光滙石油
BRIGHTOIL

光滙石油(控股)有限公司
Brightoil Petroleum (Holdings) Limited

Annual Report 2008

(Incorporated in Bermuda with limited liability) (Stock Code:933.HK)
(於 百 慕 達 註 冊 成 立 之 有 限 公 司) (股份代碼: 933. HK)

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Sit Kwong Lam (Chairman and CEO)
Tang Bo
Chia Teck Lim
Tan Yih Lin
Fu Dewu

Non-Executive Directors

He Zixin
Ran Longhui
Sun Zhenchun
Dai Zhujiang

Independent Non-Executive Directors

Lau Hon Chuen
Professor Chang Hsin Kang
Kwong Chan Lam

AUDIT COMMITTEE

Lau Hon Chuen
Professor Chang Hsin Kang
Kwong Chan Lam

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Sit Lai Fung

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS IN HONG KONG

K&L Gates

LEGAL ADVISERS ON BERMUDA LAW

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2410B-2411
24/F, Lippo Centre, Tower 2
89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Chairman's Statement

RESULTS

The Company and its subsidiaries (the "Group") achieved a profit of approximately HK$63,276,000 for the year under review after charging/crediting the following:

– decrease in fair value of investment properties of approximately HK$1,369,000 (2007: increase in fair value of HK$1,550,000)

– a reversal of tax provision of approximately HK$17,614,000 (2007: Nil) previously recognised by the Group in respect of its liquidated subsidiaries

Excluding the above, the profit attributable to the operations of the Group's was approximately HK$47,031,000.

GARMENT OPERATION

The overall performance of the garment operation had apparently improved during the year. It is the third season for our original equipment manufacturer ("OEM") business. The Group's reputation on quality and design, competitive prices and guaranteed delivery had gradually built up. We had an established reputation in the OEM and original design manufacturer ("ODM") nylon T-shirt industry. Although the turnover had decreased by 17.6%, the result of garment operation had significantly improved from a loss of approximately HK$3,537,000 in 2007 to a gain of approximately HK$907,000 in 2008. Since the Group has focused its efforts on the OEM/ODM market, the Group has re-structured its organisation and minimised the operating costs. The Group is of the view that the garment operation has been moving on the right track and there would be contribution to the Group in the foreseeable future. In the medium to long run, the garment operation will have positive contribution to the Group.

INVESTMENTS

The Group maintained its conservative strategy in managing the surplus cash. With the downward trend in the interest market and the volatility of the debt securities market, the Group attempted to generate stable interest income during the year.

The profit of approximately HK$44 million had mainly resulted from the disposal of available-for-sale investments in listed equity securities which had been held for over six years with nil carrying value.

At the end of the financial year, the Group had unwound its investment portfolio and has maintained full cash position since then. Faced with the recent volatility in the financial market, the Group will continue to exercise prudence when making investment decision and continue to assess the available investment opportunities and overall market environment with an aim of enhancing shareholders' value.

PROPERTIES INVESTMENTS

During the year ended 30th June, 2008, the Group generated rental income of approximately HK$402,000. Attributable to the newly acquired investment properties located in Singapore in mid- June, the Group is expected to receive more rental income in the coming financial years.

Chairman's Statement

MARINE BUNKERING BUSINESS

The Group has observed a strong start of its marine bunkering business. Since mid-July, the Group has begun marketing and selling its marine bunkering services, being provided in Shenzhen, the People's Republic of China (the "PRC"). A solid bunkering volume of approximately 333,000 tonnes of fuel oil was achieved in the first quarter of the financial year ending 30th June, 2009 reflecting the promising prospect of the business.

To grow along with the PRC arm of the marine bunkering business, the Group had announced to acquire an oil tanker on 16th July, 2008 as part of the long term strategy to support the delivery function of the marine bunkering operation in Hong Kong for launching the Hong Kong operation.

With the delivery of the tanker by November 2008, the marine bunkering business is expected to contribute an increasingly significant portion of the turnover of the Group in the years to come. In the financial year ending 30th June, 2009, the Group plans to expand the coverage of its marine bunkering business to other ports in the Yangtze River Delta region and to be followed by those in the northern part of the PRC as a strategic approach to further develop the business. With its marine bunkering services gaining reputation among existing and potential customers, and a clear focus of the future developments, the Group is confident that the business will deliver promising returns to the shareholders of the Company (the "Shareholders") in the future.

CONCLUSION

12 new directors of the Company (the "Directors") were appointed in June 2008 and six directors of the Company resigned in July 2008 following the close of the mandatory offer for all issued shares of the Company not already owned or acquired by Canada Foundation Limited ("Canada Foundation") and parties acting in concert with it.

The change of the name of the Company in August 2008 reflects its determination in pursuing petroleum-related businesses. In light of increasing energy demand, the management of the Company is optimistic about the prospect of the Group's marine bunkering services. Riding on the abundant experience and extensive business network of the new management, working team of professionals and experienced sales force of the Company and the solid support of the Shareholders, the Group will continue to identify business opportunities, in particular, those related to natural resources, oil and natural gas businesses, so as to create greater Shareholders' value.

Besides focusing on the new marine bunkering business, the Group will take appropriate measures to further improve the garment operation and is optimistic that it will improve in the medium to long term.

The Group will continue to exercise prudence in making new investment and management of its surplus fund with the primary objective of generating sufficient cash flow for the operations.

On behalf of the board of directors of the Company, I would like to take this opportunity to express my sincere appreciation to all business partners, staff and Shareholders for their continuous support.

SIT KWONG LAM
Chairman

Hong Kong, 8th October, 2008

Management Discussion and Analysis

FINANCIAL REVIEW

During the year ended 30th June, 2008, the Group's total turnover decreased by approximately 14.32% to HK$40,759,000. Profit attributable to the Shareholders increased significantly to approximately HK$63,276,000.

As at 30th June, 2008, the Group reported a net fair value loss of financial assets held for trading of approximately HK$10,471,000 and a gain on disposal of available-for-sale investments of approximately HK$44,251,000.

The Group has recognised a loss from changes in fair value on investment properties of approximately HK$1,369,000 which has been charged to the income statement.

Basic earnings per share amounted to HK5.2 cents for the year, which was significantly higher than last year of HK2.69 cents. As at 30th June, 2008, net asset value per share amounted to HK$0.59.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal source of funds for the year ended 30th June, 2008 was from investment income, including bank interest income of approximately HK$87,847,000.

As at 30th June, 2008, the Group had bank and cash balances of approximately HK$599,460,000 and HK$263,365,000 was attributable to the disposal of subsidiaries and assignment of loans.

The Group's exposure to fluctuation in exchange rates was limited and no hedging activity was considered necessary.

USE OF PROCEEDS FROM NEW ISSUE

As reported in the Company's 2001 annual report, the Group had changed the proposed use of part of the proceeds from the new issue in 1995 which amounted to HK$254,000,000 for the following purposes:

(a) approximately HK$15,000,000 for developing the Group's own brand "IXESSE" in Hong Kong and the PRC and to enhance the image and popularity of the brand;

(b) approximately HK$50,000,000 to acquire plant, machinery, office setup and equipment to expand and improve the Group's own manufacturing facilities in Guangzhou, the PRC for the production of clothing, leather goods, accessories or other related products; and

(c) the remaining balances of approximately HK$189,000,000 for herbal and health products, skin care and pharmaceutical products and other business ventures.

An analysis of the use of proceeds up to 30th June, 2008 is as follows:

		Up to 30th June, 2007 *HK$'000*	**Amounts incurred in the year under review** *HK$'000*	**Accumulated spending** *HK$'000*
(a)	Promotion of its own brand "IXESSE" in Hong Kong and the PRC	8,019	464	8,483
(b)	Acquisition of plant and machinery in Hong Kong and the PRC	22,467	1,995	24,462
(c)	Development of health and herbal products	27,305	–	27,305
	Total	57,791	2,459	60,250

Management Discussion and Analysis

USE OF PROCEEDS FROM NEW ISSUE – continued

As set out in the announcement of the Company dated 14th May, 2008 and subsequent to the special general meeting of the Company held on 18th June, 2008, the planned usage of above-mentioned proceeds has been changed. The Group utilized part of the above-mentioned proceeds, which were approximately HK$104,800,000 and HK$7,931,000, respectively, for settling the consideration and related expenses for the acquisition of properties in Hong Kong and Singapore. The remaining proceeds of approximately HK$81,019,000 will be used as general working capital of the Group and/or for investment in any future suitable business opportunities.

CAPITAL STRUCTURE

As at 30th June, 2008, the Company had 1,215,870,400 shares (the "Shares") in issue with total Shareholders' funds of approximately HK$720,315,000.

SIGNIFICANT INVESTMENTS HELD

As at 30th June, 2008, the Group did not hold any significant investments. During the year, the Group recorded a fair value loss of financial assets held for trading of approximately HK$10,471,000.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the section headed "Chairman Statement" of this annual report, the Group is now exploring its marine bunkering business and identifying any investment opportunities. The Group intends to finance the expansion by its internally generated resources and remaining proceeds as mentioned in "Use of proceeds from New Issue" above.

BORROWINGS AND CHARGES ON GROUP ASSETS

During the year ended 30th June, 2008, the Group did not have any borrowings nor charges on its assets.

CONTINGENT LIABILITIES

As at 30th June, 2008, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 30th June, 2008, the Group disposed of two subsidiaries, Pearl River Pacific Limited and Everview Limited to Linwood Services Ltd., the former major controlling shareholder of the Company, with a total consideration of approximately HK$263,374,000. The gain on disposal of the subsidiaries of approximately HK$33,679,000 was deemed as a Shareholder's contribution to the Group and was credited to the equity as a reserve.

SEGMENTAL INFORMATION

Details of the segmental information are set out in the section headed "Chairman Statement" of this annual report and note 8 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June, 2008, the Group employed approximately 150 full time employees in Hong Kong and the PRC. The Group remunerates its Directors and employees by reference to their performance, experience and prevailing industry practice. Employee benefits provided by the Group include provident fund scheme, medical scheme, discretionary performance-related bonus and a share option scheme. For the year ended 30th June, 2008, total employees' remuneration, including directors' remuneration, was approximately HK$24,322,000 (2007: HK$24,460,000).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Sit Kwong Lam ("Dr. Sit") – chairman and chief executive officer of the Company, aged 40, Ph.D., is a member of the Chinese People's Political Consultative Conference, Standing Committee Member of United National Chinese Youth Association, vice chairman of China's Chamber of Commerce for Petroleum Industry (全國工商聯石油業商會副會長) and chairman of the board of directors of 深圳光滙石油集團股份有限公司 (Shenzhen Brightoil Group Co., Ltd.) and its subsidiaries ("Brightoil Group"). Dr. Sit joined the Group in June 2008.

Brightoil Group was established in 1995, which is wholly and beneficially controlled by Dr. Sit. He has been specialising in the oil energy production industry and is dedicated to developing energy businesses. His business started from petroleum products trading, and expanded gradually into the upstream and downstream of the oil production chain. The scope of business of Brightoil Group includes oil storage and duty-free oil storage tanks, international trading and wholesale of petroleum products, marine transportation of oil, gas stations and marine bunkering. Dr. Sit also engages in oil and gas exploration and exploitation through his other wholly owned company, Win Business Energy Group (Holdings) Limited. He also serves as director of all subsidiaries of the Group.

He studied in the United States from 1998 to 2000. He obtained a doctorate degree in philosophy in 2005.

As at 30th June, 2008, Energy Empire Investments Limited ("Energy Empire") and Canada Foundation were beneficially interested in 729,522,240 and 100,477,760 Shares. Both Energy Empire and Canada Foundation are wholly owned by Dr. Sit and Dr. Sit is also the sole director of both Energy Empire and Canada Foundation.

Save that Dr. Sit is the sole shareholder of Energy Empire, Dr. Sit is not connected with any directors or senior management or other substantial or controlling shareholders of the Company.

Mr. Tang Bo ("Mr. Tang") – aged 40, is mainly responsible for investment and business development. Mr. Tang joined the Group in June 2008.

Mr. Tang had in the past held the positions of human resources manager, corporate management manager, manager of the storage division, customer service manager, sales manager, assistant to the general manager, administration director of Brightoil Group, personal assistant to chairman, vice president, etc.. He was the vice president of Brightoil Group and was responsible for external investment and business development and has over 10 years of experience in the oil industry. He also serves as a director of a subsidiary of the Group.

He graduated from the business school of Nanjing University in 1992 with a master degree in economics.

Mr. Tang is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Mr. Chia Teck Lim ("Mr. Chia") – aged 40, is mainly responsible for the management of shipping and marine bunkering business. Mr. Chia joined the Group in June 2008.

Mr. Chia was the general manager of Shenzhen Brightway Petrochemicals Co., Ltd. (光滙石油化工股份有限公司), which is a subsidiary of Brightoil Group, and was responsible for its daily operation. He has over 15 years of experience in the field of shipping and international oil trading businesses. He also serves as director of 14 subsidiaries of the Group.

Mr. Chia graduated from the Oklahoma State University (USA) in 1988.

Mr. Chia is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Biographical Details of Directors and Senior Management

Mr. Tan Yih Lin ("Mr. Tan") – aged 35, master degree holder in computer management. He is mainly responsible for the financial management. Mr. Tan joined the Group in June 2008.

Before joining the Group, Mr. Tan had in the past been responsible for managing the financial matters of the Brightoil Group and its PRC and overseas subsidiaries. Mr. Tan graduated from Singapore Polytechnic in 1993. In 1998, he passed the ICPAS/ACCA certified accountant examination with first runner-up honour in Singapore. He obtained a master degree in computing from De Monfort University, the United Kingdom in 2000. In 2001, Mr. Tan was appointed by Stamford Tyres International Ltd as the Accountant and Department Manager of one of its American companies. Mr. Tan served as the chief financial officer and vice president of BCW Electric Motor (Dalian) Co. Ltd. during 2002 to 2007 and assisted the president for the management of sales, production and financial affairs, as well as human resources matters. Mr. Tan also serves as director of 25 subsidiaries of the Group.

Mr. Tan is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Mr. Fu Dewu ("Mr. Fu") – aged 45, is mainly responsible for the business management with respect to oil and gas exploration and commercial negotiation. Mr. Fu joined the Group in June 2008.

Mr. Fu is an expert in oilfield development (geophysical prospecting) and has over 13 years of experience in managing the globally-renowned Daqing oil field. He joined Brightoil Group in July 2004 and he was also the vice president of Win Business Energy Group (Holdings) Ltd. and was responsible for the business development for oil and gas exploration. From March 2001 to May 2004, he served as the assistant to the project general manager of Pan-China Resources Ltd., a wholly-owned subsidiary of Sunwing Energy Ltd. From 1993 onwards, he served as a senior engineer in Daqing Petroleum Administration (大慶石油管理局) and was responsible for the management of all seismic projects development and has applied advanced seismic technology in the development project of low permeability oilfield (低滲透油田). Such an initiative helped manifest the economic efficiency of oilfield development. Mr. Fu also serves as a director of a subsidiary of the Group.

In 1996, he served as a senior development geologist for oilfield development in Sea Union Holdings Ltd. and was seconded to the international department of Husky Oil International Corporation in Canada for participation in the oilfield in Limau, Indonesia.

Mr. Fu obtained his bachelor degree in geophysical prospecting from East China Petroleum Institute (華東石油學院) (now China University of Petroleum – Shandong 中國石油大學－ 山東) in 1983. He has enrolled in the master degree programme under the department of postgraduate studies of Changchun Geology Institute (長春地質學院) in 1996.

Mr. Fu is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

NON-EXECUTIVE DIRECTORS

Mr. He Zixin ("Mr. He") – aged 64, is a Professor-Senior Geologist and an exploration and development specialist in petroleum geology. Due to his significant contribution to China's engineering technology development, he was recognised by the State Council as an expert, entitling to the government's special subsidies. Mr. He joined the Group in June 2008.

Mr. He graduated from the department of geology of the Beijing Institute of Geology (北京地質學院) in 1970, specialising in geology and ancient creature. He has since worked in Changqing oil field and held the position of deputy head of exploration Changqing Oil Field Research Institute (長慶油田研究院). In 1997, he was promoted as the chief geologist of the Changqing Petroleum Exploration Bureau. Having had outstanding achievements in oil and gas exploration in the Ordos Basin, he was awarded the 8th Li Siguang Award for Geosciences (第八屆李四光地質科學獎), as well as the 2003 National May First Labour Medal (2003年全國「五一勞動獎章」). In 2003, Mr. He was awarded the First Honour Award for State Scientific Technology Advancement (國家科學技術進步一等獎) by the State Council for the "Sulige large-scale gas field locating and comprehensive exploration techniques" (蘇里格大型氣田發現及綜合勘探技術).

Biographical Details of Directors and Senior Management

He has led various major scientific research and technical projects on national and provincial levels and has contributed significantly in the areas such as oil and gas exploration and exploitation theories as well as oilfield exploration supporting technology, and has been awarded 10 awards on national, provincial (ministry) and departmental levels.

Mr. He does not hold any positions with the Group other than acting as a non-executive Director.

Mr. He is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Mr. Ran Longhui ("Mr. Ran") – aged 65, is a Professor-Senior Engineer and exploration and development specialist in petroleum geology. Due to his significant contribution to China's engineering technology development, he was recognised by the State Council as an expert, entitling to the government's special subsidies. Mr. Ran joined the Group in June 2008.

From 2000 to 2002, he served as the deputy general manager in the Southwest Oil and Gas Field Branch Company (西南油氣田分公司) of China Natural Petroleum Corporation (中國石油天然氣集團公司). In 1991, he served as the deputy chief geologist of Institute of Sichuan Petroleum Administration (四川石油管理局) and in 1997, he served as the chief geologist of Institute of Sichuan Petroleum Administration. From 1983 to 1990, he served as deputy head and head of the Geological Exploration and Development Research Institute (地質勘探開發研究院) of Institute of Sichuan Petroleum Administration. He was the chief editor of Natural Gas Industry (《天然氣工業》) and the consultant of Brightoil Group. He was also the deputy chairman of Sichuan Mining Association (四川省礦業協會) and the part-time professor and tutor of doctoral candidate of Southwest Petroleum Institute (西南石油學院). He has received the First Honour Award for Technological Advancement (科技進步一等獎) from the Ministry of Oil Industry (石油工業部) for Sichuan Basin Oil and Gas Resource Evaluation (四川盆地油氣資源評價), First Honour Award of Technology Innovation (技術創新一等獎) from China Natural Petroleum Corporation (中國石油天然氣集團公司) for target evaluation of gas reserves and exploration for Changxing section – Feixianguan section of northwestern part of Sichuan Basin and the research and application of Sichuan gas reserve under balance well-drilling technology (四川盆地東北部長興組－飛仙關組氣藏成藏條件及勘探目標評價、四川氣藏欠平衡鑽井技術研究與應用), the Second Honour Award of Scientific Technology (科學技術二等獎) from the People's Government of Sichuan Province (四川省人民政府) for pattern of natural gas reserve and exploration target of Chuanxi Qianlu Basin (川西前陸盆地天然氣富集規律與勘探目標評選), the First Honour Award of Technology Innovation and Scientific Technology (科技創新和科學技術一等獎) from the southwestern branch of China Oil and Gas Corporation (中國石油西南油氣田分公司) and Institute of Sichuan Petroleum Administration for the feasibility of the construction of facilities and surface system for eastward transportation of natural gas from Chuanyu (川渝天然氣東輸產能建設部署及地面系統可行性論證) and the evaluation of the potential for natural gas of the eastern region of Sichuan Basin (試評四川盆地東部地區石炭系天然氣資源潛力). He has published numerous academic essays in various publications.

Mr. Ran obtained a postgraduate degree in oilfield geology from Petroleum Institute of Beijing (北京石油學院) (currently known as the China University of Petroluem (中國石油大學)) in 1968.

Mr. Ran does not hold any positions with the Group other than acting as a non-executive Director.

Mr. Ran is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Mr. Sun Zhenchun ("Mr. Sun") – aged 73, is a Professor-Senior Engineer and a renowned PRC expert in oil drilling engineering and rescue and fire fighting operations relating to oil disasters. He is the member of the 4th China Petroleum Committee and the member of Society of Petroleum Engineers. He is a part-time professor of the Petroleum University and the Southwest Petroleum University and an executive of the China Classification Society (中國船級社). He is also a specialist of the national 863-820 expert team (1999-2000) and the standing executive of the 2nd Standing Committee of the China Mining Association (中國礦業協會). Mr. Sun joined the Group in June 2008.

Biographical Details of Directors and Senior Management

Mr. Sun has extensive experience in oil drilling engineering technology and oil well fire fighting engineering. Mr. Sun was appointed by the PRC government as the chief director of the fire fighting team to Kuwait and chief leader of the PRC Fire Fighting Taskforce in 1991. He possesses solid theoretical foundation and extensive experience relating to the field of drilling operations and has made contributions to China's petroleum industry. He pioneered the application of underbalanced drilling technology and made significant contributions to the development of drilling technology. In 2001, Mr. Sun was awarded the First Honour Award for State Scientific Technology Advancement (國家科學技術進步一等獎) by the State Council for the "Dagang oil field land mature exploration area kilometer bridge buried hill large scale geochronology of condensate accumulation system and exploitation techniques" (大港油田陸上高成熟探區千米橋潛山大型凝析氣藏成藏系統與勘探技術).

Mr. Sun studied at the oil drilling department of Beijing Petroleum Institute from 1953 to 1957, majoring in oil drilling and obtained a bachelor degree. He has been engaging in oil drilling engineering technology and oil well fire fighting engineering. He was the chief engineer of Oil Drilling Bureau of China National Petroleum Corporation since 1996. He was awarded as an excellent science and technology worker (全國優秀科技工作者) and a medal for May First Labor (五一勞動獎) by All China Federation of Trade Unions (中華全國總工會) in 1992. In 2001, he was awarded an Advanced Individual Award (先進個人稱號) by the PRC Ministry of Science and Technology. In 2004, he was awarded an honored title for Advanced Individual in the national work of Gas-Transporting From West to East (國家西氣東輸工程建設先進個人). Mr. Sun was awarded the Come Out of Your Shell Award (新思維成就獎) on the Drilling and Completing in Hostile Formations (複雜地層的鑽井與挖井) of the 2000 Forum Series in Asia Pacific held by the Society of Petroleum Engineers (石油工程師學會).

Mr. Sun does not hold any positions with the Group other than acting as a non-executive Director.

Mr. Sun is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Mr. Dai Zhujiang ("Mr. Dai") – aged 56, Mr. Dai studied in Beijing Language Institute (北京語言學院) in 1971 to 1975 and graduated with a bachelor degree. In 1990, he served as the senior management of 華潤紡織原料有限公司. He has been the financial adviser and business manager of a large insurance company (AIA) in Hong Kong since 2001. Mr. Dai has became a registered planner in 2006. Mr. Dai joined the Group in June 2008.

Mr. Dai does not hold any positions with the Group other than acting as a non-executive Director.

Mr. Dai is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Hon Chuen ("Mr. Lau") – aged 61, is a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lau is the senior partner of Messrs Chu & Lau, solicitors & notaries. He was awarded the Gold Bauhinia Star and Justice of the Peace. Mr. Lau is a solicitor of the High Court of Hong Kong, a solicitor of the Supreme Court of England and Wales, a China-appointed attesting officer and a notary public. Mr. Lau is currently the independent non-executive director of various listed companies, including Franshion Properties (China) Limited, Glorious Sun Enterprises Limited, Guangzhou Investment Company Limited, GZI Transport Limited, Qin Jia Yuan Media Services Company Limited, The Hong Kong Parkview Group Limited and Wing Hang Bank Ltd. He is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank Limited, Chu & Lau Nominees Limited, Son Hon Investment And Finance Limited, Wydoff Limited and Wytex Limited. Mr. Lau was also the president of the Law Society of Hong Kong, a board member of the Urban Renewal Authority, a board member of the Hong Kong Mortgage Corporation Limited and a member of the Commission on Strategic Development of the Hong Kong Government, and served as member of the Hong Kong Legislative Council from 1995 to 2004 (being the member of the Provisional Legislative Council from 1997 to 1998). Mr. Lau joined the Group in June 2008.

Biographical Details of Directors and Senior Management

Mr. Lau does not hold any positions with the Group other than acting as an independent non-executive Director.

Mr. Lau is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Professor Chang Hsin Kang ("Professor Chang") – aged 67, is an internationally renowned specialist in biomedical engineering. He is the Committee Member of the National Committee of the Chinese People's Political Consultative Conference. He was the former President of the City University of Hong Kong and the Foreign Member of the Royal Academy of Engineering of the United Kingdom. He was appointed a Justice of the Peace and was awarded the Gold Bauhinia Star. He obtained a bachelor degree in civil engineering from the National Taiwan University in 1962, a master degree in structural engineering from Stanford University in 1964, United States and a Ph.D. in biomedical engineering from Northwestern University in 1969. He had taught at State University of New York in Buffalo, McGill University, Canada and University of Southern California from 1969 to 1990. He served as the Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology in 1990, the Dean of the School of Engineering of the University of Pittsburg in 1994. He was the President and University Professor of the City University of Hong Kong from 1996 to 2007.

Professor Chang was the chairman of the Hong Kong Cultural Committee from 2000 to 2003, and was the member of the Council of Advisors on Innovation and Technology from 2000 to 2004. Professor was awarded a Chevalier de la Légion d'Honnneur of France in 2000 for his contribution to the promotion of cultural exchange between China and France. Professor Chang joined the Group in June 2008.

Professor Chang does not hold any positions with the Group other than acting as an independent non-executive Director.

Professor Chang is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

Mr. Kwong Chan Lam ("Mr. Kwong") – aged 60, is a fellow certified public accountant in Hong Kong and a former partner of Deloitte Touche Tohmatsu. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Kwong has 35 years of experience in auditing, financial accounting and taxation in relation to various companies (for 22 years of which, he held the position of partner). He obtained a bachelor degree in business and administration from the Chinese University of Hong Kong in 1972. Mr. Kwong joined the Group in June 2008.

Mr. Kwong does not hold any positions with the Group other than acting as an independent non-executive Director.

Mr. Kwong is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Sit Lai Fung – aged 36, was appointed as company secretary and qualified accountant of the Company in July 2008. He is an associate member of Hong Kong Institute of Certified Public Accountants and an associate member of the Association of Chartered Certified Accountants.

Sit Lai Fung does not hold any positions with the Group other than acting as a company secretary and qualified accountant of the Company.

He is not connected with any directors or senior management or substantial or controlling shareholders of the Company.

The above represent the senior management of the Group.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30th June, 2008.

CHANGE OF COMPANY'S NAME

Pursuant to the special resolution approving the change of name of the Company by the Shareholders on 18th August, 2008, the name of the Company has been changed from First Sign International Holdings Limited to Brightoil Petroleum (Holdings) Limited and has adopted the Chinese name 光滙石油(控股)有限公司 for identification purpose, with effect from 19th August, 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and trading of garments, proprietary trading in securities, property holding and investment holding.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th June, 2008 are set out in the consolidated income statement on page 26 of this annual report.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 to the consolidated financial statements.

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

During the year ended 30th June, 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

FINAL DIVIDENDS

The board of Directors (the "Board") does not recommend the payment of a final dividend for the year ended 30th June, 2008 (For the year ended 30th June, 2007: HK1 cent per share).

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity of this annual report. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

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

(b) the realisable value of the company's 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, as at 30th June, 2008, the Company's reserves available for distribution to Shareholders consisted of contributed surplus of approximately HK$15,012,000 (2007: HK$15,012,000) and retained profits of approximately HK$34,195,000 (2007: HK$35,531,000).

The contributed surplus of the Company represents the excess of separable net assets acquired from the acquisition of shares in First Sign Investments Limited by the Company pursuant to the group reorganisation in 1995 over the nominal amount of the Shares issued as the consideration for such acquisition, less dividends distributed from pre-reorganisation reserves of these subsidiaries.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year, the Group acquired a property situated in Hong Kong and a property situation in Singapore at consideration of approximately HK$42,000,000 and HK$62,800,000, respectively. Such consideration was determined based on the independent valuation conducted by independent qualified professional valuer.

The Group's investment properties were revalued at 30th June, 2008. The net decrease in fair value of investment properties which has been charged to the consolidated income statement amounted to approximately HK$1,369,000. Details of these and other movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 16 and 18 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 75% of the Group's revenue for the year ended 30th June, 2008, with the largest customer accounted for approximately 24%. The five largest suppliers of the Group together accounted for approximately 83% of the Group's total purchases for the year ended 30th June, 2008, with the largest supplier accounted for approximately 42%.

None of the Directors or any of the associate of a Director or any Shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) has an interest in the share capital of any of the Group's five largest customers or suppliers.

Directors' Report

DIRECTORS

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

Executive Directors:

Dr. Sit Kwong Lam (Chairman and Chief Executive Officer)	(appointed on 20th June, 2008)
Mr. Tang Bo	(appointed on 20th June, 2008)
Mr. Chia Teck Lim	(appointed on 20th June, 2008)
Mr. Tan Yih Lin	(appointed on 20th June, 2008)
Mr. Fu Dewu	(appointed on 20th June, 2008)
Mr. Lau Tung Hoi	(resigned on 11th July, 2008)
Ms. Yan Miu King	(resigned on 11th July, 2008)

Non-Executive Directors:

Mr. He Zixin	(appointed on 20th June, 2008)
Mr. Ran Longhui	(appointed on 20th June, 2008)
Mr. Sun Zhenchun	(appointed on 20th June, 2008)
Mr. Dai Zhujiang	(appointed on 20th June, 2008)
Mr. Wu Wing Kit	(resigned on 11th July, 2008)

Independent Non-Executive Directors:

Mr. Lau Hon Chuen	(appointed on 20th June, 2008)
Professor Chang Hsin Kang	(appointed on 20th June, 2008)
Mr. Kwong Chan Lam	(appointed on 20th June, 2008)
Mr. Man Mo Leung	(resigned on 11th July, 2008)
Mr. Ho Yau Ming	(resigned on 11th July, 2008)
Mr. Hung Kwok Keung, Keith	(resigned on 11th July, 2008)

In accordance with the provisions of the Company's bye-laws, all Directors appointed on 20th June, 2008 will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at the date of this annual report, each of Dr. Sit Kwong Lam, Mr. Tang Bo, Mr. Chia Teck Lim, Mr. Tan Yih Lin and Mr. Fu Dewu (all being executive Directors) has entered into service contracts with the Company with a term of three years commencing from 20th June, 2008. Each of Dr. Sit Kwong Lam, Mr. Tang Bo, Mr. Chia Teck Lim, Mr. Tan Yih Lin and Mr. Fu Dewu is entitled to (i) an annual remuneration of HK$2,080,000, HK$1,040,000, HK$1,950,000, HK$1,300,000 and HK$1,040,000 respectively; and (ii) a discretionary management bonus of an amount to be determined by the Board upon completion of a 12 months of service. The Company has not entered into any service contracts with the non-executive Directors and independent non-executive Directors. Each of the non-executive Directors and independent non-executive Directors is appointed for a fixed term of three years subject to retirement by rotation in accordance with the bye-laws of the Company and is entitled to an annual remuneration of HK$325,000.

Save as disclosed, none of the Directors being proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 30th June, 2008, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions

Name of Director	Name of company	Capacity	Number of issued ordinary shares held	Percentage of the shareholding
Sit Kwong Lam	The Company	Interests of controlled corporation	830,000,000*(Note 1)*	68.26%
Lau Tung Hoi	The Company	Person who set up a discretionary trust *(Note 2)*	37,010,000	3.04%
Ho Yau Ming	The Company	Beneficial owner	500,000	0.04%
Yan Miu King	The Company	Beneficial owner	370,000	0.03%
Sit Kwong Lam	Energy Empire Investments Limited	Beneficial owner	1	100%

Note 1: These Shares represent: (i) 729,522,240 Shares held by Energy Empire; and (ii) 100,477,760 Shares held by Canada Foundation. Dr. Sit Kwong Lam is the sole shareholder of both Energy Empire and Canada Foundation. Thus, Dr. Sit Kwong Lam is deemed to be interested in these 830,000,000 Shares under the SFO.

Note 2: These Shares were held by Linwood Services Ltd. ("Linwood"), 48 shares of Linwood (representing the entire issued share capital of Linwood) are owned by Money Belt Worldwide Limited ("Money Belt"). Money Belt is a company incorporated in the British Virgin Islands and the entire issued share capital of which is held by HSBC International Trustee Limited as trustee of a discretionary trust, the discretionary objects of which include Mr. Lau Tung Hoi and his family members.

Save as disclosed above, as at 30th June, 2008, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

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

No option under the above share option scheme has been granted or exercised since the adoption of the scheme and no option was outstanding as at 30th June, 2008.

As at 30th June, 2008, the total number of Shares available for grant of option under the above share option scheme was 121,609,400.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save for any entitlements under the share option scheme adopted by the Company, at no time during the year was the Company, any of its holding companies or their respective subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors nor the chief executive of the Company, nor any of 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' INTEREST IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, during the year, Dr Sit, through his controlling companies (other than the Group), held 100% interest in Brightoil Group which principally engaged in, among others, the provision of duty-free marine bunkering services in the PRC. Brightoil Group entered into the fuel oil purchase and delivery agreement (the "Oil Agreement") with the Group on 12th July, 2008 for the provision of marine bunkering operating services to the Group in the PRC.

Brightoil Group has undertaken not to engage in any direct competition with the Group in respect of the marine bunkering business of the Group during the term of the Oil Agreement.

Save as disclosed above, none of the Directors or any of their respective associates (as defined in the Listing Rules) had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the operating lease rental paid for a Director's accommodation to a landlord in which a Director had a beneficial interest, the disposal of subsidiaries and assignment of loans to Linwood, the former major controlling Shareholder, and the acquisition of a property in Hong Kong and the acquisition and lease back of a property in Singapore from two related parties, in which a Director had controlling interest, as disclosed in note 32 to the consolidated financial statements, no contract of significance to which the Company, any of its holding companies or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, nor had there been any contract of significance entered into between the Group and a controlling Shareholder during the year.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken during the year under review are disclosed in note 32 to the financial statements. Save as disclosed in "Connected Transactions" below, these related party transactions fall under the definition of connected transaction, but are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 32 to the financial statements also constituted connected transactions or as the case may be, continuing connected transactions under the Listing Rules and are subject to the reporting requirements in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) and the Group have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

CONNECTED TRANSACTIONS – continued

Details of those transactions which also constituted connected transactions and were required to be disclosed under Chapter 14A of the Listing Rules are as follows:

(1) Connected transaction for the acquisition of properties

On 19th June, 2008, the Group acquired a property situated in Hong Kong and a property situated in Singapore from Sun Hung Kwong Group (Holdings) Limited and Brightway Petrochemical Group Singapore Pte Limited ("Brightway Singapore") respectively, companies in which Dr. Sit has controlling interests. The respective consideration of approximately HK$42,000,000 and HK$62,800,000 was determined based on independent valuation carried out by Savills Valuation and Professional Services Limited, independent qualified professional valuer.

(2) Connected transaction for the disposal of subsidiaries

On 19th June, 2008, the Group disposed of the entire issued shares of Pearl River Pacific Limited and Everview Limited (the "Disposal Group") and assigned the debts due from the Disposal Group of approximately HK$189,977,000, to Linwood Services Ltd. ("Linwood"), the former major controlling Shareholder at a total consideration of approximately HK$263,374,000. The two associates of the Disposal Group, Wealthy Creative Health Food Holdings Limited and Wealthy Creative Health Food Limited, were deemed to be disposed of on the same date.

The gain on disposal of the Disposal Group of approximately HK$33,679,000 was deemed as a Shareholder's contribution to the Group and was credited to the equity as a reserve.

(3) Continuing connected transaction for the rental income from Brightway Singapore

On 19th June, 2008, the Group entered into a leaseback agreement ("Leaseback Agreement") with Brightway Singapore whereby the Group agreed to lease to Brightway Singapore a premises situated on 8 Temasek Boulevard #35-02/02A/02B, Suntec Tower Three, Singapore 038988 for a term of 12 months commencing on 19th June, 2008. The monthly rent (inclusive of goods and services tax) payable by Brightway Singapore under the Leaseback Agreement is S$67,000.

The aggregate rental income from the Leaseback Agreement during the year ended 30th June 2008 was approximately HK$151,000.

The independent non-executive Directors have reviewed and confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board that the continuing connected transactions stated in item (3) above: (a) have received the approval of the Board; (b) are based on specified percentages of the related shipment/purchase value or specified fixed monthly rental, as appropriate; (c) have been entered into in accordance with the provisions of the relevant agreements governing the transactions; and (d) have not exceeded the caps disclosed in the previous announcements of the Company.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the transactions stated in item (3) above.

Directors' Report

SUBSTANTIAL SHAREHOLDERS AND PERSONS HAVING 5% OR MORE INTERESTS

As at 30th June, 2008, the interests and short positions of every person, other than a Director or chief executive of the Company, in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions

Name of Shareholders	Number of Shares held	Approximate percentage of shareholding
Energy Empire Investments Limited	729,522,240 Shares	60.00%
Canada Foundation Limited	100,477,760 Shares	8.26%

Save as disclosed above, as at 30th June, 2008, no other person, other than a Director or chief executive of the Company had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam an annual confirmation of his independence pursuant to the Rule 3.13 of the Listing Rules and the Company considers all independent non-executive Directors independent.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, the Company has maintained a sufficient public float as required under the Listing Rules throughout the year ended 30th June, 2008.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

SIT KWONG LAM
Chairman

Hong Kong, 8th October, 2008

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for ensuring that high standards of corporate governance are maintained and the Board is accountable to the Shareholders. The Company had applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the year ended 30th June, 2008, except for the following deviations:

1. **Code Provision A.2.1**

   Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

   The positions of both chairman and CEO have been held by Dr. Sit Kwong Lam since 20th June, 2008 upon his appointment as an executive Director. Given the Group's current stage of development, the Board considers that vesting the roles of both chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximises effectiveness of its operation. Prior to 20th June 2008, the Company did not maintain the office of CEO and the day-to-day operations of the Group were managed by the chairman of the Company.

2. **Code Provision A.4.1**

   Under the code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term and subject to re-election. However, three of the independent non-executive Directors, who resigned on 11th July 2008 and one non-executive Director, who resigned on 11th July 2008, were not appointed for specific term but were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's bye-laws. The Company considers that sufficient measures had been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

3. **Code Provision B.1.4 and C.3.4.**

   Under note 1 to the code provisions B.1.4 and C.3.4 of the Code, the issuer should make available the terms of reference of its remuneration committee and audit committee on request and by including the information on the issuer's website.

   Since the Company has yet to establish its own website, the above requirement regarding provision of such information on website could not be met accordingly. However, the terms of reference of the two committees were available on request.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. All the Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 30th June, 2008. The Model Code also applies to other specified senior management of the Group.

Corporate Governance Report

BOARD OF DIRECTORS

Please refer to the section headed "Directors" in the Directors' Report of this annual report for the Board composition during the year.

There is a clear division of responsibilities between the Board and the management. The Board is responsible for providing high-level guidance and effective oversight of the management while day-to-day management of the Group is delegated to the management team of each respective subsidiary. Generally speaking, the Board is responsible for:

- Formulating the Group's long term strategy and monitoring the implementation thereof
- Recommending of interim and year-end dividend
- Reviewing and approving the interim and annual reports
- Ensuring good corporate governance and compliance
- Monitoring the performance of the management
- Reviewing and approving any material acquisition and assets disposal

The Board authorises the management to carry out the strategies that have been approved.

The Board meets regularly with at least four times a year and additional meetings or telephone conference were convened as and when the Board considers necessary. During the year ended 30th June, 2008, eleven board meetings were held. Details of the Directors' attendance record in the year are as follows:

Directors		Attendance/ Number of meetings held
Mr. Lau Tung Hoi	(resigned on 11th July, 2008)	11/11
Ms. Yan Miu King	(resigned on 11th July, 2008)	11/11
Mr. Hung Kwok Keung, Keith	(resigned on 11th July, 2008)	7/11
Mr. Ho Yau Ming	(resigned on 11th July, 2008)	7/11
Mr. Man Mo Leung	(resigned on 11th July, 2008)	7/11
Mr. Wu Wing Kit	(resigned on 11th July, 2008)	7/11

No board meeting was attended by Dr. Sit Kwong Lam, Mr. Tang Bo, Mr. Chia Teck Lim, Mr. Tan Yih Lin, Mr. Fu Dewu, Mr. He Zixin, Mr. Ran Longhui, Mr. Sun Zhenchun, Mr. Dai Zhujiang, Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam for the year ended 30th June, 2008 as they were appointed on 20th June, 2008 and no board meeting had been convened between 20th June, 2008 and 30th June, 2008.

The Board complied with Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors and one of the independent non-executive Directors has appropriate professional qualifications on accounting or related finance management expertise. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and CEO should be separated and should not be performed by the same individual.

The positions of both chairman and CEO are held by Dr. Sit Kwong Lam since 20th June, 2008 upon his appointment as an executive Director. Given the Group's current stage of development, the Board believes that vesting the roles of both chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximises effectiveness of its operation. In addition, through the supervision of the Board which comprised of three independent non-executive Directors and four non-executive Directors, representing more than half of the Board, the interests of the Shareholders are adequately and fairly represented.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election.

However, three of the independent non-executive Directors, who resigned on 11th July, 2008 and one non-executive Director, who resigned on 11th July, 2008, were not appointed for a specific term. This constitutes a deviation from the Code. In accordance with the provisions of the Bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the next following annual general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. At such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

Code provision A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment, and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the bye-laws of the Company, the chairman is not subject to retirement by rotation or taken into account on determining the number of Directors to retire. This constitutes a deviation from the Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes that, together with the reasons for deviation from Code Provision A.2.1, that the present arrangement is most beneficial to the Company and the shareholders of the Company as a whole.

Corporate Governance Report

REMUNERATION OF DIRECTORS

The Company has established the remuneration committee of the Company (the "Remuneration Committee") in January 2006 with terms of reference substantially the same as those contained in paragraph B.1.3 of the Code. A majority of the members of the Remuneration Committee is independent non-executive Directors.

The Remuneration Committee is primarily responsible for the following duties:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration;

2. to have the delegated responsibilities to determine the specific remuneration packages of all executive Directors and senior management;

3. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

6. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The overriding objective of the remuneration policy is to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company.

The Remuneration Committee will meet at least once each year. During the year under review, one meeting was held. During the meeting, the Remuneration Committee reviewed and considered the existing policy and structure for all remuneration of directors and senior management of the Group. Details of the Remuneration Committee members and their attendance record in the year are as follows:

Committee member		**Attendance/ Number of meetings held**
Dr. Sit Kwong Lam*	(Chairman of the Board & appointed on 20th June, 2008)	0/1
Mr. Tan Yih Lin*	(Executive Director & appointed on 20th June, 2008)	0/1
Mr. Lau Hon Chuen*	(Independent non-executive Director & appointed on 20th June, 2008)	0/1
Professor Chang Hsin Kang*	(Independent non-executive Director & appointed on 20th June, 2008)	0/1
Mr. Kwong Chan Lam*	(Independent non-executive Director & appointed on 20th June, 2008)	0/1
Mr. Hung Kwok Keung, Keith	(Independent non-executive Director & resigned on 11th July, 2008)	1/1
Mr. Ho Yau Ming	(Independent non-executive Director & resigned on 11th July, 2008)	1/1
Mr. Man Mo Leung	(Independent non-executive Director & resigned on 11th July, 2008)	1/1
Mr. Wu Wing Kit	(Non-executive Director & resigned on 11th July, 2008)	1/1

* No meeting was attended by Dr. Sit Kwong Lam, Mr. Tan Yih Lin, Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam for the year ended 30th June, 2008 as they were appointed as committee member on 20th June, 2008 and no committee meeting had been convened between 20th June, 2008 and 30th June, 2008.

NOMINATION OF DIRECTORS

The Company has not established any nomination committee. The Board will identify individuals who are suitably qualified to become board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship after taking into account of his/her experience, qualification and other relevant factors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

AUDITOR'S REMUNERATION

For the year ended 30th June, 2008, the auditor of the Group, Messrs. Deloitte Touche Tohmatsu, received approximately HK$880,000 for audit services and HK$886,100 for tax consultancy, review services and preparation of accountants' report.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises independent non-executive Directors and non-executive Director, all of them are not involved in the day-to-day management of the Company. The Audit Committee has adopted the same terms of reference, which describes the authority and duties of the Committee, as quoted under code provision C.3.3 of the Code.

As at 30th June, 2008, the Audit Committee comprises six independent non-executive Directors namely Mr. Lau Hon Chuen, Professor Chang Hsin Kang, Mr. Kwong Chan Lam, Mr. Man Mo Leung (resigned on 11th July, 2008), Mr. Ho Yau Ming (resigned on 11th July, 2008), Mr. Hung Kwok Keung, Keith (resigned on 11th July, 2008) and one non-executive Director namely Mr. Wu Wing Kit (resigned on 11th July, 2008).

The Audit Committee will meet at least twice each year. For the year ended 30th June, 2008, the Audit Committee met twice considering the financial reporting matters, assessing changes in accounting policies and practices, discussing major judgmental area and compliance with applicable legal and accounting requirements and standards, discussing with the auditors of the Company on internal control and annual results. Details of the Audit Committee members and their attendance records are listed as below:

Committee member		**Attendance/ Number of meetings held**
Mr. Lau Hon Chuen*	(Independent non-executive Director & appointed on 20th June, 2008)	0/2
Professor Chang Hsin Kang*	(Independent non-executive Director & appointed on 20th June, 2008)	0/2
Mr. Kwong Chan Lam*	(Independent non-executive Director & appointed on 20th June, 2008)	0/2
Mr. Man Mo Leung	(Independent non-executive Director & resigned on 11th July, 2008)	2/2
Mr. Ho Yau Ming	(Independent non-executive Director & resigned on 11th July, 2008)	2/2
Mr. Hung Kwok Keung, Keith	(Independent non-executive Director & resigned on 11th July, 2008)	2/2
Mr. Wu Wing Kit	(Non-executive Director & resigned on 11th July, 2008)	2/2

* No meeting was attended by Mr. Lau Hon Chuen, Professor Chang Hsin Kang and Mr. Kwong Chan Lam for the year ended 30th June, 2008 as they were appointed as committee member on 20th June, 2008 and no committee meeting had been convened between 20th June, 2008 and 30th June, 2008.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENT

The Directors acknowledge their responsibility for (i) overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements are in accordance with statutory requirements and applicable accounting standards and (ii) selecting suitable accounting policies and applying them consistently with the support of reasonable and prudent judgments and estimates.

The report of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out on page 25 of this Annual Report.

INTERNAL CONTROL

A sound and effective internal control system is important to safeguard the Shareholders' investment and the Company's assets. During the year, the Board reviewed and satisfied the effectiveness of the internal control system of the Group including financial, operation, compliance controls and risk management functions.

On behalf of the Board

SIT KWONG LAM
Chairman

Hong Kong, 8th October, 2008

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF BRIGHTOIL PETROLEUM (HOLDINGS) LIMITED
(FORMERLY KNOWN AS FIRST SIGN INTERNATIONAL HOLDINGS LIMITED)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Brightoil Petroleum (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 65, which comprise the consolidated balance sheet as at 30th 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 directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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 30th June, 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

8th October, 2008

Consolidated Income Statement

For the year ended 30th June, 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	7	**40,759**	47,570
Cost of sales		**(7,103)**	(9,052)
Gross profit		**33,656**	38,518
Other income	9	**13,726**	17,917
(Decrease) increase in fair value of investment properties		**(1,369)**	1,550
Gain on disposal of available-for-sale investments		**44,251**	111
Fair value change of financial assets held for trading		**(10,471)**	11,995
Gain on foreign exchange		**5,569**	5,078
Selling expenses		**(5,217)**	(11,548)
Administrative expenses		**(34,483)**	(28,393)
Allowance for advance to an associate		**–**	(2,501)
Profit before taxation	10	**45,662**	32,727
Taxation credit	13	**17,614**	–
Profit for the year		**63,276**	32,727
Dividends	14	**12,159**	–
Earnings per share – basic	15	**HK5.20 cents**	HK2.69 cents

Consolidated Balance Sheet

At 30th June, 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**8,345**	5,675
Prepaid lease payments	17	**40,410**	–
Investment properties	18	**73,530**	5,670
Available-for-sale investments	19	**–**	10,356
Interests in associates	20	**–**	–
Advance to an associate	20	**–**	–
		122,285	21,701
CURRENT ASSETS			
Inventories	21	**2,456**	2,624
Trade debtors	22	**–**	406
Other debtors, prepayments and deposits		**887**	3,678
Prepaid lease payments	17	**815**	–
Financial assets held for trading	23	**–**	266,227
Bank balances and cash	24	**599,460**	376,400
		603,618	649,335
CURRENT LIABILITIES			
Trade creditors	25	**68**	252
Other creditors and accrued charges		**5,520**	9,266
Tax liabilities		**–**	17,614
		5,588	27,132
NET CURRENT ASSETS		**598,030**	622,203
		720,315	643,904
CAPITAL AND RESERVES			
Share capital	26	**121,587**	121,587
Reserves		**598,728**	522,317
		720,315	643,904

The consolidated financial statements on pages 26 to 65 were approved and authorised for issue by the Board of Directors on 8th October, 2008 and are signed on its behalf by:

Sit Kwong Lam
Director

Tan Yih Lin
Director

Consolidated Statement of Changes in Equity

For the year ended 30th June, 2008

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Special reserve HK$'000 (Note a)	Shareholder's contribution HK$'000 (Note b)	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1st July, 2006	121,609	239,544	3,467	1,000	–	686	3,577	234,848	604,731
Fair value change on available-for-sale investments	–	–	–	–	–	–	6,269	–	6,269
Exchange differences arising on translation of foreign operations	–	–	–	–	–	499	–	–	499
Income recognised directly in equity	–	–	–	–	–	499	6,269	–	6,768
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	–	–	–	(276)	–	(276)
Profit for the year	–	–	–	–	–	–	–	32,727	32,727
Total recognised income for the year	–	–	–	–	–	499	5,993	32,727	39,219
Repurchase of own shares	(22)	(24)	22	–	–	–	–	(22)	(46)
At 30th June, 2007	121,587	239,520	3,489	1,000	–	1,185	9,570	267,553	643,904
Fair value change on available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**34,681**	**–**	**34,681**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**1,185**	**–**	**–**	**1,185**
Shareholder's contribution arising from disposal of subsidiaries *(note 29)*	**–**	**–**	**–**	**–**	**33,679**	**–**	**–**	**–**	**33,679**
Income recognised directly in equity	**–**	**–**	**–**	**–**	**33,679**	**1,185**	**34,681**	**–**	**69,545**
Transfer to profit or loss on disposal of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**(44,251)**	**–**	**(44,251)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**63,276**	**63,276**
Total recognised income (expense) for the year	**–**	**–**	**–**	**–**	**33,679**	**1,185**	**(9,570)**	**63,276**	**88,570**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,159)**	**(12,159)**
At 30th June, 2008	**121,587**	**239,520**	**3,489**	**1,000**	**33,679**	**2,370**	**–**	**318,670**	**720,315**

Note a: The special reserve of the Group represents the difference between the nominal amount of the share capital issued by First Sign Investments Limited in exchange for the nominal amount of the share capital of its subsidiaries pursuant to the group reorganisation in 1995.

Note b: During the year ended 30th June 2008, the Group disposed of two subsidiaries, Pearl River Pacific Limited and Everview Limited to Linwood Services Ltd., the former major controlling shareholder of the Company, with total consideration of approximately HK$263,374,000. The gain on disposal of the subsidiaries of approximately HK$33,679,000 was deemed as a shareholder's contribution to the Group and was credited to the equity as a reserve.

Consolidated Cash Flow Statement

For the year ended 30th June, 2008

	Notes	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**45,662**	32,727
Adjustments for:			
Dividends from listed equity securities		**(22)**	(6)
Interest income from bonds		**(2,577)**	(5,418)
Interest income from convertible note receivable		**–**	(800)
Interest income from structured loan notes		**(17,840)**	(16,681)
Interest income on bank deposits		**(13,324)**	(17,319)
Allowance for advance to an associate		**–**	2,501
Amortisation of prepaid lease payments		**68**	–
Depreciation of property, plant and equipment		**924**	1,155
Fair value change of financial assets held for trading		**10,471**	(11,995)
Decrease (increase) in fair value of investment properties		**1,369**	(1,550)
Gain on disposal of available-for-sale investments		**(44,251)**	(111)
Write down of inventories		**768**	1,198
Loss (gain) on disposal of property, plant and equipment		**507**	(72)
Operating cash flows before movements in working capital		**(18,245)**	(16,371)
Increase in inventories		**(376)**	(999)
Decrease (increase) in trade debtors		**406**	(371)
(Increase) decrease in other debtors, prepayments and deposits		**(2,596)**	444
Decrease in financial assets held for trading		**28,794**	19,656
(Decrease) increase in trade creditors		**(191)**	187
(Decrease) increase in other creditors and accrued charges		**(3,785)**	5,077
CASH FROM OPERATING ACTIVITIES		**4,007**	7,623
Dividends received from listed equity securities		**22**	6
Interest received from bonds		**3,252**	6,476
Interest received from convertible note receivable		**–**	1,192
Interest received from structured loan notes		**19,831**	16,526
NET CASH FROM OPERATING ACTIVITIES		**27,112**	31,823
INVESTING ACTIVITIES			
Interest received from bank deposits		**13,345**	17,560
Proceeds on disposal of available-for sale investments		**51,397**	6,885
Repayment from convertible note receivable		**–**	20,000
Proceeds on disposal of property, plant and equipment		**208**	81
Acquisition of investment properties		**(69,229)**	–
Increase in prepaid lease payments		**(41,293)**	–
Purchases of property, plant and equipment		**(4,277)**	(1,301)
Purchases of available-for-sale investments		**(6,361)**	(615)
Disposal of subsidiaries	29	**263,365**	–
Advance to an associate		**–**	(2,501)
NET CASH FROM INVESTING ACTIVITIES		**207,155**	40,109

Consolidated Cash Flow Statement

For the year ended 30th June, 2008

	Notes	2008 HK$'000	2007 HK$'000
FINANCING ACTIVITIES			
Payment on repurchase of own shares		–	(46)
Dividend paid		(12,159)	–
CASH USED IN FINANCING ACTIVITIES		(12,159)	(46)
NET INCREASE IN CASH AND CASH EQUIVALENTS		222,108	71,886
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		376,400	305,580
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		952	(1,066)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Represented by bank balances and cash		599,460	376,400

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

1. GENERAL

The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) as an exempted company 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 are disclosed in the "Corporate Information" section of the annual report.

The Company's immediate and ultimate holding company is Energy Empire Investments Limited, a limited company incorporated in the British Virgin Islands.

The functional currency of the Company is Renminbi.

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and trading of garments, property holding, proprietary trading in securities and investment holding.

Pursuant to the agreements for the sales and purchase of shares and assignment of loans dated on 13th May, 2008, First Sign Investments Limited, a wholly owned subsidiary of the Company, agreed to dispose of the entire issued shares of Pearl River Pacific Limited and Everview Limited (the "Disposal Group") and assign the debts due from the Disposal Group of approximately HK$189,977,000, to Linwood Services Ltd. ("Linwood"), the major controlling shareholder of the Company before 19th June, 2008, at a total consideration of approximately HK$263,374,000 (the "Disposal").

The Disposal constituted a very substantial disposal pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), details of which were set out in the circular dated 2nd June, 2008 issued by the Company. The Disposal was completed on 19th June, 2008 (see note 29 for details).

2. PRESENTATION OF FINANCIAL STATEMENTS

The presentation currency of the consolidated financial statements is Hong Kong dollars ("HK$"). For the convenience of the financial statements users, the results and financial position of the Group are presented in HK$ as the Company's shares are listed on the Stock Exchange.

3. APPLICATION OF 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 1st June, 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 10	Interim financial reporting and impairment
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions

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

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

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

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

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 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellation[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 1st January, 2009.
2 Effective for annual periods beginning on or after 1st July, 2009.
3 Effective for annual periods beginning on or after 1st January, 2008.
4 Effective for annual periods beginning on or after 1st July, 2008.
5 Effective for annual periods beginning on or after 1st October, 2008.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidation and Separate Financial Statements. 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 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment on 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.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with the accounting policies below which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

4. SIGNIFICANT ACCOUNTING POLICIES – continued

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 statements 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.

Interests in associates

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

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

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

Revenue recognition

Revenue is measured at the fair value of the amount received or receivable and represents amounts receivable for goods sold in the normal course of business, net of returns, allowances and discounts and interest income and dividends income.

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

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 Group's rights to receive payment has been established.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost or deemed cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Leasehold land and building originally classified as investment properties carried at fair value is transferred to property, plant and equipment at a deemed cost equal to its fair value at the date of change in use.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account 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 direct 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 year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. 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 asset) is included in the consolidated income statement in the year in which the item is derecognised.

Inventories

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

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.

Prepaid lease payments represent leasehold interests in land under operating lease arrangements and are amortised over the lease term on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Leasing – continued

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for those that are classified and accounted for as investment properties under the fair value model.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) 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 year, 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 (translation reserve). Such exchange differences are recognised in profit or losses the year in which the foreign operation is disposed of.

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 at 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 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the 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.

Retirement benefits costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit scheme are charged as expenses when employees have rendered service entitling them to the contribution.

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sale 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 to the net carrying amount of the asset on initial recognition.

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

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

Effective interest method – continued

Financial assets at fair value through profit or loss

Financial assets at FVTPL of the Group are financial assets held for trading.

A financial asset is classified as held for trading if:

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

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. The net gain or loss recognise in profit or loss excludes any dividend or interest earned in the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including advance to an associate, trade debtors, other debtors and deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

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 in respect of impairment loss on financial assets below).

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

Impairment of financial assets

Financial assets, other than financial assets held for trading, 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets – continued

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

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

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.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of trade and other debtors, 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 trade and other debtors 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 if its liabilities.

The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity – continued

Effective interest method – continued

Financial liabilities

Financial liabilities including trade and other creditors are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. The premium payable on repurchase of the equity instrument is charged to the share premium account. An amount equivalent to the nominal value of the equity instruments repurchased is transferred from the accumulated profits of the Company to the capital redemption reserve. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own entity instruments.

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.

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

Impairment losses on assets

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, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of an impairment loss is recognised as income immediately.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The capital structure of the Group represented equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Financial assets		
Financial assets held for trading	–	266,227
Available-for-sale investments	–	10,356
Loans and receivables (including cash and cash equivalents)	**560,141**	380,384
Financial liabilities		
Amortised cost	**5,022**	9,041

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, financial assets held for trading, trade and other debtors, deposits, bank balances, trade and other creditors. Details of these financial instruments are disclosed in the respective notes. The risk associated with these financial instruments and the polices 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.

Currency risk

Certain bank balances, other debtors, financial assets held for trading and other creditors of the Group are denominated in foreign currencies other than the functional currency of the relevant group companies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	Assets		Liabilities	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
United States Dollars ("US$")	**249,878**	3,399	–	–
Euro Dollars ("EURO")	–	16,035	–	–
HK$	**332,209**	427,889	**4,347**	581

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS – continued

Financial risk management objectives and policies – continued

Currency risk – continued

Sensitivity analysis

For certain group entities whose functional currency is either denominated in HK$ or US$, the change in exchange rate of its functional currency against US$ or HK$ respectively has not been considered in the following sensitivity analysis as HK$ is pegged to US$. In the opinion of the directors, the Group does not expect any significant movements between the exchange rate of HK$ against US$.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of each group entities against the relevant foreign currencies and all other variables were held constant, translating to the presentation currency, HK$, at the closing rate at the balance sheet date. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in relevant foreign currencies and adjusts its translation at the year end for a 5% change in the relevant foreign currencies exchange rates. A positive number below indicates an increase in profit for the year where the relevant foreign currencies strengthens 5% against the functional currency of each group entities. For a 5% weakening of the relevant foreign currencies against the relevant foreign currencies there would be an equal and opposite impact on the profit for the year.

	2008 ***HK$'000***	2007 *HK$'000*
Increase in profit for the year		
US$ impact	**12,494**	170
EURO impact	**–**	802
HK$ impact	**16,393**	20,531

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk in relation to HK$ impact as the year-end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is not exposed to cash flow interest rate risk in relation to fixed-rate bank deposits. The fair value interest rate risk is insignificant.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at each of the balance sheet dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the subsequent settlement of the customers and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit rating, the Group does not have any other significant concentration of credit risk.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS – continued

Financial risk management objectives and policies – continued

Price risk

Price risk on equity and debt securities

The Group is exposed to equity and debt securities price risk through its available-for-sale investments and financial assets held for trading. The price risks on debt securities are mainly attributable to interest rate risk and/or the credit rating of issuers. However, the Group assesses the overall price risks based on the quoted prices of the debt securities. The management would manage this exposure by closely monitoring the performance of the investments and market conditions. The management would consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting dates.

If the quoted prices of the respective equity instruments or debt securities had been 5% higher/lower and all other variables were held constant, the potential effect on profit for the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Increase/decrease in profit for the year as a result of the changes in fair value of financial assets held-for-trading	–	13,311
Increase/decrease in investment revaluation reserve for the year as a result of the changes in fair value of available-for-sale investments	–	518

Foreign currencies risk on equity securities

The Group is engaged in securities trading and investments which are denominated in foreign currencies and is therefore exposed to foreign currency price risk.

The carrying amounts of the Group's foreign currency denominated available-for-sale investments and financial assets held for trading at the reporting date are as follows:

	2008	2007
	HK$'000	*HK$'000*
HK$	–	2,156

All foreign currency denominated available-for-sale investments and financial assets held for trading of the relevant group entities with functional currency of US$ were in HK$. As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchange rate. Accordingly, no sensitivity analysis is presented.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The bank balances have maturity less than three months. The Group has sufficient funds to finance its ongoing working capital requirements.

As at 30th June, 2008, the financial liabilities at amortised cost of approximately HK$5,022,000 (2007: HK$9,041,000) was required to be settled in less than 3 months and were interest-free.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS – continued

Fair values

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

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

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

7. REVENUE

	2008	2007
	HK$'000	*HK$'000*
Sales of goods	**20,320**	24,665
Dividends from listed equity securities	**22**	6
Interest income from bonds	**2,577**	5,418
Interest income from convertible note receivable	**–**	800
Interest income from structured loan notes	**17,840**	16,681
	40,759	47,570

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently divided into three operating divisions namely, garment operation, direct investments and properties investments. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Garment operation	–	sourcing, manufacturing, processing, wholesaling, marketing and selling of garments
Direct investments	–	investments in listed and unlisted equity and debt securities
Properties investments	–	investments in properties

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

Business segments – continued

Segment information about garment operation, direct investments and properties investments is presented below.

INCOME STATEMENT

For the year ended 30th June, 2008

	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
REVENUE				
External sales	20,320	20,439	–	40,759
RESULT				
Segment results	907	54,218	(967)	54,158
Other income				13,324
Gain on foreign exchange				5,569
Unallocated corporate expenses				(27,389)
Profit before taxation				45,662
Taxation credit				17,614
Profit for the year				63,276

OTHER INFORMATION

For the year ended 30th June, 2008

	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions to property, plant and equipment	1,498	–	–	2,779	4,277
Additions to investment properties	–	–	69,229	–	69,229
Amortisation of prepaid lease payments	–	–	–	68	68
Depreciation of property, plant and equipment	346	–	–	578	924
Loss (gain) on disposal of property, plant and equipment	541	–	–	(34)	507
Write down of inventories	768	–	–	–	768

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

Business segments – continued

BALANCE SHEET

At 30th June, 2008

	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	3,518	–	73,530	77,048
Unallocated corporate assets				648,855
Consolidated total assets				725,903
LIABILITIES				
Segment liabilities	483	–	758	1,241
Unallocated corporate liabilities				4,347
Consolidated total liabilities				5,588

INCOME STATEMENT

For the year ended 30th June, 2007

	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
REVENUE				
External sales	24,665	22,905	–	47,570
RESULT				
Segment results	(3,537)	35,011	2,068	33,542
Other income				17,399
Gain on foreign exchange				5,078
Allowance for advance to an associate				(2,501)
Unallocated corporate expenses				(20,791)
Profit before taxation				32,727
Taxation				–
Profit for the year				32,727

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

Business segments – continued

OTHER INFORMATION

For the year ended 30th June, 2007

	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions to property, plant and equipment	345	–	–	956	1,301
Depreciation of property, plant and equipment	785	–	–	370	1,155
Gain on disposal of property, plant and equipment	(37)	–	–	(35)	(72)
Write down of inventories	1,198	–	–	–	1,198

BALANCE SHEET

At 30th June, 2007

	Garment operation HK$'000	Direct investments HK$'000	Properties investments HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	3,830	279,249	5,670	288,749
Unallocated corporate assets				382,287
Consolidated total assets				671,036
LIABILITIES				
Segment liabilities	1,939	–	–	1,939
Unallocated corporate liabilities				25,193
Consolidated total liabilities				27,132

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

Geographic Segments

The Group's revenue is analysed by location of customers on trading of garment and location at where unlisted securities are issued or listed securities are traded. The following table provides an analysis of the Group's revenue by the aforesaid geographical market, irrespective of the origin of the goods/services:

	Revenue by geographical market	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong and Macau	**22**	920
Chinese mainland	**20,320**	24,551
Europe		
– Luxemburg	**262**	550
– France	**1,916**	1,976
– United Kingdom	**10,731**	12,985
– Dublin	**387**	352
United States of America	**5,246**	5,411
Russia	**100**	256
Singapore	**870**	397
India	**536**	8
Others	**369**	164
	40,759	47,570

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**7,240**	16,026	**2,779**	956
Chinese mainland	**3,518**	3,830	**1,498**	345
Europe				
– Dublin	**–**	10,072	**–**	–
– France	**–**	20,959	**–**	–
– United Kingdom	**–**	146,669	**–**	–
Singapore	**66,290**	7,709	**–**	–
United States of America	**–**	63,663	**–**	–
Others	**–**	19,821	**–**	–
	77,048	288,749	**4,277**	1,301

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

9. OTHER INCOME

	2008 HK$'000	2007 HK$'000
Interest income on bank deposits	13,324	17,319
Rental income from investment properties	402	518
Gain on disposal of property, plant and equipment	–	72
Sundry income	–	8
	13,726	17,917

10. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2008 HK$'000	2007 HK$'000
Auditor's remuneration	880	445
Amortisation of prepaid lease payments	68	–
Depreciation of property, plant and equipment	924	1,155
Loss on disposal of property, plant and equipment	507	–
Operating lease rentals paid in respect of rented premises	1,164	952
Cost of inventories recognised as an expense	7,103	9,052
Write down of inventories	768	1,198
Staff costs (including directors' remuneration, *note 11*)		
Wages, salaries and other benefits	24,322	24,460
Retirement benefits scheme contributions	547	588
	24,869	25,048

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

11. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of the eighteen (2007: six) directors were as follows:

		Other emoluments			
	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30th June, 2008					
Executive Directors					
SIT Kwong Lam	–	59	–	–	59
TANG Bo	–	29	–	–	29
CHIA Teck Lim	–	55	–	–	55
TAN Yih Lin	–	37	–	–	37
FU Dewu	–	29	–	–	29
LAU Tung Hoi	–	10,518	2,600	12	13,130
YAN Miu King	–	1,232	650	12	1,894
Non-Executive Directors					
HE Zixin	9	–	–	–	9
RAN Longhui	9	–	–	–	9
SUN Zhenchun	9	–	–	–	9
DAI Zhujiang	9	–	–	–	9
WU Wing Kit	120	–	–	–	120
Independent Non-Executive Directors					
LAU Hon Chuen	9	–	–	–	9
CHANG Hsin Kang	9	–	–	–	9
KWONG Chan Lam	9	–	–	–	9
HO Yau Ming	120	–	–	–	120
MAN Mo Leung	120	–	–	–	120
HUNG Kwok Keung, Keith	120	–	–	–	120
Total	543	11,959	3,250	24	15,776

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

11. DIRECTORS' REMUNERATION – continued

	Fees	Other emoluments			Total
		Salaries and other benefits	Discretionary bonus	Retirement benefits scheme contributions	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30th June, 2007					
Executive Directors					
LAU Tung Hoi	–	9,510	–	12	9,522
YAN Miu King	–	1,116	–	12	1,128
Non-Executive Directors					
WU Wing Kit	120	–	–	–	120
Independent Non-Executive Directors					
HO Yau Ming	120	–	–	–	120
HUNG Kwok Keung, Keith	120	–	–	–	120
MAN Mo Leung	120	–	–	–	120
Total	480	10,626	–	24	11,130

The discretionary bonus is determined with reference to the performance of the Group.

During both years, no emolument was paid by the Group to the directors as an inducement to join, or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive any remuneration.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining three highest paid individuals are as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other benefits	**2,416**	2,462
Retirement benefits scheme contributions	**24**	24
Discretionary bonus	**2,123**	–
	4,563	2,486

The discretionary bonus is determined with reference to the performance of the Group.

Notes to the Consolidated Financial Statements
For the year ended 30th June, 2008

12. EMPLOYEES' EMOLUMENTS – continued

Their emoluments were within the following bands:

	2008 No. of individuals	2007 No. of individuals
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**1**	1
Over HK$1,500,000	**1**	–

There was no emolument paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in the both years.

13. TAXATION CREDIT

	2008 *HK$'000*	2007 *HK$'000*
Overprovision in prior years *(Note)*	**17,614**	–

Note: The taxation credit represents reversal of tax provision previously recognised by the Group in respect of its liquidated subsidiaries.

No provision for Hong Kong Profits Tax has been made in the consolidated income statements as the Company and its subsidiaries operating in Hong Kong incurred tax losses for both years.

No provision for taxation in other jurisdictions has been made in the consolidated financial statements as those subsidiaries have no assessable profits for both years.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008 *HK$'000*	2007 *HK$'000*
Profit before taxation	**45,662**	32,727
Taxation at income tax rate of 16.5% (2007: 17.5%)	**7,534**	5,727
Tax effect of expenses not deductible for tax purpose	**2,480**	1,131
Tax effect of income not taxable for tax purpose	**(12,550)**	(10,419)
Deferred tax assets in respect of tax losses not recognised	**2,893**	3,688
Utilisation of tax losses previously not recognised as deferred tax asset	**(326)**	(139)
Overprovision in prior years	**(17,614)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(31)**	12
Taxation credit for the year	**(17,614)**	–

Details of deferred taxation not recognised in the consolidated financial statements are set out in note 27.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

14. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
2007 final dividend paid – HK$0.01 per share	**12,159**	–

During the year ended 30th June, 2007, final dividend of HK$0.01 has been proposed by the directors and was approved and paid during the current year.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	**63,276**	32,727
	Shares	*Shares*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,215,870,400**	1,215,937,907

No diluted earnings per share have been presented as there were no dilutive potential shares outstanding during the year.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST								
At 1st July, 2006	–	5,984	14,609	1,585	1,550	2,700	2,462	28,890
Exchange realignment	–	99	435	3	–	14	17	568
Additions	–	420	81	25	22	80	673	1,301
Transfer from investment properties	4,450	–	–	–	–	–	–	4,450
Disposals	–	–	–	(14)	–	–	(648)	(662)
At 30th June, 2007	4,450	6,503	15,125	1,599	1,572	2,794	2,504	34,547
Exchange realignment	–	341	1,503	12	1	53	58	1,968
Additions	2,282	743	230	20	–	57	945	4,277
Disposals	–	(3,213)	(144)	(1,427)	(1,530)	(2,212)	(947)	(9,473)
At 30th June, 2008	**6,732**	**4,374**	**16,714**	**204**	**43**	**692**	**2,560**	**31,319**
ACCUMULATED DEPRECIATION								
At 1st July, 2006	–	5,971	13,881	1,542	1,550	2,648	2,232	27,824
Exchange realignment	–	99	414	2	–	14	17	546
Provided for the year	28	48	754	28	1	37	259	1,155
Eliminated on disposals	–	–	–	(6)	–	–	(647)	(653)
At 30th June, 2007	28	6,118	15,049	1,566	1,551	2,699	1,861	28,872
Exchange realignment	–	341	1,495	10	–	48	42	1,936
Provided for the year	115	263	56	17	9	55	409	924
Eliminated on disposals	–	(2,762)	(59)	(1,421)	(1,529)	(2,203)	(784)	(8,758)
At 30th June, 2008	**143**	**3,960**	**16,541**	**172**	**31**	**599**	**1,528**	**22,974**
CARRYING VALUES								
At 30th June, 2008	**6,589**	**414**	**173**	**32**	**12**	**93**	**1,032**	**8,345**
At 30th June, 2007	4,422	385	76	33	21	95	643	5,675

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

Leasehold land and building	$2^1/_2$%
Leasehold improvements	$33^1/_3$%
Plant and machinery	20%
Office equipment	20%
Furniture and fixtures	20%
Computer equipment	30%
Motor vehicles	$33^1/_3$%

The leasehold land and building of the Group is located in Hong Kong under medium-term lease.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

17. PREPAID LEASE PAYMENTS

	2008	2007
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong with long lease	**41,225**	–
Analysed for reporting purpose as:		
Current	**815**	–
Non-current	**40,410**	–
	41,225	–

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1st July, 2006	8,570
Transfer to property, plant and equipment	(4,450)
Increase in fair value recognised in the consolidated income statement	1,550
At 30th June, 2007	5,670
Additions	69,229
Decrease in fair value recognised in the consolidated income statement, net	(1,369)
At 30th June, 2008	**73,530**

The fair values of the Group's investment properties at 30th June, 2007 and 2008 have been arrived at on the basis of a valuation carried out on that date by Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group. Savills Valuation and Professional Services Limited is a member of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations were arrived at by reference to market evidence of transaction prices for similar properties and capitalisation of net rental income generated from the investment properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

18. INVESTMENT PROPERTIES – continued

The carrying value of investment properties shown above comprises properties situated on:

	2008 HK$'000	2007 HK$'000
Land in Hong Kong with medium-term lease	7,240	5,670
Land outside Hong Kong with long lease	66,290	–
	73,530	5,670

Particulars of major properties at 30th June, 2008

Properties held for investment

Location of property	Type	Lease term
8 Temasek Boulevard, #35-02/02A/02B Suntec City Tower 3, Singapore 038988	Commercial	Long lease

Note: To give details of other investment properties would, in the opinion of the directors, result in particulars of excessive length.

19. AVAILABLE-FOR-SALE INVESTMENTS

	2008 HK$'000	2007 HK$'000
Listed investments:		
Equity securities listed in Hong Kong	–	10,356
Unlisted investments:		
Equity securities in Hong Kong/overseas	258	258
Less: Impairment loss recognised	(258)	(258)
	–	–
Total	–	10,356
Analysed for reporting purpose as:		
Non-current asset	–	10,356

All available-for-sale investments are stated at fair value except for those unlisted equity investments of which their fair values cannot be measured reliably.

The above unlisted investments represent investments in unlisted equity securities issued by two private entities incorporated in Hong Kong and the British Virgin Islands. They are measured at cost less impairment because the range of reasonable fair value is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

20. INTERESTS IN ASSOCIATES

	2008 **HK$'000**	2007 *HK$'000*
Cost of investment in associates, unlisted	**–**	–
Share of post-acquisition losses	**–**	–
	–	–
Advance to an associate	**–**	27,207
Less: Allowance for advance to an associate	**–**	(27,207)
	–	–

As at 30th June, 2007, the cost of investment in associates and share of post-acquisition losses were HK$50 respectively.

The advance to an associate was fully written off upon the disposal of associates on 19th June, 2008.

The advance to an associate by the group at 30th June, 2007 was secured by a floating charge over the assets of the associate, non-interest bearing and was repayable on demand.

As at 30th June, 2007, the amount was not repayable within the next twelve months in the opinion of the directors, and accordingly, the advance was classified as non-current asset.

During the year ended 30th June, 2007, additional advance of HK$2,501,000 was granted to an associate for the continuance of clinical trial and animal tests to prove the function of the health food products developed by the associate. However, the operation of the associate was still not satisfactory which could not generate sufficient income to achieve breakeven position.

The directors had reassessed the recoverability of the advance to an associate by reference to the future prospects and expected revenue to be generated from the associate and determined that allowances of HK$27,207,000 as at 30th June, 2007 was made.

As at 30th June, 2007, the Group had interests in the following associates:

Name of entity	**Form of business structure**	**Place of incorporation**	**Principal place of operation**	**Class of shares held**	**Proportion of nominal value of issued share capital held by the Group**	**Principal activities**
Wealthy Creative Health Food Holdings Limited	Incorporated	British Virgin Islands	Hong Kong	Ordinary	50%	Investment holding
Wealthy Creative Health Food Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	50%	Production and trading of Chinese herbal health products

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

20. INTERESTS IN ASSOCIATES – continued

The summarised financial information in respect of Group's associates at 30th June, 2007 is set out below:

	At 30th June, 2007 HK$'000
Total assets	2,910
Total liabilities	(28,015)
Net liabilities	(25,105)
Group's share of net assets of associates	–

	For the year ended 30th June, 2007 HK$'000
Revenue	7,631
Loss for the year	(1,828)
Group's share of results of associates	–

The Group had discontinued recognition of its share of losses of the associates. The amounts of unrecognised share of those associates, extracted from the relevant audited financial statements and management accounts of associates, for year ended 30th June, 2007 and cumulatively, were as follows:

	2007 HK$'000
Unrecognised share of losses of associates for the year	914
Accumulated unrecognised share of losses of associates	12,554

On 19th June, 2008, the two associates of the Group were disposed of to Linwood (see note 29 for details).

21. INVENTORIES

	2008 ***HK$'000***	2007 *HK$'000*
Raw materials	**2,456**	2,488
Work in progress	**–**	136
	2,456	2,624

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

22. TRADE DEBTORS

	2008 HK$'000	2007 HK$'000
Trade debtors	–	406

The Group allows an average credit period of 90 days to its garment trade customers.

Before accepting any new customer, the Group performs a credit review to assess the potential customer's credit quality and defines credit limits by customer. Limits and credit rating to customers are reviewed on a regular basis.

The following is an aged analysis of trade debtors at the balance sheet dates:

	2008 HK$'000	2007 HK$'000
0 – 30 days	–	90
31 – 60 days	–	44
61 – 90 days	–	272
	–	406

All the trade debtors were neither past due nor impaired. These customers have no default of payment in the past and have good credit rating-attributable under the credit review procedures used by the Group.

23. FINANCIAL ASSETS HELD FOR TRADING

	2008 HK$'000	2007 HK$'000
Debt securities listed outside Hong Kong	–	35,519
Unlisted debt securities	–	230,708
	–	266,227

As at 30th June, 2007, listed debt securities represented listed bonds bearing fixed interest rates ranging from 7.01% to 9.00% per annum with maturity date ranging from February 2007 to February 2012 or perpetual callable.

As at 30th June, 2007, unlisted debt securities mainly represented structured loan notes issued by overseas banks or multinational companies. The notes borne fixed interest rates ranging from 7.08% to 8.80% per annum with maturity date ranging from December 2014 to February 2020.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

24. BANK BALANCES AND CASH

For the year ended 30th June, 2008, the Group's short-term bank deposits carried at market interest rates from 0.81% to 8.94% (2007: 1.71% to 8.68%) per annum with an original maturity of three months or less.

The bank balances and cash that are denominated in currencies other than functional currency of the relevant group entities as set out below:

	2008	2007
	HK$'000	*HK$'000*
US$	**249,878**	3,399
EURO	**–**	15,781
HK$	**331,863**	17,730

25. TRADE CREDITORS

The following is an aged analysis of trade creditors at the balance sheet dates:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**5**	–
31 – 60 days	**13**	35
Over 60 days	**50**	217
	68	252

26. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised		
At 1st July, 2006, 30th June, 2007 and 2008	2,000,000,000	200,000
Issued and fully paid		
At 1st July, 2006	1,216,090,400	121,609
Shares repurchased and cancelled	(220,000)	(22)
At 30th June, 2007 and 2008	1,215,870,400	121,587

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

26. SHARE CAPITAL – continued

During the year ended 30th June, 2007, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.1 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
October 2006	220,000	HK$0.208	HK$0.208	HK$45,707

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30th June, 2007 and 2008.

27. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the year:

	Revaluation of properties and accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1st July, 2006	(903)	903	–
Movement for the year	(340)	340	–
At 30th June, 2007	(1,243)	1,243	–
Effect of change in tax rate	12	(12)	–
Movement for the year	202	(202)	–
At 30th June, 2008	(1,029)	1,029	–

At 30th June, 2008, the Group has estimated unused tax losses of HK$161,343,000 (2007: HK$146,652,000), available for offset against future profits. A deferred tax asset has been recognised in the consolidated financial statements in respect of HK$6,236,000 of the estimated tax losses at 30th June, 2008 (2007: HK$7,103,000). No deferred tax asset has been recognised of the remaining estimated tax losses of HK$155,107,000 at 30th June, 2008 (2007: HK$139,549,000) due to the unpredictability of future profit streams. At 30th June, 2008, included in unrecognised estimated tax losses are losses of HK$6,358,000 (2007: HK$7,336,000) that will expire within 5 years. Other estimated tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

28. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet dates, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**602**	2,046
In the second to fifth year inclusive	**–**	658
	602	2,704

Operating lease payments represent rentals payable by the Group in respect of rented premises. Leases are negotiated for lease term of one year (2007: two years) and rentals are fixed over the leased period.

The Group as lessor

Leases are negotiated and rentals are fixed for one year (2007: two years).

At the balance sheet dates, the Group had contracted with tenants for the following future minimum lease payments, which fall due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**4,896**	250
In the second year	**–**	297
	4,896	547

29. DISPOSAL OF SUBSIDIARIES

On 19th June, 2008, the Company disposed of the Disposal Group to Linwood, the former major controlling shareholder of the Company. The two associates of the Disposal Group, Wealthy Creative Health Food Holdings Limited and Wealthy Creative Health Food Limited, were deemed to be disposed of on the same date. The disposal of the Disposal Group and the two associates is considered as a connected transaction.

At the same time, the Group assigned the debts due from Everview Limited and Pearl River Pacific Limited to the Group at their carrying amounts of approximately HK$27,241,000 and HK$162,736,000 respectively to Linwood.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

29. DISPOSAL OF SUBSIDIARIES – continued

Details of the disposal and assignment of debts are as follows:

	At 19th June, 2008 HK$'000
Net assets disposed of:	
Interests in associates *(Note)*	–
Advance to an associate	27,207
Less: allowance for advance to an associate	(27,207)
Held for trading investments	226,962
Interest receivables	2,724
Bank balances	9
Amounts due to the Group	(189,977)
	39,718
Gain on disposal recognised as Shareholder's contribution	33,679
Assignment of debts to Linwood	189,977
Total consideration	263,374
Net cash inflow arising on disposal:	
Cash consideration	263,374
Bank balances and cash disposed of	(9)
	263,365

Note: The cost of investments in associates and share of post-acquisition losses were HK$50 respectively. The Group has discontinued recognition of its share of losses of the associates.

During the period from 1st July, 2007 to 19th June, 2008, the Disposal Group paid approximately HK$348,652,000 to the Group's net operating cash flows and contributed approximately HK$15,324,000 in respect of investing activities and paid approximately HK$5,705,000 in respect of financing activities.

The gain on disposal of the Disposal Group to Linwood of approximately HK$33,679,000 was deemed as a shareholder's contribution to the Group and was credited to the equity as a reserve.

30. SHARE OPTION SCHEME

In compliance with the amended Chapter 17 of the Listing Rules, a share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company on 20th October, 2004 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The expiry date of the Scheme is on 19th October, 2014.

Under the Scheme, all directors and employees of the Group and consultants, advisors, agents, customers, service providers, contractors, business partners of any members of the Group or any company or other entity in which the Group or any member thereof has a shareholding interest, in the sole discretion of the board of directors (the "Board"), has contributed to the Group or any member thereof are eligible to participate in the Scheme.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

30. SHARE OPTION SCHEME – continued

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of adoption of the Scheme, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 30 days of the date of offer, upon payment of HK$1.00 per option. Options may be exercised at any time from the date of offer of the share option to a period to be notified by the Board to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of offer. The exercise price is determined by the Board at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of offer; and (c) the nominal value of a share of the Company on the date of offer.

No option was granted under the Scheme since its adoption and no option was outstanding as at 30th June, 2007 and 2008.

31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees, including the directors, in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Except for voluntary contribution, no forfeited contribution under this scheme is available to reduce the contribution payable in future years.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participate in social insurance schemes operated by the relevant local government authorities. The insurance premium is borne by the Group on a specified proportion of the employees' salaries laid down under the relevant PRC laws.

During the year ended 30th June, 2008, the total costs charged to the consolidated income statement in the sum of approximately HK$547,000 (2007: HK$588,000) represents contributions payable to these schemes by the Group.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

32. RELATED PARTY TRANSACTIONS

During the year ended 30th June, 2008, the Group paid rental for a director's accommodation to a landlord in which Mr. Lau Tung Hoi, an executive director of the Company who was resigned on 11th July, 2008, has a beneficial interest, amounted to HK$880,000 (2007: HK$820,000).

On 19th June, 2008, the Group acquired a property in Hong Kong and a property in Singapore from Sun Hung Kwong Group (Holdings) Limited and Brightway Petrochemical Group Singapore Pte Limited ("Brightway Singapore") respectively, companies in which Dr. Sit Kwong Lam, an executive director of the Company, has controlling interests. The considerations of approximately HK$42,000,000 and HK$62,800,000 respectively, were determined based on independent valuation carried out by Savills Valuation and Professional Services Limited, independent qualified professional valuer. The acquisition of these properties is considered as a connected transaction. There was a leaseback arrangement with Brightway Singapore which constitutes as the continuing connected transaction. During the year ended 30th June, 2008, the Group received rental income from Brightway Singapore of approximately HK$151,000 (2007: nil).

On 19th June, 2008, the Company disposed of the Disposal Group and assigned debts to Linwood, the former major controlling shareholder of the Company (see note 29 for details).

Compensation of key management personnel

The remuneration of members of key management of the Group during the year as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**17,416**	12,173
Retirement benefits costs	**24**	24
	17,440	12,197

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

33. SUBSEQUENT EVENT

The Group entered into an agreement with an independent third party on 16th July, 2008 to acquire an oil tanker at the consideration of US$11.6 million (equivalent to approximately HK$90.45 million), which will be financed by internal resources of the Group. The tanker is expected to be delivered by November 2008.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2008

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 30th June, 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company 2008	2007	Principal activities
First Sign Capital Limited	Hong Kong	Hong Kong	HK$10,000,000	**100%**	100%	Proprietary trading in securities
First Sign International Garments Limited	Hong Kong	Hong Kong	HK$2	**100%**	100%	Property holding and trading of garments
First Sign Investments Limited	British Virgin Islands	Hong Kong	US$48	**100%**	100%	Investment holding
Glory Win Property (HK) Ltd. *(Note 1)*	British Virgin Islands	Hong Kong	US$1	**100%**	–	Property holding
Glory Win Property (S'pore) Ltd. *(Note 1)*	British Virgin Islands	Singapore	US$1	**100%**	–	Property holding
Guangzhou Supreme Sign Knitting & Dyeing Company Limited	PRC *(Note 2)*	PRC	US$7,500,000	**100%**	100%	Garments manufacturing and trading
Sunvest Overseas Limited	British Virgin Islands	Hong Kong	US$1	**100%**	100%	Investment holding

Other than the Disposal Group which the Company disposed of on 19th June, 2008, the above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the period or formed a substantial portion of the assets and liabilities of the Group.

To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities outstanding at 30th June, 2008 or at any time during the year.

Other than First Sign Investments Limited, which is directly held by the Company, all subsidiaries are indirectly held by the Company.

Notes:

(1) These two subsidiaries were set up on 1st April, 2008.

(2) The subsidiary was established in the PRC as a wholly foreign owned enterprise.

Financial Summary

RESULTS

	Year ended 30th June,				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	65,859	55,479	47,388	47,570	**40,759**
Profit before taxation and allowance for advance to an associate	9,632	23,942	252	35,228	**45,662**
Allowance for advance to an associate	(6,744)	(17,656)	–	(2,501)	**–**
Profit before taxation	2,888	6,286	252	32,727	**45,662**
Taxation credit	–	–	–	–	**17,614**
Profit for the year	2,888	6,286	252	32,727	**63,276**

ASSETS AND LIABILITIES

	At 30th June,				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	823,378	637,739	626,568	671,036	**725,903**
Total liabilities	19,388	19,397	21,837	27,132	**5,588**
Equity attributable to equity holders	803,990	618,342	604,731	643,904	**720,315**