Wong is at present the sole proprietor of Eddy Wong & Co CPA. He is a fellow member of the Chartered Association of Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Eddy Wong is also at present an independent non-executive director of Sun Hing Vision Group Holdings Limited, a company listed on the Main Board of the Stock Exchange.

Tang King Fai, aged 44, was appointed as an independent non-executive director of the Company with effect from 22 May 2006. Mr. Tang graduated with a Bachelor of Arts degree in Broadcast Journalism from the University of Washington in the United States. Mr. Tang was the executive director and compliance officer of iLink Holdings Limited which was listed on the Growth Enterprises Market of the Stock Exchange and this company was privatized in December 2003. Mr. Tang has over 19 years of media, research and marketing experience gained from senior positions at Asia Television Limited and at KTSF-TV, San Francisco, the United States. He was also the anchorman and principal reporter of Asia Television Limited.

Dai Zhongcheng, aged 46, was appointed as an independent non-executive director of the Company on 12 June 2007. Mr. Dai graduated with a Bachelor of Engineering degree from the Gansu University of Technology in the People's Republic of China ("PRC"). Mr. Dai is also at present an executive director of Sunny Global Holdings Limited, a company listed on the Main Board of the Stock Exchange. He is also an economist and a guest professor of the Training Centre, the General Office of the National People's Congress. He has been involved in the financial industry and assets and capital market in PRC for more than 20 years.

Senior Management

Cheng Sau Man, aged 34, was appointed as Company Secretary and Qualified Accountant of the Company on 1 November 2007. Ms. Cheng is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

The Directors of Smart Rich Energy Finance (Holdings) Limited are pleased to present the Group's annual report incorporated with the audited financial statements for the financial year ended 30 June 2008.

Results

For the year ended 30 June 2008, the Group's turnover amounted to approximately HK$14.67 million, comparing to approximately HK$6.84 million reported for the financial year of 2007. The increment of approximately 115% is mainly contributed by the steadily growth in the existing business segment in the provision of financial information services and the new business segment in trading of electronics goods and accessories which was commenced in March 2008. Loss attributable to equity holders of the Company for the current year was approximately HK$203.01 million, compared to loss of approximately HK$43.51 million in the corresponding year of 2007, representing an increase of 367%. Such increment was mainly due to (i) the recognition of share-based payment expense of approximately HK$29.15 million upon the granting of share options under the Share Option Scheme during the year; (ii) the recognition of an impairment loss in the amount of approximately HK$98.67 million in respect of the fair value of the available-for-sale investments of 36% equity interests in Madagascar Petroleum International Limited ("MPIL") as at 30 June 2008 in considering the market value of 253,571,428 ordinary shares of Sino Union Petroleum & Chemical International Limited ("SUNPEC") (Stock code: 346) (being consideration shares received by the Company from the Company's disposal of its 36% equity interest in MPIL) as at the date of completion of the Company's disposal of its 36% equity interest in MPIL (i.e. 7 August 2008); (iii) recognition of impairment loss in respect of the refundable deposit of approximately HK$23.31 million paid to Guoye PRC Inc. ("Guoye") as described in note 35 to the financial statements in considering the litigation with Guoye and Susan So and the possibility of recovering same; (iv) additional operating expenses incurred for business expansion during the year; and (v) increased administrative expenses in relation to the Company's search of new business opportunities in different countries including Mongolia, Kazakhstan and Indonesia.

Business Review

During the year ended 30 June 2008, DNA security service, DNA Mobile email services and financial information services (WINFCS) were still the Group's core business segment. Apart from these, the Group continued to diversify its business scope into natural resources exploitation industry by investing in MPIL and looking for business opportunities in natural resources in Mongolia, Kazakhstan and Indonesia. In addition, the Group commenced a new line of business on trading of electronic goods and accessories in March 2008. This new business segment contributed a turnover of approximately HK$6.81 million, which accounted for 46% of the total turnover of the Group for the financial year ended 30 June 2008.

During the year ended 30 June 2008, the Group's financial information service (WINFCS) recorded a turnover of approximately HK$3.87 million (2007: approximately HK$2.85 million) which accounted for 26% of the total turnover.

The DNA security service and DNAPAY service contributed HK$3.99 million to the Group's total turnover for the year ended 30 June 2008, representing 27% of the turnover. The performance of the business segment is fairly stable in the years of 2008 and 2007.

Net Asset Value

As at 30 June 2008, the Group's total net asset amounted to approximately HK$463.34 million, represented an increase of 54% comparing to approximately HK$301.08 million as at 30 June 2007. Based on the total number of 3,740,843,782 shares issued as at 30 June 2008, net asset value per share was HK12.39 cents.

Liquidity and Financial Resources

The Group recorded a net cash inflow of approximately HK$54.12 million during the year ended 30 June 2008. At 30 June 2008, cash and bank balances of the Group amounted to approximately HK$80.44 million (2007: approximately HK$24.94 million). The bank deposit of approximately HK$6.92 million pledged to a bank to secure general banking facilities granted to a subsidiary of the Group as at 30 June 2007 was released upon the expiry of the respective general banking facilities during the year ended 30 June 2008, and a bank deposit of approximately HK$0.16 million was pledged to a bank to secure a merchant account of a subsidiary (2007: approximately HK$0.16 million).

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil at 30 June 2008 (2007: nil) as the Group did not have any borrowings as at 30 June 2007 and 2008.

The Group conducted most of its business in Renminbi, United States dollars and Hong Kong dollars. It does not have any significant exposure to foreign exchange fluctuation.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the year ended 30 June 2008, the Group has increased its investment in the equity interest of MPIL, through its acquisition of the entire issued capital of Dormer Group Limited ("Dormer"), from 21% to 36%. Subsequent on 17 April 2008, Hopestar Group Limited, Dorson Group Limited and Dormer, wholly owned subsidiaries of the Company, entered into a sale and purchase agreement with Rich Theme Holdings Limited, a wholly owned subsidiary of SUNPEC, to dispose of the 36% equity interest in MPIL (the "Disposal"). The Disposal was duly completed subsequent to the balance sheet date on 7 August 2008.

Save as disclosed above, there was no material acquisitions or disposals of subsidiaries or associated companies during the year.

Business Outlook

The Board is pleased to advise the shareholders that we have timely realized the Group's investment in MPIL. Through the disposal of the Group's 36% equity interest in MPIL, the Group has received HK$100 million in cash and 253,571,428 new share of SUNPEC (the "SUNPEC shares"). The issued price of HK$2.8 per each SUNPEC shares was agreed based on reliance of certain representations made by SUNPEC. The Board believes that when SUNPEC delivers those representations, the Group will be benefited from the appreciation of value of the SUNPEC shares held by the Group.

Business Outlook (Continued)

The Board is aware of the limitation of growth and development in its existing businesses, namely DNA Security services, financial information services (WINFCS) and trading of electronic goods and accessories. Accordingly, the Board will continue to search for investment opportunities in the energy and natural resources sectors. The Deputy Chairman of the Group, Dr. Lew Mon Hung, and our Managing Director, Mr. Wah Wang Kei, Jackie, visited Ghana of Africa in September 2008. They have met with His Excellency, the President of Ghana, and the managing director of Ghana National Petroleum Corporation ("GNPC"). GNPC has provided preliminary information on one oilfield block and one exploration suggestion for the Company's consideration. The Company is talking to a prospective partner who is a major player specialized in offshore oilfield exploration to cooperate to invest in Ghana. Ghana found oil in 2007. The Board is also keeping their eyes open for investment opportunities in other countries, like Mongolia and Indonesia.

Looking forward, the Board takes the view that the investment environment in the remaining months of 2008 and for the whole year of 2009 will be very difficult. Having said that, however, the Board also believes that asset price and project valuation will be becoming more reasonable. The Board shall continue to search for new business opportunities to plant the seed for the future. At the same time the Board is taking steps to streamline the Company's operations to save operation costs.

Human Resources

As at 30 June 2008, the Group had 27 and 50 employees in Hong Kong and Mainland China respectively. Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund and performance bonus.

According to the share option scheme adopted by the Company on 30 July 2004, share options may be granted to directors and eligible employees of the Group to subscribe for shares in accordance with the terms and conditions stipulated therein.

Appreciation

On behalf of the Board, I would take this opportunity to express my appreciation to the continuous support of our shareholders and dedication of all our staff over the past year.

Wong Kam Fu
Chairman

Hong Kong, 3 October 2008

The Board is pleased to present their report and the audited financial statements for the year ended 30 June 2008.

Principal Activities

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries and the Group's jointly controlled entity as at 30 June 2008 are set out in notes 40 and 18 to the financial statements.

Results

The results of the Group for the year ended 30 June 2008 are set out in the consolidated income statement on page 25 of the annual report.

The Board do not recommend the payment of a dividend for the year.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 87 of the annual report.

Share Capital and Share Options

During the year, the Company through private placement of shares, issued and allotted 81,800,000 shares and 100,000,000 shares in the Company of HK$0.01 each at the price of HK$0.63 and HK$0.47 per share, respectively.

In addition, 413,896,104 shares of HK$0.01 each were issued as the consideration for the acquisition of a subsidiary. The quoted price available at the date of acquisition was HK$0.57 per share.

As a result of the exercise of the options to subscribe for shares in the Company, the Company further issued and allotted 833,333 shares of HK$0.01 each at an exercise price of HK$0.348 per share.

Details of the movements in the share capital and share options of the Company during the year are set out in notes 29 and 30 to the financial statements respectively.

Reserves

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on pages 28 to 29 of the annual report.

Property, Plant and Equipment

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

Investment Properties

All investment properties of the Group were fair valued at 30 June 2008. Details of movements during the year in investment properties of the Group are set out in note 16 to the financial statements and the particulars and interest of the Group are set out on page 88 of the annual report.

Directors

The directors of the Company (the "Directors") during the year and up to the date of this report are:

Executive Directors:

Wong Kam Fu *(Chairman)*
Lew Mon Hung *(Deputy Chairman)*
Wah Wang Kei, Jackie *(Managing Director)* (appointed on 9 April 2008)
Tam Wai Keung, Billy *(Vice President)*
Wong Hong Loong
Sin Chi Keung, Mega
Edward Patrick Jacobson (retired on 28 November 2007)

Non-Executive Directors:

Frank Douglas Magnus (retired on 28 November 2007)
Tang Yantian (retired on 28 November 2007)

Independent Non-Executive Directors:

Wong Che Man, Eddy
Tang King Fai
Dai Zhongcheng

In accordance with clause 99 of the Company's Bye-laws, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation. Accordingly, Mr. Sin Chi Keung, Mega, Mr. Wong Che Man, Eddy and Mr. Tang King Fai will retire by rotation at the forthcoming annual general meeting. Each of Mr. Wong Che Man, Eddy and Mr. Tang King Fai, being eligible, have offered themselves for re-election. Mr. Sin Chi Keung, Mega has indicated that he will not offer himself for re-election due to personal reasons. Mr. Sin has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that will need to be brought to the attention of the Shareholders.

In accordance with clause 102(B) of the Company's Bye-laws, any Director appointed to fill an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Thus, Mr. Wah Wang Kei, Jackie, being the newly appointed Director will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

The term of office of each Non-Executive Director is the period from the date of appointment up to his retirement by rotation as required by the Company's Bye-laws.

No Director being proposed for re-election at the forthcoming annual general meeting has any 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.

Purchase, Sale or Redemption of the Company's Listed Securities

The Company has not redeemed any of its securities during the year ended 30 June 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

Directors' Interests in Securities

At 30 June 2008, the interests and short positions of the Directors of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code"), were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long positions in shares, underlying shares of the Company

	Number of *shares / underlying shares					
Name of Director	Personal interests	Corporate interests	Share options	Total	Approximate % of the issued share capital of the Company	*Note*
Wong Kam Fu ("Mr. KF Wong")	120,091,666	483,029,423	–	603,121,089	16.12%	1
Lew Mon Hung	29,452,666	–	13,740,000	43,192,666	1.15%	
Wah Wang Kei, Jackie	–	–	20,000,000	20,000,000	0.53%	
Tam Wai Keung, Billy	24,833,333	–	10,000,000	34,833,333	0.93%	
Wong Hong Loong	3,000,000	–	13,740,000	16,740,000	0.45%	
Sin Chi Keung, Mega	–	–	1,000,000	1,000,000	0.03%	
Wong Che Man, Eddy	200,000	–	1,000,000	1,200,000	0.03%	
Tang King Fai	600,000	–	1,000,000	1,600,000	0.04%	
Dai Zhongcheng	–	–	1,000,000	1,000,000	0.03%	

* *Ordinary shares unless otherwise specified in the Note*

Note:

1. 372,404,423 and 110,625,000 shares are held by Sheung Hai Developments Limited ("Sheung Hai") and Alpha Logistics Group Limited ("Alpha Logistics") respectively. Sheung Hai and Alpha Logistics were wholly owned by Mr. KF Wong. By virtue of SFO, Mr. KF Wong is deemed to be interested in all of the 483,029,423 shares.

Save as disclosed above, none of the Directors of the Company nor their associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 30 June 2008.

Share Option

Particulars of the share option scheme of the Company are set out in note 30 to the financial statements.

Details of the movements in the share options during the year ended 30 June 2008 are as follows:

Name or Category of participants	Date of grant	Exercisable period	Exercise price *HK$*	Outstanding as at 1.7.2007	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 30.6.2008	Market value per share at date of grant of options *HK$*	Option value per share *HK$*
(a) Directors											
Lew Mon Hung	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	13,740,000	–	–	–	13,740,000	0.2500	0.0837
Tam Wai Keung, Billy	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	10,000,000	–	–	–	10,000,000	0.2500	0.0837
Wah Wang Kei, Jackie	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	20,000,000	–	–	–	20,000,000	0.2500	0.0837
Wong Hong Loong	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	13,740,000	–	–	–	13,740,000	0.2500	0.0837
Sin Chi Keung, Mega	07.02.2006	07.02.2006 - 06.02.2008	0.3480	833,333	–	(833,333)	–	–	–	0.3420	0.0930
	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	1,000,000	–	–	–	1,000,000	0.2500	0.0837
Wong Che Man, Eddy	07.02.2006	07.02.2006 - 06.02.2008	0.3480	333,333	–	–	–	(333,333)	–	0.3420	0.0930
	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	1,000,000	–	–	–	1,000,000	0.2500	0.0837
Tang King Fai	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	1,000,000	–	–	–	1,000,000	0.2500	0.0837
Dai Zhongcheng	08.01.2008	08.01.2008 - 07.01.2010	0.2550	–	1,000,000	–	–	–	1,000,000	0.2500	0.0837
Frank Douglas Magnus *(Note 1)*	03.01.2007	03.01.2007 - 02.01.2009	0.1520	8,000,000	–	–	–	–	8,000,000	0.1520	0.0542
Edward Patrick Jacobson *(Note 1)*	03.01.2007	03.01.2007 - 02.01.2009	0.1520	8,000,000	–	–	–	–	8,000,000	0.1520	0.0542
Tang Yantian *(Note 1)*	03.01.2007	03.01.2007 - 02.01.2009	0.1520	8,000,000	–	–	–	–	8,000,000	0.1520	0.0542
Total for Directors				25,166,666	61,480,000	(833,333)	–	(333,333)	85,480,000		

Share Option (Continued)

Name or Category of participants	Date of grant	Exercisable period	Exercise price HK$	Outstanding as at 1.7.2007	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 30.6.2008	Market value per share at date of grant of options HK$	Option value per share HK$
(b) Employees	08.01.2008	08.01.2008 - 07.01.2010	0.2550	-	271,000,000	-	(19,000,000)	-	252,000,000	0.2500	0.0837
	16.04.2008	16.04.2008 - 15.04.2010	0.2550	-	18,000,000	-	-	-	18,000,000	0.2040	0.0728
Total for employees				-	289,000,000	-	(19,000,000)	-	270,000,000		
(c) Others	02.04.2007	29.05.2007 - 28.05.2008	0.2280	400,000	-	-	-	(400,000)	-	0.2280	0.0661
Total for Scheme				25,566,666	350,480,000	(833,333)	(19,000,000)	(733,333)	355,480,000		

Note:

1. Messrs. Edward Patrick Jacobson, Frank Douglas Magnus and Tang Yantian retired as Directors of the Company on 28 November 2007.

Valuation of share options

The valuation of share options is set out in note 30 to the financial statements.

Retirement Benefits Scheme

Details of the Group's retirement benefits scheme for the year ended 30 June 2008 are set out in note 36 to the financial statements.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

Save as disclosed in the section headed "Directors' Interests in Securities" disclosed above, at no time during the year was the Company or its subsidiaries or jointly controlled entity a party to any arrangement that enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Save as disclosed above, none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

Directors' Interests in Contracts of Significance

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

Directors' Interest in Competing Business

During the year up to the date hereof, none of the Directors of the Company, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

Independent Non-Executive Directors

The Company has received from each of its independent non-executive Directors' written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules.

Discloseable Interests and Short Positions of Persons Other than Directors and Chief Executive

As at 30 June 2008, so far as known to the Directors or chief executives of the Company, the following persons/entity are the substantial shareholders (other than the interests and short positions of the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital	*Notes*
Sheung Hai Developments Limited ("Sheung Hai")	Beneficial owner	372,404,423	9.96%	1
Chu Yuet Wah ("Mrs. Chu")	Interest of a controlled corporation	316,610,290	8.46%	2
Ma Siu Fong ("Ms. Ma")	Interest of a controlled corporation	316,610,290	8.46%	3
Kingston Finance Limited ("Kingston Finance")	Security interest in shares	316,610,000	8.46%	2 & 3
Yi Xing Wu ("Mr. Yi")	Interest of a controlled corporation and beneficial owner	305,698,333	8.17%	4
China Sound Limited ("China Sound")	Beneficial owner	303,333,333	8.11%	4
Lam Yin Lok	Beneficial owner	255,416,234	6.83%	

Discloseable Interests and Short Positions of Persons Other than Directors and Chief Executive (Continued)

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

Notes:

1. Mr. KF Wong, a Director of the Company, is the ultimate beneficial owner of Sheung Hai. Under Part XV of the SFO, Mr. KF Wong is deemed to have interest in the shares of the Company held by Sheung Hai.

2. Mrs. Chu is deemed to be interested in these interests through her controlling interests of both 51% in Kingston Securities Limited and Kingston Finance respectively.

3. Ms. Ma is deemed to be interested in these interests through her controlling interests of both 49% in Kingston Securities Limited and Kingston Finance respectively.

4. Mr. Yi is the ultimate beneficial owner of China Sound. Under Part XV of the SFO, Mr. Yi is deemed to have interest in the shares of the Company held by China Sound.

Save as disclosed above, the Company has not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance or had otherwise notified the Company as at 30 June 2008.

Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year under review.

Major Customers and Suppliers

For the year ended 30 June 2008, the five largest customers accounted for approximately 70% of the Group's turnover and the largest customer included therein amounted to approximately 46%. Purchases from the five largest suppliers accounted for approximately 71% of the total purchase for the year and purchases from the largest supplier included therein amounted to approximately 40%.

At no time during the year, were any of the Directors, their associates or the shareholders of the Company, which to the knowledge of the Directors own more than 5% of the Company's issued share capital, have any interests in the above customers or suppliers.

Pre-emptive Rights

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

Emolument Policy

The emolument policy of the employees of the Group is set up by the board of Directors on the basis of their merit, qualifications and competence. The emoluments of the Directors of the Company are decided by the Directors, who are authorised by the shareholders in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics. The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 30 to the financial statements.

Public Float

From information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at all times during the year under review and as at the date of this report.

Corporate Governance

The information set out in pages 17 to 22 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

Post Balance Sheet Events

Details of significant post balance sheet events are set out in note 37 to the financial statements.

Audit Committee

The Company has established an audit committee with written terms of reference based upon the recommendations set out in "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code. The duties of the audit committee include reviewing the Company's annual reports and interim reports and providing advices and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

As at the date of this report, the audit committee comprises three independent non-executive Directors, namely, Mr. Wong Che Man, Eddy, Mr. Tang King Fai and Mr. Dai Zhongcheng, with Mr. Wong Che Man, Eddy being the chairman of the committee. The audited financial statements of the Company for the year ended 30 June 2008 have been reviewed by the audit committee.

Auditor

Ho and Ho & Company have been appointed as the auditors of the Company in May 2005 for the financial year ended 30 June 2005. As Ho and Ho & Company have joined with SHINEWING Certified Public Accountants in China and established SHINEWING (HK) CPA Limited, Ho and Ho & Company had resigned as auditor of the Company with effect from 20 December 2005 and SHINEWING (HK) CPA Limited have been appointed as new auditor of the Company with effect from the same date to fill the causal vacancy.

The accounts for the year ended 30 June 2006, 2007 and 2008 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment in the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Wah Wang Kei, Jackie
Managing Director

Hong Kong, 3 October 2008

The Group is committed to maintain a high standard of corporate governance and enhance its transparency so as to protect the shareholders' interest in general. The Group will continue to raise the standard to formalize the best practices of corporate governance as far as we could.

The Company has adopted the code provisions set out in the Code of Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance practices.

Board of Directors

As at 30 June 2008, the Board consisted of 6 executive directors, namely Mr. Wong Kam Fu (Chairman), Dr. Lew Mon Hung (Deputy Chairman), Mr. Wah Wang Kei, Jackie (Managing Director), Mr. Tam Wai Keung, Billy (Vice President), Mr. Wong Hong Loong and Mr. Sin Chi Keung, Mega and 3 independent non-executive directors ("INEDs") (collectively the "Directors"), namely Mr. Wong Che Man, Eddy, Mr. Tang King Fai and Mr. Dai Zhongcheng. There is no financial, business, family or other material/relevant relationship between the Directors, except that Mr. Wong Hong Loong is the son of Mr. Wong Kam Fu.

The principal functions of the Board are to supervise the management of the business and affairs; to approve the strategic plans, investment and funding decisions; to review the Group's financial performance and operative initiatives. The role of INEDs is to bring an independent and objective view to the Board's deliberations and decisions. Since one of the INEDs has appropriate professional qualifications, or accounting or related financial management expertise so that they are of sufficient caliber and number for their views to carry weight. The INEDs may also take independent professional advice at the Company's expense in carrying out their functions. Thus, the Board considers the current board size as adequate for its present operations. The Company has received from each of the INEDs, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

Board of Directors (Continued)

The Board will conduct meeting on a regular basis and on an ad hoc basis, as required by business needs. The Bye-laws of the Company allows board meetings to be conducted by way of telephone or videoconference. The Board held a total of 17 full board meetings during the year and the individual attendance records are as follows:

Name of Director	Number of Board Meetings Attended	Attendance Rate
Executive Directors		
Wong Kam Fu	17/17	100%
Lew Mon Hung	15/17	88%
Wah Wang Kei, Jackie *(appointed on 9 April 2008)*	3/3	100%
Tam Wai Keung, Billy	17/17	100%
Wong Hong Loong	15/17	88%
Sin Chi Keung, Mega	17/17	100%
Edward Patrick Jacobson *(retired on 28 November 2007)*	7/10	70%
Non-executive Directors		
Frank Douglas Magnus *(retired on 28 November 2007)*	1/10	10%
Tang Yantian *(retired on 28 November 2007)*	1/10	10%
Independent Non-executive Directors		
Wong Che Man, Eddy	10/17	59%
Tang King Fai	10/17	59%
Dai Zhongcheng	3/17	18%

Chairman and Chief Executive Officer

The post of Chairman and the Managing Director (in the case of the Company, Managing Director serves as the role of chief executive officer) are separate and are not held by the same individual to ensure their independence, accountability and responsibility. The Chairman, Mr. Wong Kam Fu, is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company. The Managing Director, Mr. Wah Wang Kei, Jackie supported by other members and the senior management, are responsible for managing the Group's business, implementing major strategies, making day-to-day decisions and coordinating overall business operations. The day-to-day running of the Company is delegated to the management, with divisional heads responsible for different aspects of the business.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions.

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year under review.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Wong Che Man, Eddy, Mr. Tang King Fai and Mr. Dai Zhongcheng, all of them are INEDs, and is chaired by Mr. Wong Che Man, Eddy. The Remuneration Committee reviews and determines the policy for the remuneration of directors and senior management.

The roles and duties of the Remuneration Committee include:

- to conduct regular review of the remuneration policy of the Group's Directors and senior management;
- to make recommendations to the Board on the policy and structure of the remuneration of the Company's Directors and senior management and on establishment of a formal and transparent procedure for developing remuneration policy;
- to make recommendations to the Board on remuneration packages of the Company's Directors;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review the proposals for the award of share options to executive directors and senior management based on their performance and contribution to the Company from time to time;
- to recommend the Board of the structure of long-term incentive plans for executive directors and certain senior management; and
- to review the Terms of Reference of the Remuneration Committee.

Remuneration Committee (Continued)

The Remuneration Committee met 4 times during the year and the individual attendance records are set out below:

Name of Member	Number of Remuneration Committee Meetings Attended	Attendance Rate
Wong Che Man, Eddy	4/4	100%
Tang King Fai	4/4	100%
Dai Zhongcheng	3/4	75%

Audit Committee

The Audit Committee consists of three INEDs, namely Mr. Wong Che Man, Eddy, Mr. Tang King Fai and Mr. Dai Zhongcheng. Mr. Eddy Wong is the Chairman of the Audit Committee and applies his professional qualifications in accounting and financial management expertise in directing the Audit Committee. In accordance with the terms of reference of the Audit Committee, the Audit Committee met at least twice a year to review the interim results and the final results of the Company. The terms of reference of the Committee are aligned with the recommendations set out in "A Guide For Effective Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code.

The major duties of the Audit Committee include:

- to consider the appointment of the external auditors and the audit fee;
- to discuss with the external auditors before the audit commences, the nature and scope of the audit and confirm their independence and objectivity;
- to review the interim and annual financial statements before submission to the Board;
- to discuss problems and observations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- to review external auditor's management letter and management's response;
- to review the internal audit reports covering the evaluation of internal controls; and
- to review the Terms of Reference of the Audit Committee.

The Audit Committee met 4 times during the year and the individual attendance records are set out below:

Name of Member	Number of Audit Committee Meetings Attended	Attendance Rate
Wong Che Man, Eddy	4/4	100%
Tang King Fai	4/4	100%
Dai Zhongcheng	1/4	25%

Auditor's Remuneration

The Group's principal independent external auditor is SHINEWING (HK) CPA Limited. Their reporting responsibilities on the financial statements of the Group are set out in the Independent Auditor's Report on pages 23 to 24 of this annual report.

The services provided by SHINEWING (HK) CPA Limited and the fees thereof for the financial year ended 30 June 2008 are as follows:

Nature of services	**2008** ***HK$'000***
Audit services	**350**
Non-audit services	**930**
	1,280

Nomination of Directors

The Company has not set up any nomination committee. Directors are responsible for identifying suitable qualified individuals for directorship and make recommendation to the Board for consideration. The Board will identify and recommend the proposed candidates to the Board for approval of an appointment as a director based on certain criteria such as appropriate experiences and personal skills that the nominated individual can bring into the Board, his or her capability to maintain and improve the competitiveness of the Company, and his or her ability to contribute to the Board in formulating Company's policies and strategies, as well as to the effective ways of discharging the Board's responsibilities.

Internal Control and Risk Management

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The Board, through the Audit Committee, has conducted annual review of the effectiveness of the Group's system of internal control. The Board is satisfied that the Group has fully complied with the code provisions ("Code Provision(s)") of the Corporate Governance Code on internal control during the year under review although an internal audit function has not been set up in the internal control system of the Group.

Corporate Governance Code

In the opinion of the Directors, throughout the year ended 30 June 2008, the Company has applied the principles of the Corporate Governance Code and complied with all the applicable Code Provisions thereof, except that the existing INEDs were not appointed for a specific term as required under the Code Provision A.4.1 but are subject to retirement by rotation and re-election at each annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

信永中和 ShineWing
SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

To the Shareholders of
Smart Rich Energy Finance (Holdings) Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Smart Rich Energy Finance (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 86, which comprise the consolidated balance sheet as at 30 June 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number : P04798

Hong Kong
3 October 2008

Consolidated Income Statement

For the year ended 30 June 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	(7)	**14,673**	6,838
Cost of sales		**(12,563)**	(4,868)
Gross profit		**2,110**	1,970
Other operating income		**4,163**	1,456
Distribution costs		**(1,413)**	(1,237)
Administrative expenses		**(59,831)**	(42,939)
Share-based payment expenses	(30)	**(29,152)**	(11,324)
Finance costs	(8)	**–**	(466)
Increase in fair value of investment properties	(16)	**8,423**	–
(Loss)/gain attributable to financial assets at fair value through profit or loss	(9)	**(4,649)**	1,819
Share of loss of a jointly controlled entity	(18)	**(679)**	(784)
Impairment loss recognised in respect of available-for-sale investments	(19b)	**(98,669)**	–
Impairment loss recognised in respect of deposit paid for acquisition of a subsidiary	(23)	**(23,313)**	–
Impairment loss recognised in respect of an intangible asset	(17)	**–**	(10,472)
Gain on disposal of partial interest in a jointly controlled entity	(18)	**–**	920
Gain on disposal of available-for-sale investments		**–**	11,242
Loss before income tax	(10)	**(203,010)**	(49,815)
Income tax	(11)	**(170)**	6,263
Loss for the year		**(203,180)**	(43,552)
Attributable to:			
– Equity holders of the Company		**(203,011)**	(43,506)
– Minority interests		**(169)**	(46)
		(203,180)	(43,552)
Dividend	(14)	**–**	–
Loss per share			
Basic	(12)	**(5.52) cents**	(1.72) cents

Consolidated Balance Sheet

As at 30 June 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	(15)	**4,743**	3,082
Investment properties	(16)	**20,227**	–
Intangible asset	(17)	**–**	–
Interest in a jointly controlled entity	(18)	**–**	598
Available-for-sale investments	(19)	**8,813**	140,020
Deposits paid for acquisition of properties	(20)	**–**	10,104
Deposit paid for the acquisition of a subsidiary	(19b)	**–**	100,000
		33,783	253,804
Current assets			
Temporary payments	(21)	**–**	7,838
Deposit paid for the acquisition of an available-for-sale investment	(22)	**3,283**	3,000
Deposit paid for the acquisition of a subsidiary	(23)	**–**	–
Trade and other receivables	(24)	**5,661**	2,502
Financial assets at fair value through profit or loss	(25)	**6,689**	6,338
Available-for-sale investments	(19)	**389,072**	–
Pledged bank deposits	(26)	**162**	7,076
Bank balances and cash	(26)	**80,441**	24,937
		485,308	51,691
Current liabilities			
Other payables		**4,040**	2,871
Deposit received for disposal of an available-for-sale investment	(19b)	**50,000**	–
Provision for taxation		**1,545**	1,545
		55,585	4,416
Net current assets		**429,723**	47,275
Total assets less current liabilities		**463,506**	301,079
Non-current liability			
Deferred taxation	(28)	**170**	–
Net assets		**463,336**	301,079

Consolidated Balance Sheet

As at 30 June 2008

	Note	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	(29)	**37,408**	31,443
Reserves		**425,928**	269,579
Equity attributable to equity holders of the Company		**463,336**	301,022
Minority interests		**–**	57
Total equity		**463,336**	301,079

The consolidated financial statements on pages 25 to 86 were approved and authorised for issue by the Board of Directors on 3 October 2008 and are signed on its behalf by :

Wah Wang Kei, Jackie
Director

Tam Wai Keung, Billy
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2008

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital redemption reserve	Other reserve	Share-based compensation reserve	Exchange translation reserve	Accumulated losses	Sub-total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2006	23,993	472,633	807	2,679	6,700	–	(332,401)	174,411	–	174,411
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	(2,679)	–	–	–	(2,679)	–	(2,679)
Exchange difference arising on translation of										
– the Group	–	–	–	–	–	(498)	–	(498)	–	(498)
– the jointly controlled entity	–	–	–	–	–	49	–	49	–	49
Loss for the year	–	–	–	–	–	–	(43,506)	(43,506)	(46)	(43,552)
Total recognised income and expenses for the year	–	–	–	(2,679)	–	(449)	(43,506)	(46,634)	(46)	(46,680)
Capital injection from a minority shareholder of a newly incorporated subsidiary	–	–	–	–	–	–	–	–	103	103
Issue of shares during the year	4,790	112,565	–	–	–	–	–	117,355	–	117,355
Issue of shares upon exercise of share options	2,660	59,410	–	–	(14,630)	–	–	47,440	–	47,440
Transaction costs attributable to issue of new shares	–	(2,874)	–	–	–	–	–	(2,874)	–	(2,874)
Recognition of equity-settled share based payment	–	–	–	–	11,324	–	–	11,324	–	11,324
Cancellation of share options	–	–	–	–	(1,957)	–	1,957	–	–	–
At 30 June 2007	31,443	641,734	807	–	1,437	(449)	(373,950)	301,022	57	301,079

Consolidated Statement of Changes in Equity

For the year ended 30 June 2008

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital redemption reserve	Other reserve	Share-based compensation reserve	Exchange translation reserve	Accumulated losses	Sub-total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2007	31,443	641,734	807	–	1,437	(449)	(373,950)	301,022	57	301,079
Exchange difference arising on translation of the										
– the group	–	–	–	–	–	1,478	–	1,478	15	1,493
– the jointly controlled entity	–	–	–	–	–	81	–	81	–	81
Loss for the year	–	–	–	–	–	–	(203,011)	(203,011)	(169)	(203,180)
Total recognised income and expenses for the year	–	–	–	–	–	1,559	(203,011)	(201,452)	(154)	(201,606)
Capital injection from a minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	97	97
Issue of shares during the year	1,818	96,716	–	–	–	–	–	98,534	–	98,534
Issue of shares for acquisition of a subsidiary	4,139	231,782	–	–	–	–	–	235,921	–	235,921
Issue of shares upon exercise of share options	8	359	–	–	(78)	–	–	289	–	289
Transaction costs attributable to issue of new shares	–	(130)	–	–	–	–	–	(130)	–	(130)
Recognition of equity-settled share based payment	–	–	–	–	29,152	–	–	29,152	–	29,152
Cancellation of share options	–	–	–	–	(1,648)	–	1,648	–	–	–
At 30 June 2008	**37,408**	**970,461**	**807**	**–**	**28,863**	**1,110**	**(575,313)**	**463,336**	**–**	**463,336**

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	Notes	2008 HK$'000	2007 HK$'000
Operating activities			
Loss before income tax		**(203,010)**	(49,815)
Adjustments for:			
Share of loss of a jointly controlled entity		**679**	784
Interest income		**(1,614)**	(1,072)
Dividend income		**(29)**	(16)
Finance costs		**–**	466
Depreciation		**1,213**	1,084
Service fee	(21)/(31)	**7,837**	–
Bad debts written off		**26**	–
Allowance for bad and doubtful debts		**1,146**	1,510
Share-based payment expenses		**29,152**	11,324
Loss/(gain) attributable to financial assets at fair value through profit or loss		**4,649**	(1,819)
(Gain)/loss on disposal of property, plant and equipment		**(7)**	16
Increase in fair value of investment properties		**(8,423)**	–
Exchange alignment on investment properties		**(1,700)**	–
Impairment loss recognised in respect of available-for-sale investments		**98,669**	–
Impairment loss recognised in respect of deposit paid for acquisition of a subsidiary		**23,313**	–
Gain on disposal of available-for-sale investments		**–**	(11,242)
Gain on disposal of partial interest in a jointly controlled entity		**–**	(920)
Impairment loss recognised in respect of an intangible asset		**–**	10,472
Operating cashflows before movements in working capital		**(48,099)**	(39,228)
Increase in trade and other receivables		**(4,276)**	(2,199)
Decrease in temporary payments		**1**	–
Increase/(decrease) in other payables		**1,169**	(330)
Net cash used in operating activities		**(51,205)**	(41,757)

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	Note	2008 HK$'000	2007 HK$'000
Investing activities			
Deposit paid for acquisition of a subsidiary		**(23,313)**	(100,000)
Acquisition of a subsidiary	(32)	**(11,800)**	–
Proceeds from disposal of available-for-sale investments		**–**	18,998
Purchases of financial assets at fair value through profit or loss		**(8,910)**	(8,895)
Deposits paid for acquisition of an available-for-sale investment		**(3,283)**	(3,000)
Proceeds from disposal of financial assets at fair value through profit or loss		**3,910**	7,212
Decrease/(increase) in pledged bank deposits		**6,914**	(1,813)
Interest received		**1,559**	1,072
Purchases of property, plant and equipment		**(3,419)**	(1,066)
Deposit received for disposal of an available-for-sale investment		**50,000**	–
Proceeds from disposal of property, plant and equipment		**665**	–
Dividend received		**29**	16
Acquisition of an available-for-sale investment		**(5,813)**	–
Increases in temporary payments		**–**	(7,838)
Capital contribution to a jointly controlled entity		**–**	(1,008)
Proceeds from partial disposal of a jointly controlled entity		**–**	1,001
Deposits paid for acquisition of properties		**–**	(764)
Repayment from a jointly controlled entity		**–**	700
Net cash from/(used in) investing activities		**6,539**	(95,385)
Financing activities			
Net proceeds from issue of shares by placement		**98,404**	114,481
Proceeds from issue of shares on exercise of share options		**289**	47,440
Capital injection from a minority shareholder		**97**	103
New bank borrowings raised		**–**	4,057
Repayment of bank borrowings		**–**	(6,000)
Interest paid		**–**	(466)
Net cash from financing activities		**98,790**	159,615
Net increase in cash and cash equivalents		**54,124**	22,473
Cash and cash equivalents at beginning of the year		**24,937**	2,983
Effect of foreign currency rate changes		**1,380**	(519)
Cash and cash equivalents at end of the year, represented by bank balances and cash		**80,441**	24,937

1. General Information

The Company is incorporated and registered as an exempted company in Bermuda with limited liability 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 Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and Suite 1606-07, 16 Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, respectively.

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

The Company acts as an investment holding company. The principal activities of its subsidiaries and jointly controlled entity are stated in notes 40 and 18, respectively.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 July 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation ("Int") 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transaction

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

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 12	Service Concession Arrangements[3]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[4]
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation[5]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 January 2008.
[4] Effective for annual periods beginning on or after 1 July 2008.
[5] Effective for annual periods beginning on or after 1 October 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

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

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

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

Minority interests

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consists 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.

3. Significant Accounting Policies (Continued)

Interest in a jointly controlled entities

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 jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, 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 (which includes any long-term interests that, in substance, form part of the Group's net investment in the 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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the costs of the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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 consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3. Significant Accounting Policies (Continued)

Intangible assets

Intangible assets acquired separately

Intangible asset represents the cost of acquisition of patents and technology for the provision of credit card security device and digital network authorisation services.

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated 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 cost 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 financial assets at fair value through profit or loss ("FVTPL"), 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.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loan 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 temporary payments, deposit paid for the acquisition of an available-for-sale investment, trade and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

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

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

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

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

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 Group's financial liabilities are mainly other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Other financial liabilities

Other financial liabilities including other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Derecognition

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

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 paid and payable is recognised in profit or loss.

Impairment losses (other than intangible assets with indefinite useful lives)

At each balance sheet date, the Group reviews the carrying amounts of its 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.

Where 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.

3. Significant Accounting Policies (Continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into know amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated balance sheets, cash and bank balances comprise cash on hand and at bank, including term deposits, which are not restricted as to use.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At 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, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. 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 Group (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 exchange translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. Significant Accounting Policies (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discounts and sales related taxes, proceeds from sales of financial assets at fair value through profit or loss/available-for-sale investments, interest income, dividend income and gross rental income received and receivable from investment properties.

Revenue from goods sold is recognised when title of goods sold has passed to the customers, which is at the time of delivery.

Service income is recognised when services are rendered.

Proceeds from sales of financial assets at fair value through profit or loss/available-for-sale investments are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.

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

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.

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

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

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

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

3. Significant Accounting Policies (Continued)

Equity settled share-based payment transactions (Continued)

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share-based compensation reserve).

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 or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the 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.

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

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.

3. Significant Accounting Policies (Continued)

Retirement benefits scheme

The retirement benefits scheme contributions relating to the mandatory provident fund scheme charged to the consolidated income statement represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

The amount of contributions payable to pension scheme in jurisdictions other than Hong Kong is charged to the consolidated income statement as an expense when employees have rendered services entitling them to the contributions.

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.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss 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.

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.

Borrowing costs

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

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other source. Actual results may differ from these estimates.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will impact the depreciation charges in the year in which the estimates change.

Estimated impairment of assets

At each balance sheet date, the Group reviews internal and external sources of information to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- interest in a jointly controlled entity;
- available-for-sale investments;
- deposit paid for acquisition of an available-for-sale investment;
- deposit paid for acquisition of a subsidiary; and
- temporary payments.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amounts.

The sources utilised to identify indications of impairment are often subjective in nature and the Group is required to use judgment in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given balance sheet date.

If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable value, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on the Group's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, the Group may perform such assessment utilising internal resources or the Group may engage external advisors to counsel the Group in making this assessment. Regardless of the resources utilitised, the Group is required to make many assumptions to make this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of any asset.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Share-based payment expenses

The share-based payment expense is subject to the limitations of the Black-Scholes-Merton Option Pricing Model and the uncertainty in estimates used by management in the assumptions. The estimates include limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life, and other relevant parameters of the share option model.

Allowance for bad and doubtful debts

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

5. Capital Risk Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, buy-backs shares or issue of new debt. No changes were made in the objectives, policies or processes for both years.

6. Financial Risk Management Objectives and Policies

	2008	2007
	HK$'000	*HK$'000*
Financial assets		
Loan receivables:		
Temporary payments	**–**	7,838
Deposit paid for the acquisition of an available-for-sale investment	**3,283**	3,000
Trade and other receivables	**5,549**	1,247
Pledged bank deposits	**162**	7,076
Bank balances and cash	**80,441**	24,937
	89,435	44,098
Available-for-sale investments	**397,885**	140,020
Financial assets at fair value through profit or loss	**6,689**	6,338
Financial liabilities		
Other financial liabilities:		
Other payables	**2,890**	1,827

The Group's major financial instruments include available-for-sale investments, temporary payments, deposits paid for the acquisition of an available-for-sales investment, trade and other receivables, pledged bank deposits, bank balances and cash, financial assets at fair value through profit or loss and other payables. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Fair value
The fair values of financial assets and financial liabilities reported in the consolidated balance sheet approximate their carrying amounts due to their immediate or short-term maturities.

Price risk
The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted in the Stock Exchange. The Group currently does not have a policy to hedge the equity security price risk as the management considers the Group's exposure to equity price risk is not significant.

6. Financial Risk Management Objectives and Policies (Continued)

Credit risk

The carrying amounts of trade and other receivables included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carrying a significant exposure to credit risk. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to maintain a balance between continuity of funding and flexibility through the use of bank borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

At 30 June 2008

	Within 1 year	**Total undiscounted cash flows**
	HK$'000	***HK$'000***
Other payables	**2,890**	**2,890**

At 30 June 2007

	Within 1 year	Total undiscounted cash flows
	HK$'000	*HK$'000*
Other payables	1,827	1,827

7. Turnover and Segment Information

Turnover represents the net amounts received and receivable for the followings :

	2008	2007
	HK$'000	*HK$'000*
Provision of financial information services	**3,872**	2,848
Provision of credit card security device and digital network authorisation services	**3,993**	3,963
Trading of electronic goods and accessories	**6,805**	–
Others	**3**	27
	14,673	6,838

7. Turnover and Segment Information (Continued)

(a) Business segments

For management purposes, the Group is currently organised into three (2007: two) operating divisions as detailed above. These divisions are the basis on which the Group reports its primary segment information. An analysis of the Group's turnover and contributions to operating results and segmental assets and liabilities by business segments is as follows:

For the year ended 30 June

	Provision of financial information services		Provision of credit card security device and digital network authorisation services		Trading of electronic goods and accessories		Others		Total	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
TURNOVER										
External sales	**3,872**	2,848	**3,993**	3,963	**6,805**	–	**3**	27	**14,673**	6,838
SEGMENT RESULT	**(1,278)**	(1,076)	**(6,595)**	(5,412)	**43**	–	**(19)**	(443)	**(7,849)**	(6,931)
Unallocated corporate expenses									**(76,274)**	(45,143)
Finance costs									**–**	(466)
(Loss)/gain attributable to financial assets at fair value through profit or loss									**(4,649)**	1,819
Gain on disposal of available-for-sale investments									**–**	11,242
Gain on disposal of partial interest in a jointly controlled entity									**–**	920
Share of loss of a jointly controlled entity									**(679)**	(784)
Increase in fair value of investment properties									**8,423**	–
Impairment loss recognised in respect of available-for-sale investments									**(98,669)**	–
Impairment loss recognised in respect of deposit paid for acquisition of a subsidiary									**(23,313)**	–
Impairment loss recognised in respect of an intangible asset									**–**	(10,472)
Loss before income tax									**(203,010)**	(49,815)
Income tax									**(170)**	6,263
Loss for the year									**(203,180)**	(43,552)

7. Turnover and Segment Information (Continued)

(a) Business segments (Continued)

At 30 June

	Provision of financial information services		Provision of credit card security device and digital network authorisation services		Trading of electronic goods and accessories		Others		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Segment assets	**4,707**	848	**6,086**	19,790	**–**	–	**12**	40	**10,805**	20,678
Investment properties									**20,227**	–
Interest in a jointly controlled entity									**–**	598
Available-for-sale investments									**397,885**	140,020
Temporary payments									**–**	7,838
Deposits paid for the acquisition of properties									**–**	10,104
Deposit paid for the acquisition of a subsidiary									**–**	100,000
Deposit paid for the acquisition of an available-for-sale investment									**3,283**	3,000
Unallocated corporate assets									**86,891**	23,257
Total assets									**519,091**	305,495
LIABILITIES										
Segment liabilities	**1,724**	1,294	**1,050**	1,542	**–**	–	**–**	18	**2,774**	2,854
Unallocated corporate liabilities									**52,981**	1,562
Total liabilities									**55,755**	4,416

7. Turnover and Segment Information (Continued)

(a) Business segments (Continued)

For the year ended 30 June

	Provision of financial information services		Provision of credit card security device and digital network authorisation services		Trading of electronic goods and accessories		Others		Total	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
OTHER INFORMATION										
Capital additions	**623**	117	**875**	240	**–**	–	**–**	–	**1,498**	357
Unallocated capital expenditure									**2,381**	709
									3,879	1,066
Depreciation	**115**	34	**521**	478	**–**	–	**12**	47	**648**	559
Unallocated depreciation									**565**	525
									1,213	1,084
Impairment loss recognised in respect of an intangible asset	**–**	–	**–**	10,472	**–**	–	**–**	–	**–**	10,472
Unallocated bad debts written off									**1,036**	–
Allowance for bad and doubtful debts	**–**	–	**568**	500	**–**	–	**–**	–	**568**	500
Unallocated allowance for bad and doubtful debts									**578**	1,010
Unallocated share-based payment expenses									**29,152**	11,324
Unallocated (gain)/loss on disposal of property, plant and equipment									**(7)**	16

7. Turnover and Segment Information (Continued)

(b) Geographical segments

The following provides an analysis of the Group's turnover and contribution to loss from operations by geographical markets, irrespective of the origin of the services:

	Turnover	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong	**12,178**	5,756
PRC	**2,495**	1,082
	14,673	6,838

The following is an analysis of the carrying amount of segment assets and capital additions analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**494,129**	293,691	**2,744**	706
PRC	**24,962**	11,804	**1,135**	360
	519,091	305,495	**3,879**	1,066

8. Finance Costs

	2008	2007
	HK$'000	*HK$'000*
Interest expenses on:		
– bank borrowings wholly repayable within five years	**–**	466

9. (Loss)/gain attributable to Financial Assets at Fair Value through Profit or Loss

	2008 HK$'000	2007 HK$'000
Gain on disposal of financial assets at fair value through profit or loss	185	1,058
Changes in fair value of financial asset at fair value through profit or loss	(4,834)	761
	(4,649)	1,819

10. Loss before Income Tax

	2008 HK$'000	2007 HK$'000
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs :		
Directors' remuneration (excluding share-based payment expenses)	22,614	12,145
Other staff costs	9,874	8,316
Contributions to retirement benefits scheme (excluding directors)	520	605
Share-based payment expenses	29,152	10,331
Total staff costs	62,160	31,397
Auditors' remuneration	1,340	600
Depreciation	1,213	1,084
Bad debts written off	26	–
Allowance for bad and doubtful debts	1,146	1,510
Operating lease charged on rented premises	2,591	2,501
Share-based payment expenses (excluding staff costs)	–	993
(Gain)/loss on disposal of property, plant and equipment	(7)	16
Rental income	(729)	–
Dividend income	(29)	(16)
Interest income	(1,614)	(1,072)
Exchange difference, net	(1,726)	(368)
Cost of inventories recognised as an expense	6,683	–

11. Income Tax

	2008	2007
	HK$'000	*HK$'000*
Income tax comprises:		
Provision for Hong Kong Profits Tax for the year	–	1,545
Deferred taxation *(Note 28)*	170	(7,808)
	170	(6,263)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the year ended 30 June 2008.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group incurred a taxation loss for the year. Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year of 2007.

No provision for taxation in other jurisdictions for both years has been made in the consolidated financial statements as neither the Company nor any of its subsidiaries had any assessable profits subject to tax in other jurisdictions.

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

	2008	2007
	HK$'000	*HK$'000*
Loss before income tax	(203,010)	(49,815)
Tax at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	(33,497)	(8,717)
Tax effect of expenses not deductible for tax purpose	33,067	2,311
Tax effect of income not taxable for tax purpose	(2,238)	(790)
Tax effect of tax losses not recognised	3,059	791
Effect of different tax rates of subsidiaries operating in other jurisdictions	(223)	142
Others	2	–
Tax charge/(credit) for the year	170	(6,263)

12. Loss Per Share

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company of approximately HK$203,011,000 (2007: HK$43,506,000) and on the weighted average number of 3,677,256,932 (2007: 2,531,963,617) ordinary shares in issue during the year.

No diluted loss per share has been presented for both years as the share options outstanding during both years had an anti-dilutive effect on the basic loss per share for both years.

13. Directors' Remuneration and Employees' Remuneration

(a) Directors' remuneration

The emoluments paid or payable to each of the directors for the year were as follows:

For the year ended 30 June 2008

		Other emoluments				
	Fees *HK$'000*	Salaries and other emoluments *HK$'000*	Discretionary bonus *HK$'000*	Contributions to retirement benefits scheme *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Executive directors						
Wong Kam Fu	–	4,800	–	12	–	4,812
Tam Wai Keung, Billy	–	840	–	12	837	1,689
Lew Mon Hung	–	–	15,541	12	1,150	16,703
Wah Wang Kei, Jackie *(Note 1)*	–	490	–	3	–	493
Sin Chi Keung, Mega	–	240	–	12	84	336
Wong Hong Loong	–	480	–	12	1,150	1,642
Edward Patrick Jacobson *(Note 2)*	–	–	–	–	–	–
Non-executive directors						
Frank Douglas Magnus *(Note 2)*	–	–	–	–	–	–
Tang Yantian *(Note 2)*	–	–	–	–	–	–
Independent non-executive directors						
Wong Che Man, Eddy	100	–	–	–	84	184
Tang King Fai	30	–	–	–	84	114
Dai Zhongcheng	30	–	–	–	84	114
	160	6,850	15,541	63	3,473	26,087

Notes:

1. Appointed on 9 April 2008.
2. Retired on 28 November 2007.

13. Directors' Remuneration and Employees' Remuneration (Continued)

(a) Directors' remuneration (Continued)

For the year ended 30 June 2007

		Other emoluments				
	Fees	Salaries and other emoluments	Discretionary bonus	Contributions to retirement benefits scheme	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Wong Kam Fu	–	4,800	200	12	–	5,012
Tam Wai Keung, Billy	–	840	33	12	271	1,156
Lew Mon Hung	–	–	5,269	12	380	5,661
Yi Xing Wu *(Note 1)*	–	55	–	2	–	57
Sin Chi Keung, Mega	–	240	9	12	108	369
Wong Hong Loong	–	480	20	12	678	1,190
Edward Patrick Jacobson *(Note 2)*	–	–	–	–	434	434
Non-executive directors						
Frank Douglas Magnus *(Note 2)*	–	–	–	–	434	434
Tang Yantian *(Note 2)*	–	–	–	–	434	434
Independent non-executive directors						
Wong Che Man, Eddy	80	–	–	–	108	188
Ha Ping *(Note 3)*	27	–	–	–	108	135
Tang King Fai	30	–	–	–	108	138
Dai Zhongcheng *(Note 4)*	–	–	–	–	–	–
	137	6,415	5,531	62	3,063	15,208

Notes:

1. Resigned on 26 August 2006.
2. Appointed on 3 January 2007.
3. Resigned on 26 May 2007.
4. Appointed on 12 June 2007.

13. Directors' Remuneration and Employees' Remuneration (Continued)

(a) Directors' remuneration (Continued)

No director waived any emoluments in both years.

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2007: two) were executive directors of the Company whose emoluments are set out above. The emolument of the remaining two (2007: three) highest paid individuals for the year ended 30 June 2008 and 2007 are as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other emoluments, discretionary bonus and other benefits	**152**	868
Share-based payment expenses	**6,247**	3,039
Contributions to retirement benefits scheme	**8**	35
	6,407	3,942

The emoluments of the two (2007: three) highest paid employees fall in the following bands :

	No. of individual	
	2008	2007
HK$1,000,001 to HK$1,500,000	**–**	3
HK$3,000,001 to HK$3,500,000	**2**	–
	2	3

(c) During both years, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

14. Dividend

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2007: nil).

15. Property, Plant and Equipment

	Leasehold improvement *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST				
At 1 July 2006	644	5,329	1,846	7,819
Exchange alignment	11	31	–	42
Additions	126	940	–	1,066
Disposal	–	(239)	–	(239)
At 30 June 2007 and 1 July 2007	781	6,061	1,846	8,688
Exchange alignment	54	197	–	251
Additions	–	1,307	2,572	3,879
Disposal	–	(661)	(1,288)	(1,949)
At 30 June 2008	**835**	**6,904**	**3,130**	**10,869**
ACCUMULATED DEPRECIATION				
At 1 July 2006	325	3,831	568	4,724
Exchange alignment	4	17	–	21
Charge for the year	145	570	369	1,084
Eliminated on disposal	–	(223)	–	(223)
At 30 June 2007 and 1 July 2007	474	4,195	937	5,606
Exchange alignment	26	109	3	138
Charge for the year	105	648	460	1,213
Eliminated on disposal	–	(38)	(793)	(831)
At 30 June 2008	**605**	**4,914**	**607**	**6,126**
NET CARRYING VALUES				
At 30 June 2008	**230**	**1,990**	**2,523**	**4,743**
At 30 June 2007	307	1,866	909	3,082

15. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Leasehold improvement	10% to 50% or over the terms of the leases whichever is shorter
Furniture, fixtures and equipment	20%
Motor vehicles	20%

16. Investment Properties

	HK$'000
FAIR VALUE	
At 1 July 2006, 30 June 2007 and 1 July 2007	–
Exchange alignment	1,700
Transferred from deposits paid for acquisition of properties *(note 20)*	10,104
Net increase in fair value recognised in the consolidated income statement	8,423
At 30 June 2008	**20,227**

The Group's investment properties are situated in the PRC and are held under medium-term leases. All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 30 June 2008 have been arrived at on the basis of a valuation carried out on that date by Greater China Appraisal Limited, independent qualified professional valuers not connected with the Group. The valuation, which conforms to Hong Kong Institute of Surveyors Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties.

17. Intangible Asset

	Patents and technology HK$'000
COST	
At 1 July 2006, 30 June 2007 and 2008	**85,884**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS	
At 1 July 2006	75,412
Impairment loss recognised in the consolidated income statement *(Note)*	10,472
At 30 June 2007 and 2008	**85,884**
CARRYING VALUE	
At 30 June 2007 and 2008	**–**

Note: The directors of the Company had reviewed the carrying value of the Group's intangible assets as at 30 June 2007 with reference to the valuation carried out by BMI Appraisals Limited, a professional valuer independent to the Group. The recoverable amount of the intangible assets has been determined based on the value-in-use basis. Accordingly, an impairment loss of approximately HK$10,472,000 had been recognised in the consolidated income statement for the year ended 30 June 2007.

18. Interest in a Jointly Controlled Entity

	2008 *HK$'000*	2007 *HK$'000*
Cost of investment in an unlisted jointly controlled entity	**1,832**	1,832
Share of post acquisition losses	**(1,832)**	(1,234)
	–	598

During the year ended 30 June 2007, the Group disposed of 10% of the equity interests in a jointly controlled entity owned by the Group for a consideration of approximately HK$1,001,000, resulting in a gain on disposal of HK$920,000.

18. Interest in a Jointly Controlled Entity (Continued)

Details of the Group's jointly controlled entity as at 30 June 2008 are as follows :

Name of jointly controlled entity	Form of business structure	Place of incorporation and operations	Class of equity held	Registered capital	Effective percentage of equity interests held by the Group %	Voting rights held by the Group %	Principal activity
北京一卡通電子支付科技有限公司 Beijing Superpass e-payment Co. Limited ("北京一卡通") *(Note)*	Incorporated	PRC	Registered capital	RMB4,580,000	40	50	Inactive

Note: The English name is for identification purpose only.

Extracts of the results and financial position of 北京一卡通 based on the unaudited management accounts as at 30 June 2008 and 2007, prepared under accounting principles generally accepted in Hong Kong are as follows:

	2008 **HK$'000**	2007 HK$'000
Turnover	**–**	–
Loss for the year	**2,620**	1,960
Group's share of loss of a jointly controlled entity	**679**	784

	2008 **HK$'000**	2007 HK$'000
Total assets	**2,679**	3,512
Total liabilities	**(2,881)**	(2,017)
Net (liabilities)/assets attributable to venturers	**(202)**	1,495
Group's share of net assets of a jointly controlled entity	**–**	598

18. Interest in a Jointly Controlled Entity (Continued)

The Group has discontinued recognition of its share of losses of the jointly controlled entity since the Group's share of losses in this jointly controlled entity has exceeded its interest in the jointly controlled entity. The amounts of unrecognised share of this jointly controlled entity, extracted from the relevant unaudited management account in respect of the Group's jointly controlled entity, both for the year and cumulatively, are as follows:

	2008 *HK$'000*	2007 *HK$'000*
Unrecognised share of losses of a jointly controlled entity for the year	**369**	–
Accumulated unrecognised share of losses of a jointly controlled entity	**369**	–

19. Available-for-sale Investments

	Notes	2008 *HK$'000*	2007 *HK$'000*
Unlisted equity securities, at cost			
W-Phone, Inc. ("W-Phone")	(a)	**3,420**	3,420
Madagascar Petroleum International Limited ("MPIL")	(b)	**487,741**	140,020
Easy Link Card Business Services Limited ("Easy Link Card")	(c)	**8,813**	–
		499,974	143,440
Less: Impairment loss recognised		**(102,089)**	(3,420)
		397,885	140,020
Analysed for reporting purposes as:			
Non-current assets		**8,813**	140,020
Current assets		**389,072**	–
		397,885	140,020

19. Available-for-sale Investments (Continued)

Notes:

(a) W-Phone is a private entity incorporated in the United States of America. The unlisted investment in W-Phone are measured at cost less accumulated impairment losses 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 the fair value cannot be measured reliably.

(b) MPIL is a private entity incorporated in the British Virgin Islands ("BVI"). The unlisted investment as at 30 June 2007 represented 21% equity interests in MPIL, held by two wholly-owned subsidiaries of the Company namely Hopestar Group Limited and Dorson Group Limited. The board of directors of MPIL comprised of three directors, one of whom was nominated by the Company. However, the directors of the Company were of the opinion that a substantial or majority ownership was held by another investor who actually precluded them from having significant influence in MPIL. Therefore, the investment in MPIL was regarded as available-for-sale investment and was measured at cost less accumulated impairment losses at 30 June 2007.

During the year ended 30 June 2008, the Group further increased its equity interests in MPIL by 15% through the acquisition of the entire share capital of Dormer Group Limited ("Dormer"), a limited company incorporated in the BVI, as to 96.66% from Udaya Holdings Limited at a consideration of HK$335,921,000, and as to 3.34% from Luck Express Consultants Limited at a consideration of HK$11,800,000. The aggregate consideration of HK$347,721,000 was settled by (i)the HK$100,000,000 deposit paid as at 30 June 2007; (ii)413,896,104 new shares of the Company of HK$0.01 each issued at published price of HK$0.57 per share on 30 July 2007; and (iii)HK$11,800,000 in cash. Accordingly the effective interest in MPIL held by the Group increased from 21% to 36%. Regardless of the increased shareholding in MPIL, the directors of the Company were still of the opinion that a substantial or majority ownership was held by another investor who actually precluded them from having significant influence in MPIL. Therefore, the investment in MPIL was continued to be regarded as an available-for-sale investment and was measured at cost less accumulated impairment losses as at 30 June 2008.

To the best knowledge of directors, MPIL is an investment holding company incorporated in June 2005 and has not commenced any significant business operations other than the entering into the oil and gas product sharing agreement (the "Product Sharing Agreement") on 7 October 2005 with Office Des Mines Nationales Et Des Industries Strategiques ("OMNIS"), the English translation being "The National Office for Mining and Strategic Industries" of the Republic of Madagascar and the service agreement (the "Service Agreement") with BGP Inc., in respect of an onshore block of land ("Block 2104") of approximately 20,100 square kilometers in the Republic of Madagascar for oil and gas exploitation and operation.

Pursuant to the Product Sharing Agreement, MPIL has the rights of exploitation and operation in respect of Block 2104 and the right for 45% to 73% (the actual percentage depends on the rate of daily crude oil production in the Block 2104 and the more barrels per day Block 2104 produces, the lower percentage of profit that MPIL can share) of the product (or the profit thereof) sharing for a minimum term of 25 years commencing from 7 October 2005. MPIL would be responsible for the arrangement of the required capital commitment, human resources and equipment for the project development of oil and gas in Block 2104 whereas OMNIS would be entitled to the benefit under the product sharing arrangement on the basis of the pre-agreed ratio under the Product Sharing Agreement. Pursuant to the Service Agreement, BGP Inc. will provide exploration and data collection, processing and analysing services to MPIL regarding the Block 2104. Based on the information disclosed by the management of MPIL and the vendors to the Company, MPIL did not have any long term liability as at the balance sheet date of 30 June 2008 (save for the commitment, cost and expenses incurred and to be incurred pursuant to the Product Sharing Agreement and the Service Agreement).

19. Available-for-sale Investments (Continued)

Notes (Continued):

(b) (Continued)

On 17 April 2008, the Company entered into an agreement with a wholly-owned subsidiary of Sino Union Petroleum & Chemical International Limited ("SUNPEC"), the shares of which are traded on the Stock Exchange. Pursuant to the agreement, the Company has conditionally agreed to dispose of its 36% equity interests ("Disposal") in MPIL at a total consideration of HK$810 million to be satisfied by HK$100 million in cash and HK$710 million by the issue and allotment by SUNPEC of 253,571,428 consideration shares at HK$2.8 per consideration share. On 22 May 2008, the Company has duly received the HK$50,000,000 deposit from SUNPEC in connection to the Disposal.

Subsequent to the balance sheet date, the disposal was completed on 7 August 2008 ("Completion Date") as set out in note 37(b). The Company has duly received the remaining portion of the cash consideration amounted to HK$50,000,000 and 253,571,428 new shares of SUNPEC. Based on the published share price of SUNPEC on the Completion Date, impairment loss of approximately HK$98,669,000 was recognised in the consolidated income statement for the year ended 30 June 2008.

(c) On 25 September 2006, Star EPS.com (HK) Limited ("Star EPS (HK)"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to acquire 10% of the entire registered capital of 廣州易聯商業服務有限公司 ("廣州易聯"), a limited liability company incorporated under the laws of the PRC, at consideration of RMB3,000,000 (equivalent to approximately HK$3,000,000). The consideration has been fully paid as at 30 June 2007.

On 20 December 2007, Star EPS (HK), entered into another agreement for transferring the deposit paid of RMB3,000,000 to the immediate holding company of 廣州易聯, Easy Link Card, which is incorporated in Hong Kong and holds the entire issued capital of 廣州易聯, as a consideration to acquire 10% of the entire issued capital of Easy Link Card. During the year ended 30 June 2008, Star EPS (HK) further contributed HK$5,813,000 to acquire an additional 9% equity interests of Easy Link Card. The acquisition was completed on 5 February 2008. Accordingly, the Group held an aggregate of 19% equity interests in Easy Link Card as at 30 June 2008.

20. Deposits Paid for Acquisition of Properties

The amount represents deposits paid for the acquisition of properties as offices in Beijing. In the opinion of the directors, the deposits are non-refundable and therefore classified as non-current assets. During the year ended 30 June 2008, the acquisition was completed upon the approval by the relevant PRC authorities and accordingly the deposits were transferred to investment properties as set out in note 16.

21. Temporary Payments

On 22 May 2007, the Group entered into an agreement for the option to purchase potential oil assets ("Potential Assets") with Templeton Global Limited ("Templeton Global"). Pursuant to the agreement, the Group was granted with an option ("Purchase Option") to purchase the Potential Assets.

The Potential Assets principally comprise a 60% interest in Кей-Ай-Ойл Кызылорда ("KAOK"), a limited liability company formed under the laws of Kazakhstan. KAOK holds 100% of the mineral right to develop certain oil fields with an area size of 42.2 square kilometer in Aktyubinsk, Kazakhstan which has estimated reserves in excess of 30 million barrels of oil. The mineral right held by KAOK is an oil exploitation and operation agreement dated 15 October 2004 and made between the National Office for Energy and Mining of the Republic of Kazakhstan and the KAOK for a maximum term of 9 years.

The consideration payable for the Purchase Option is a nominal amount of US$100 (equivalent to approximately HK$780). The Company may elect to exercise the Purchase Option by giving notice in writing to Templeton Global from 22 May 2007 to 31 October 2007 ("the Exercise Period"). During the Exercise Period, the Group was entitled to conduct due diligence investigations in respect of the Potential Assets. In order to ensure that the Group acts expeditiously regarding the review and assessment of the acquisition of Potential Assets, the Group had placed a deposit of US$1 million (equivalent to approximately HK$7,837,000) with Templeton Global. The deposit would be repayable to the Group if the Company elected not to pursue the acquisition.

If the Group elects to exercise the Purchase Option, the purchase price payable by the Company to Templeton Global should be an amount equal to but not exceeding US$18 million subject to adjustment for cash and debt.

In addition, an independent consultant had been appointed for the transaction (the "Consultant"). The consideration for the service rendered amounted to US$1 million (the "Service Fee"). Both parties have agreed in writing that the Service Fee would be payable by the Group if it failed to enter into a formal sale and purchase agreement with Templeton Global in respect to the acquisition of the Potential Assets on or before 31 October 2007. Otherwise, the Service Fee would be payable by Templeton Global.

During the year ended 30 June 2008, the Group failed to conclude a formal sale and purchase agreement with Templeton Global in connection with the acquisition of the Potential Assets. Accordingly, Templeton Global refunded the entire temporary payment of approximately HK$7,837,000 to the Consultant directly to settle the Service Fee under the instruction of the Company. This constituted to a non-cash transaction and details were set out in note 31.

22. Deposit Paid for the Acquisition of an Available-for-sale Investment

As at 30 June 2007, the Group had paid a deposit of RMB3,000,000 (equivalent to approximately HK$3,000,000) for the acquisition of 10% equity interests in 廣州易聯. The acquisition was completed during the current year and respective deposit was transferred to available-for-sale investments as set out in note 19(c).

On 24 January 2008, Star Financial Limited, a wholly-owned subsidiary of the Company, entered into a share transfer agreement to acquire 7% equity interests of an unlisted company. During the year ended 30 June 2008, the Company paid RMB3,000,000 (equivalent to HK$3,283,000), as a deposit for the acquisition of an available-for-sale investment. As of the date of approval of the consolidated financial statements, the Group was still in the process of obtaining the legal title of the relevant investment.

23. Deposit Paid for the Acquisition of a Subsidiary

On 23 October 2007, Triple Winner International Limited ("Triple Winner"), a wholly-owned subsidiary of the Company entered into a framework agreement (the "Framework Agreement") with Guoye PRC Inc. ("Guoye") in relation to the acquisition of 51% equity interests in Mongol Oil Shale LLC which holds coal resources in Mongolia (the "Proposed Acquisition"). As at 30 June 2008, the Company paid a refundable cash deposit of US$3,000,000 (equivalent to approximately HK$23,313,000) to Guoye.

Pursuant to the terms as set out in the Framework Agreement, if Triple Winner and Guoye fail to enter into a definitive agreement in relation to the Proposed Acquisition on or before 31 January 2008, the Framework Agreement shall lapse and the parties have no further obligation to each other, save and except that Guoye shall refund to Triple Winner the deposit paid in the amount of US$3,000,000 without interest.

Since Triple Winner and Guoye did not enter into any definitive agreement on or before 31 January 2008, the Framework Agreement lapsed. On 7 March 2008, Guoye brought an action in High Court against Triple Winner and the Company for the damages for the breach of the Framework Agreement. Accordingly, the Company and Triple Winner brought an action in High Court against Guoye on 11 August 2008 to recover the deposit of US$3,000,000 which has been paid to Guoye. Details of the litigation are set out in note 35.

The Group is seeking to resolve the litigation, however the timing and the final amounts involved are uncertain and in this regard, a full impairment of the refundable deposit of HK$23,313,000 paid to Guoye was recognised in the consolidated income statement for the year ended 30 June 2008.

24. Trade and Other Receivables

The Group allows an average credit period of 60 days to its trade customers. Included in trade and other receivables are trade debtors with the following ageing analysis:

	2008 HK$'000	2007 HK$'000
0-60 days	**3,350**	550
61-90 days	**56**	510
Over 90 days	**12**	296
Trade receivables	**3,418**	1,356
Other receivables	**3,889**	2,656
Less:		
Allowance for bad and doubtful debts	**(1,646)**	(1,510)
	2,243	1,146
	5,661	2,502

Movement in the allowance for bad and doubtful debts:

	2008 HK$'000	2007 HK$'000
Balance at beginning of the year	**1,510**	–
Amount written off as uncollectible	**(1,010)**	–
Increase in impairment on other receivables	**1,146**	1,510
Balance at the end of the year	**1,646**	1,510

At balance sheet date, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these balances.

Based on past experience, the management believes that no impairment allowance is necessary in respect of these past due but not impaired balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. Trade and Other Receivables (Continued)

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

	2008 HK$'000	2007 HK$'000
0-60 days	**137**	–
61-90 days	**56**	510
Over 90 days	**12**	296
Total	**205**	806

25. Financial Assets at Fair Value through Profit or Loss

	2008 HK$'000	2007 HK$'000
Listed equity securities held for trading, at fair value	**6,689**	6,338

26. Pledged Bank Deposits and Bank Balances and Cash

Included in the pledged bank deposits, there was approximately HK$162,000 (2007: HK$158,000) pledged to a bank to secure a merchant account of a subsidiary. No bank deposit (2007: HK$6,918,000) was pledged to a bank to secure the general banking facilities granted to a subsidiary.

The pledged deposits carry fixed interest rate ranging from 0.9125% to 3.4125% per annum (2007: 2.8125% to 5.1% per annum).

Bank balances carry interest at market rates which range from 0.35% to 5.7875% per annum (2007: 2.7875% to 5.1% per annum).

27. Bank Borrowings

At the balance sheet dates, the Group has the following undrawn borrowing facilities:

	2008 HK$'000	2007 HK$'000
Floating rate		
– expiring within one year	**–**	7,000

At 30 June 2007, the general banking facilities granted to a subsidiary were secured by the pledged bank deposits of HK$6,918,000 (note 26).

28. Deferred Taxation

The components of deferred tax liabilities recognised in the consolidated balance sheet and its movement during the year are as follow:

	Property, plant and equipment *HK$'000*	Intangible asset *HK$'000*	Total *HK$'000*
At 1 July 2005 and 30 June 2006	–	7,808	7,808
Credit to consolidated income statement for the year	–	(7,808)	(7,808)
At 30 June 2007	–	–	–
Charge to consolidated income statement for the year	170	–	170
At 30 June 2008	**170**	**–**	**170**

At the balance sheet date, the Group has estimated the unused tax losses of approximately HK$197,152,000 (2007: HK$178,903,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits stream. Included in unrecognised tax losses are losses of approximately HK$4,874,000 (2007: nil) that will expire in 2013. Other losses may be carried forward indefinitely.

29. Share Capital

	Number of shares	Value *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each at 1 July 2006, 30 June 2007 and 30 June 2008	60,000,000,000	600,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 July 2006	2,399,314,349	23,993
Issue of shares *(Note d)*	479,000,000	4,790
Issue of shares upon exercise of share options *(Note e)*	265,999,996	2,660
Ordinary shares of HK$0.01 each at 30 June 2007 and 1 July 2007	3,144,314,345	31,443
Issue of shares *(Note a)*	181,800,000	1,818
Issue of shares for acquisition of a subsidiary *(Note b)*	413,896,104	4,139
Issue of shares upon exercise of share options *(Note c)*	833,333	8
Ordinary shares of HK$0.01 each at 30 June 2008	**3,740,843,782**	**37,408**

29. Share Capital (Continued)

The movements in the ordinary share capital for the year ended 30 June 2008 are as follows:

(a) On 31 July 2007, 81,800,000 shares of HK$0.01 each were issued and allotted to independent third parties at a price of HK$0.63 per share under private share placements.

On 27 September 2007, 100,000,000 shares of HK$0.01 each were issued and allotted to independent third parties at a price of HK$0.47 per share under private share placements.

(b) As part of the consideration for the acquisition of a subsidiary, 413,896,104 shares of HK$0.01 each were issued and allotted to vendors at a price of HK$0.57 per share on 30 July 2007. The fair value of the ordinary share of the Company, determined by the published price available at the date of acquisition was HK$0.57 per share.

(c) On 13 July 2007, 17 July 2007 and 23 July 2007 respectively, 833,333 share options were exercised by the directors of the Company at a subscription price of HK$0.348 per share for a total consideration of approximately HK$289,000 resulting in the issue of 833,333 new shares of HK$0.01 each.

The movements in the ordinary share capital for the year ended 30 June 2007 are as follows:

(d) On 26 April 2007, 479,000,000 shares of HK$0.01 each were issued and allotted to the independent third parties at a price of HK$0.245 per share.

(e) During the year, 165,000,000, 30,500,000, 18,000,000 and 52,499,996 shares options were exercised by the directors, employees and consultants of the Company at subscription prices of HK$0.132, HK$0.152, HK$0.153 and HK$0.348 respectively for a total consideration of approximately HK$47,440,000 resulting in the issue of 265,999,996 new shares of HK$0.01 each.

All the new ordinary shares issued during the year ended 30 June 2007 and 2008 ranked pari passu in all respects with the then existing ordinary shares of the Company.

30. Share-based Payment Transactions

The Company's share option scheme was adopted pursuant to a resolution passed on 30 July 2004 (the "2004 Scheme"), for the purpose of providing incentives or rewards to directors, employees, invested entities, suppliers and customers of the Group and entities that provide research, development or technological support or other services to the Group, any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any members of the Group or any invested entities, and will expire on 29 July 2014. Under the 2004 Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company or any subsidiaries, to subscribe for shares in the Company.

30. Share-based Payment Transactions (Continued)

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2004 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 30% of its issued share capital from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2004 Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. The maximum number of shares issuable under the options to each eligible participant in any 12-month period is limited to 1% of the shares in issue unless it is approved by shareholder in a general meeting of the Company. Any grant of options under the 2004 Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million, in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

At 30 June 2008, the number of shares of the Company in respect of which options had remained outstanding under the 2004 Scheme of the Company was 355,480,000 (2007: 25,566,666), representing 9.5% (2007: 0.81%) of the shares of the Company in issue at that date.

Total consideration received during the year from eligible participants for taking up the options granted during the year is HK$35 (2007: HK$21).

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 as the consideration for accepting the grant. The exercise period of the share options granted under the 2004 Scheme shall be determined by the Board of Directors when such options are granted, provided that such period shall not end more than 10 years from the date of grant.

The exercise price is determined by the Board of Directors of the Company, and will not be less than the highest of the closing price of the Company's shares at the date of grant, the average closing price of the Company's shares for the five trading days immediately preceding the date of grant and the nominal value of the Company's shares.

30. Share-based Payment Transactions (Continued)

(a) The following table disclosed the movements of the Company's share options for year ended 30 June 2008:

Category of participants	Date of grant	Exercise price per share	Outstanding at 1 July 2007	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 30 June 2008
		HK$					
Directors	07.02.2006	0.348	1,166,666	–	(833,333)	(333,333)	–
	03.01.2007	0.152	24,000,000	–	–	–	24,000,000
	08.01.2008	0.255	–	61,480,000	–	–	61,480,000
Employees of the Group	08.01.2008	0.255	–	271,000,000	–	(19,000,000)	252,000,000
	16.04.2008	0.255	–	18,000,000	–	–	18,000,000
Others	02.04.2007	0.228	400,000	–	–	(400,000)	–
			25,566,666	350,480,000	(833,333)	(19,733,333)	355,480,000
Exercisable at the end of the year							355,480,000

30. Share-based Payment Transactions (Continued)

(a) (Continued)

The following table disclosed movements of the Company's share options for year ended 30 June 2007:

Category of participants	Date of grant	Exercise price per share HK$	Outstanding at 1 July 2006	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 30 June 2007
Directors	18.10.2004	0.402	41,666,665	–	–	(41,666,665)	–
	04.11.2004	0.360	333,332	–	–	(333,332)	–
	02.11.2005	0.282	1,666,666	–	–	(1,666,666)	–
	07.02.2006	0.348	48,666,664	–	(47,166,665)	(333,333)	1,166,666
	03.01.2007	0.152	–	56,500,000	(30,500,000)	(2,000,000)	24,000,000
Employees of the Group	04.11.2004	0.360	6,913,328	–	–	(6,913,328)	–
	21.01.2005	0.408	3,333,333	–	–	(3,333,333)	–
	07.02.2006	0.348	3,201,665	–	–	(3,201,665)	–
	28.12.2006	0.132	–	165,000,000	(165,000,000)	–	–
Others	09.11.2005	0.348	3,333,332	–	(3,333,332)	–	–
	10.11.2005	0.360	7,499,998	–	–	(7,499,998)	–
	25.11.2005	0.360	2,499,999	–	–	(2,499,999)	–
	28.11.2005	0.360	333,333	–	–	(333,333)	–
	01.12.2005	0.360	3,333,332	–	–	(3,333,332)	–
	07.02.2006	0.348	1,999,999	–	(1,999,999)	–	–
	05.02.2007	0.153	–	18,000,000	(18,000,000)	–	–
	02.04.2007	0.228	–	400,000	–	–	400,000
			124,781,646	239,900,000	(265,999,996)	(73,114,984)	25,566,666
Exercisable at the end of the year							25,566,666

30. Share-based Payment Transactions (Continued)

(b) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2008 Number of share options	**2008** Weighted average exercise price *HK$*	2007 Number of share options	2007 Weighted average exercise price *HK$*
2004 Scheme				
Outstanding at beginning of the year	**25,566,666**	**0.1621**	124,781,646	0.3688
Granted during the year	**350,480,000**	**0.2550**	239,900,000	0.1384
Exercised during the year	**833,333**	**0.3480**	265,999,996	0.1783
Cancelled/lapsed during the year	**19,733,333**	**0.2560**	73,114,984	0.3781
Outstanding at end of the year	**355,480,000**	**0.2480**	25,566,666	0.1621
Exercisable at end of the year	**355,480,000**	**0.2480**	25,566,666	0.1621

(c) In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.6448 (2007: HK$0.3342).

(d) During the year ended 30 June 2008, options were granted at the following dates and the respective estimated fair values are as follows:

	Date of grant 08.01.2008	**Date of grant** 16.04.2008
No. of share options granted	332,480,000	18,000,000
Estimated fair values of share options granted *(HK$'000)*	27,842	1,310

During the year ended 30 June 2007, options were granted at the following dates and the respective estimated fair values are as follows:

	Date of grant 28.12.2006	03.01.2007	05.02.2007	02.04.2007
No. of share options granted	165,000,000	56,500,000	18,000,000	400,000
Estimated fair values of share options granted *(HK$'000)*	7,260	3,064	965	35

30. Share-based Payment Transactions (Continued)

(e) The fair values of the share options granted for the year ended 30 June 2008 and 30 June 2007 were valued by RHL Appraisal Limited and LCH (Asia-Pacific) Surveyors Limited respectively.

The fair values were valued using Black-Scholes-Merton Option Pricing Model. The inputs into the model during the year ended 30 June 2008 were as follow:

	Date of grant	
	08.01.2008	**16.04.2008**
Variables		
Closing share price at date of grant *(HK$)*	0.250	0.204
Exercise price *(HK$)*	0.255	0.255
Risk free rate *(i)*	2.69%	0.99%
Expected volatility *(ii)*	86.14%	75.77%
Expiration of the option	1 year	1 year
Expected dividend yield *(iii)*	0%	0%

The inputs into the model during the year ended 30 June 2007 were as follow:

	Date of grant			
	28.12.2006	**03.01.2007**	**05.02.2007**	**02.04.2007**
Variables				
Closing share price at date of grant *(HK$)*	0.132	0.152	0.152	0.228
Exercise price *(HK$)*	0.132	0.152	0.153	0.228
Risk free rate *(i)*	3.48%	3.57%	4.05%	3.57%
Expected volatility *(iv)*	92%	89.44%	88.59%	95.18%
Expiration of the option	1 year	1 year	1 year	0.58 year
Expected dividend yield *(iii)*	0%	0%	0%	0%

(i) The applicable risk-free rate was the yield from 6 months to 1 year Hong Kong Monetary Authority exchange fund bills quoted at the respective grant date.

(ii) The historical volatility rate of the share price of the Company was determined with reference to the 365 days historical share prices of the Company by excluding abnormal price fluctuation due to its corporate events.

(iii) The expected dividend yield was based on historical dividend payment record of the Group.

(iv) The historical volatility rate of the share price of the Company was determined with reference to the 180 days historical share prices of the Company before the respective grant date.

The Group recognised the total expenses of approximately HK$29,152,000 for the year (2007: approximately HK$11,324,000) in relation to share options granted by the Company.

31. Major Non-cash Transactions

During the year ended 30 June 2008, the Group had the following major non-cash transactions:

1. The consideration for acquisition of 100% interests in Dormer was partly settled by the Company's issue of 413,896,104 ordinary shares at HK$0.57 per share, totaling approximately HK$235,921,000, as set out in note 29(b) and note 32.

2. The Company settled the Service Fee of HK$7,837,000 by the refund of the entire temporary payment from Templeton Global as set out in note 21.

3. The Group purchased a motor vehicle at a consideration of HK$1,379,000 which was partly settled by trading-in of an existing motor vehicle with a net carrying value of HK$495,000 at a transfer value of HK$460,000.

No major non-cash transaction occurred during the year ended 30 June 2007.

32. Acquisition of a Subsidiary

The Group acquired a subsidiary namely Dormer with 96.66% of the issued share capital on 30 July 2007 for considerations of approximately HK$335,921,000. This acquisition of subsidiary has been accounted for using the purchase method. As at the acquisition date, Dormer's sole asset is 15% equity interests in MPIL. Upon acquisition of Dormer, the Group effectively held 14.5% equity interests in MPIL and which was considered as available-for-sale investment of the Group.

Subsequently on 5 November 2007, the Group further acquired the remaining 3.34% of the issued share capital of Dormer at a cash consideration of HK$11,800,000 and accordingly, Dormer became a wholly-owned subsidiary of the Group.

In the opinion of the directors, the fair value of the identifiable assets and liabilities of the subsidiaries acquired during the year ended 30 June 2008 have no significant difference from their respective carrying amounts. The net asset acquired in the transaction, and the identified asset arising, are as follows:

	Acquirees' carrying amount *HK$'000*
Net assets acquired:	
Available-for-sale investment	347,721
Consideration is satisfied by:	
Cash	11,800
Deposit paid for the acquisition of a subsidiary *(note 19b)*	100,000
Shares issued *(Note)*	235,921
	347,721

32. Acquisition of a Subsidiary (Continued)

Dormer did not contribute any revenue or profit to the Group for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on 1 July 2007, Dormer also did not contribute any revenue or profit to the Group for the year. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2007, nor is it intended to be a projection of future results.

The outflow of cash and cash equivalents in respect of the purchase of a subsidiary were HK$11,800,000 for the year.

There was no acquisition of subsidiary during the year ended 30 June 2007.

Note: As part of the consideration for the acquisition of Dormer, 413,896,104 ordinary shares of the Company with par value of HK$0.01 each were issued. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to approximately HK$235,921,000. Details of which were set out in note 29(b).

33. Operating Leases

The Group as lessee

Operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**1,076**	1,553
In the second to fifth year inclusive	**250**	432
	1,326	1,985

Operating lease payments represent rental payables by the Group for certain of its office properties and warehouse. Leases are negotiated for terms ranging from one to two years.

Operating lease commitments for future minimum lease payment under non-cancellable operating leases of a jointly controlled entity in respect of land and buildings which fall due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**–**	133

Operating lease payments represent rental payables by a jointly controlled entity of the Group for certain of its office premises. Leases are negotiated for a one-year term.

33. Operating Leases (Continued)

The Group as lessor

Property rental income earned during the year was approximately HK$729,000. All of the properties held have committed tenants for the next two years. They generated a rental yield of 3.6% (2007: nil) for the year ended 30 June 2008.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008 HK$'000	2007 HK$'000
Within one year	1,024	–
In the second to fifth year inclusive	939	–
	1,963	–

34. Capital Commitments

At the balance sheet date, the Group had the following commitments, so far as not provided for in the consolidated financial statements, in respect of:

	2008 HK$'000	2007 HK$'000
Authorised and contracted for		
– acquisition of interests in subsidiaries	–	255,742
– acquisition of property, plant and equipment	227	–
Authorised but not contracted for		
– capital injection in a subsidiary	4,368	–

35. Contingent Liabilities

As at 30 June 2008, a number of lawsuits and claims arising from acquisition of subsidiaries were lodged against and by the Group which remains outstanding as at the date of these financial statements as follow:

(a) On 7 March 2008, Guoye brought an action in High Court of Hong Kong under HCA 364 of 2008 against Triple Winner and the Company for damages for breach of the Framework Agreement dated 23 October 2007 together with interest and/or further relief and costs (the "1st Damages"). The writ was served on the Company on 11 March 2008 and on Triple Winner on 6 June 2008. Accordingly, Acknowledgement of Services was filed by the Company on 20 March 2008 and by Triple Winner on 2 July 2008. On 27 August 2008, the statement of claims was served on the Company and Triple Winner for the 1st Damages.

On 11 August 2008, the Company and Triple Winner brought an action in High Court of Hong Kong under HCA 1492 of 2008 against Guoye for recovery of the deposit of US$3,000,000 which was paid to Guoye under the agreement dated 23 October 2007, with interests, damages and/or relief and costs.

With the advices by the Group's legal adviser, the directors of the Company are of the opinion that the Group has proper and valid defence to Guoye's action, accordingly, no provision has been provided for the year ended 30 June 2008 in respect of the 1st Damages and any legal costs associated with this litigation.

(b) On 23 April 2008, Ms. Susan So ("Susan"), a director of Guoye, brought an action in High Court of Hong Kong under HCA 699 of 2008 against the Company for damages for breach of the consultancy service agreement to be assessed, interest and other relief and costs (the "2nd Damages"). The Company has already filed a defence on 3 June 2008. On 11 August 2008, the Company brought an action in High Court of Hong Kong under HCA 1493 of 2008 against Susan for the 2nd Damages.

The legal advisers of the Group on these claims are of opinion that the Group has a reasonably good chance to resist the claim of Susan and has a valid claim against Susan. No provision has been provided for the year ended 30 June 2008 in respect of the 2nd Damages and legal costs associated with this litigation.

36. Retirement Benefits Scheme

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme effective from December 2000 and is funded by contributions from employer and employees according to the provisions of the MPF Ordinance. During the year under review, the total amount contributed by the Group to the scheme and charged to the consolidated income statement was HK$268,000 (2007: HK$267,000) and no contributions were forfeited.

The employees in the subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the government in the PRC. The subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme. During the year, the total amount contributed by the Group to the scheme and charged to the consolidated income statement was HK$315,000 (2007: HK$400,000).

37. Post Balance Sheet Events

(a) On 5 March 2008, Greatest Rise Investment Limited, a wholly-owned subsidiary of the Company has entered into a sale and purchase agreement with Clear Smooth Investment Limited ("Clear Smooth") in relation to the acquisition of 51% of the issued shares capital of Mongol Oil Shale LLC, a company incorporated in Mongolia.

The consideration of the acquisition is a sum of US$45 million (equivalent to approximately HK$351 million) and shall be satisfied (i) as to US$30 million (equivalent to approximately HK$234 million) in cash and (ii) as to US$15 million (equivalent to approximately HK$117 million) by issue of convertible notes by the Company to Clear Smooth or its nominee.

Subsequent on 7 August 2008, Greatest Rise Investment Limited entered into a termination agreement with Clear Smooth to terminate the sale and purchases agreement with effect from the date of the termination agreement, and waive all existing and future claims which it has or may have against the other in respect of the matters in connection with the sale and purchase agreement. As no consideration was paid up to 30 June 2008, the termination will not have any financial impact to the Group.

(b) As set out in note 19(b), the Company entered into an agreement with a wholly-owned subsidiary of SUNPEC on 17 April 2008 to dispose of its 36% equity interests in MPIL. On 7 August 2008, as all of the conditions precedent to the completion have been satisfied, the disposal was completed. The Company has duly received the remaining portion of the cash consideration amounted to HK$50,000,000 and 253,571,428 new shares of SUNPEC.

After the completion for the transaction, the Company will hold approximately 4.46% equity interests in SUNPEC and which will be accounted for as an available-for-sales investment of the Group.

38. Related Party Transactions

(a) During the year, the Group entered into the following transactions with related parties:

	Notes	2008 HK$'000	2007 HK$'000
Consultancy service fee paid by the Group	(i)	**180**	–
Sales of property, plant and equipment by the Group	(ii)	**582**	–
Service fee received by the Group	(iii)	**237**	–
Rental income received/receivable by the Group	(iv)	**644**	–
Allowance for bad and doubtful debts for rental receivables	(iv)	**578**	–

i. It represents investment consultancy service fee paid to Mr. Yi Xing Wu, a substantial shareholder of the Company.

ii. The property, plant and equipment was sold to 廣州易聯 in which the Group held 19% equity interests as at 30 June 2008.

iii. Service fee received from 廣州易聯.

iv. Rental income from 北京一卡通 which is a jointly-controlled entity of the Company. Allowance for bad and doubtful debts for corresponding rental receivables amounting to approximately HK$578,000 was provided during the year.

(b) Key management personnel compensation

	2008 HK$'000	2007 HK$'000
Salaries, bonus and other benefits	**24,301**	13,181
Share-based payments *(Note)*	**5,399**	3,240
Contributions to retirement benefits scheme	**84**	87
	29,784	16,508

Note: Share option benefits represent fair value at grant date of share options issue under 2004 Scheme charged to the consolidated income statement during the year disregarding whether the options have been vested/exercised or not.

39. Balance Sheet of the Company

As at 30 June 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**40**	68
Investments in subsidiaries		**140,020**	140,020
Amounts due from subsidiaries	(a)	**162,124**	–
		302,184	140,088
Current assets			
Other receivables		**619**	116
Bank balances and cash		**74,754**	11,020
		75,373	11,136
Current liabilities			
Other payables		**1,114**	862
Deposit received for disposal of an available-for-sale investment		**50,000**	–
		51,114	862
Net current assets		**24,259**	10,274
Total assets less current liabilities		**326,443**	150,362
Non-current liability			
Amounts due to subsidiaries	(a)	**71,278**	71,295
Net assets		**255,165**	79,067
Capital and reserves			
Share capital		**37,408**	31,443
Reserves	(b)	**217,757**	47,624
Equity attributable to equity holders of the Company		**255,165**	79,067

39. Balance Sheet of the Company (Continued)

As at 30 June 2008 (Continued)

(a) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and have no fixed repayable terms.

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000 (Note 30)	Accumulated losses HK$'000	Total HK$'000
At 1 July 2006	472,633	807	93,289	6,700	(485,915)	87,514
Issue of shares during the year	112,565	–	–	–	–	112,565
Issue of shares upon exercise of share options	59,410	–	–	(14,630)	–	44,780
Transaction costs attributable to issue of new shares	(2,874)	–	–	–	–	(2,874)
Recognition of equity settled share-based payment	–	–	–	11,324	–	11,324
Cancellation of share options	–	–	–	(1,957)	1,957	–
Loss for the year	–	–	–	–	(205,685)	(205,685)
At 30 June 2007 and 1 July 2007	641,734	807	93,289	1,437	(689,643)	47,624
Issue of shares during the year	96,716	–	–	–	–	96,716
Issue of shares for acquisition of a subsidiary	231,782	–	–	–	–	231,782
Issue of shares upon exercise of share options	359	–	–	(78)	–	281
Transaction costs attributable to issue of new shares	(130)	–	–	–	–	(130)
Recognition of equity settled share-based payment	–	–	–	29,152	–	29,152
Cancellation of share options	–	–	–	(1,648)	1,648	–
Loss for the year	–	–	–	–	(187,668)	(187,668)
At 30 June 2008	**970,461**	**807**	**93,289**	**28,863**	**(875,663)**	**217,757**

The contributed surplus of the Company includes (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1994; and (ii) the surplus arising from the group reorganisation in 1998.

39. Balance Sheet of the Company (Continued)

As at 30 June 2008 (Continued)

(b) Reserves (Continued)

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

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

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

In the opinion of the directors, no reserves are available for distribution to shareholders at 30 June 2008 and 2007.

40. Principal Subsidiaries

Details of the principal subsidiaries held by the Company as at 30 June 2008 are as follows:

Name of subsidiary	Place of incorporation and operations	Class of shares/ equity held	Nominal value of issued and fully paid/ registered capital	Effective percentage of equity interests/ voting rights held by the Company		Principal activities
				Directly %	Indirectly %	
Credit Card DNA Security System Limited	Hong Kong	Ordinary	HK$1	100	–	Investment holding
Dormer Group Limited	BVI	Ordinary	US$10,000	–	100	Investment holding
Dorson Group Limited	BVI	Ordinary	US$100	100	–	Investment holding
Emailcallyou.com Limited	Hong Kong	Ordinary	HK$1	–	100	Provision of email service
Greatest Rise Investments Limited	BVI	Ordinary	US$1	100	–	Investment holding
Hopestar Group Limited	BVI	Ordinary	US$100	100	–	Investment holding
Hong Kong 4 Networks (Holdings) Limited	Hong Kong	Ordinary	HK$1	100	–	Investment holding
Ming Yuen Assets Limited	BVI	Ordinary	US$10	–	100	Holding of a patent and technology
Ocean Hill Limited	BVI	Ordinary	US$1	100	–	Investment holding

40. Principal Subsidiaries (Continued)

Details of the Company's subsidiaries held by the Company as at 30 June 2008 are as follows:

Name of subsidiary	Place of incorporation and operations	Class of shares/ equity held	Nominal value of issued and fully paid/ registered capital	Effective percentage of equity interests/ voting rights held by the Company Directly %	Indirectly %	Principal activities
Star Cyber DNA Limited	BVI	Ordinary	US$1	–	100	Investment holding
Star Cyberpower V.F. Limited	BVI	Ordinary	US$1	–	100	Investment holding
Star Cyberpower Limited	BVI	Ordinary	US$1	–	100	Investment holding
Star Cyberpower Management Limited	Hong Kong	Ordinary	HK$10,000	100	–	Provision of management services and trading of electronic goods and accessories
Star EPS.com Limited	BVI	Ordinary	US$1	–	100	Investment holding
Star EPS.com (HK) Limited	Hong Kong	Ordinary	HK$1	–	100	Electronic commerce
Star Financial Limited	Hong Kong	Ordinary	HK$200	–	100	Provision of financial information services
Star Mobile DNA Payment Gateway Limited	Hong Kong	Ordinary	HK$2	–	100	Provision of credit card security device, digital network authorisation services and property investment
Starstruck Group Limited	BVI	Ordinary	US$1	–	100	Investment holding
Supreme Zone Limited	Hong Kong	Ordinary	HK$10,000	–	100	Provision of SMS personalised gateway services
Triple Winner International Limited	BVI	Ordinary	US$1	100	–	Investment holding
星光易辦事科技(深圳)有限公司 Star EPS.com (Shenzhen) Limited *(Note (i))*	PRC	Registered capital	US$150,000	–	100	Provision of e-business solution and e-commerce platform

40. Principal Subsidiaries (Continued)

Details of the Company's subsidiaries held by the Company as at 30 June 2008 are as follows:

Name of subsidiary	Place of incorporation and operations	Class of shares/ equity held	Nominal value of issued and fully paid/ registered capital	Effective percentage of equity interests/ voting rights held by the Company Directly %	Indirectly %	Principal activities
天碼軟件開發(深圳)有限公司 Credit Card DNA Security System (Shenzhen) Limited *(Note (i))*	PRC	Registered capital	US$1,000,000	–	100	Provision of credit card security device and digital network authorisation services
深圳支付通商務服務有限公司 Shenzhen Payment Express Business Services Limited *(Note (ii))*	PRC	Registered capital	HK$2,000,000	–	90	Provision of credit card security device and digital network authorisation services
香港好易聯投資集團有限公司	Hong Kong	Ordinary	HK$1	–	100	Investment holding

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

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

Notes:

(i) It is a wholly-owned foreign enterprise established in the PRC and the English name is for identification purpose only.

(ii) It is a sino-foreign equity joint venture registered under the PRC law and the English name is for identification purpose only.

Results

	For the year ended 30 June				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**14,673**	6,838	3,974	3,332	3,270
Loss before taxation	**(203,010)**	(49,815)	(83,193)	(71,410)	(35,787)
Income tax	**(170)**	6,263	–	–	74
Loss before minority interests	**(203,180)**	(43,552)	(83,193)	(71,410)	(35,713)
Loss attributable to minority interests	**169**	46	–	–	–
Loss attributable to equity holders of the Company	**(203,011)**	(43,506)	(83,193)	(71,410)	(35,713)

Assets and Liabilities

	As at 30 June				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(restated)
Total assets	**519,091**	305,495	187,363	64,870	106,538
Total liabilities	**(55,755)**	(4,416)	(12,952)	(22,804)	(23,173)
Total equity	**463,336**	301,079	174,411	42,066	83,365
Minority interests	**–**	(57)	–	–	–
Equity attributable to equity holders of the Company	**463,336**	301,022	174,411	42,066	83,365

Schedule of Principal Properties

Location	Attributable interest of the Group	Tenure	Existing use
Units 1201, 1202, 1203, 1205 and 1206 Zhongguancun Cultural Commercial Building No. 66 Bei Si Huan Xi Road Haidian District Beijing The PRC	100%	Medium term lease	Commercial