# GREEN ENERGY GROUP LIMITED
# 綠色能源科技集團有限公司

(Incorporated in Bermuda with limited liability)

# Annual Report 2008

Stock Code: 979

# Contents

# Corporate Information

## DIRECTORS

**Executive Director**

Mr. Yip Wai Leung Jerry *(Chairman)*

**Independent Non-Executive Directors**

Mr. Chan Kai Yung Ronney
Mr. So Yin Wai
Ms. Zhu You Chun

## AUDIT COMMITTEE

Mr. So Yin Wai *(Chairman)*
Mr. Chan Kai Yung Ronney
Ms. Zhu You Chun

## REMUNERATION COMMITTEE

Mr. Chan Kai Yung Ronney *(Chairman)*
Mr. So Yin Wai
Ms. Zhu You Chun

## NOMINATION COMMITTEE

Ms. Zhu You Chun *(Chairwoman)*
Mr. Chan Kai Yung Ronney
Mr. Yip Wai Leung Jerry

## COMPANY SECRETARY

Mr. Tam Pei Qiang

## QUALIFIED ACCOUNTANT

Mr. Tam Pei Qiang

## AUDITORS

Hopkins CPA Limited

## LEGAL ADVISORS

Chiu & Partners
Conyers Dill & Pearman

## PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21 New Henry House
10 Ice House Street
Central
Hong Kong

## PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

## HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Room 1901-5, 19th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

## STOCK CODE

979

# Chairman's Statement

On behalf of the board of directors (the "Board") of Green Energy Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the annual report of the Group for the financial year ended 31 December 2008.

## FINANCIAL PERFORMANCE

The Group's total revenue for the year ended 31 December 2008 ("FY2008") was approximately HK$3.0 million (FY2007: HK$18.7 million) representing a decrease of 84.0% as compared with that for the year ended 31 December 2007 ("FY2007").

## BUSINESS REVIEW

### Building and Construction Business in the PRC

In FY2008 the Group gradually withdrew its resources from, and substantially wound down, its building and construction activities in the PRC, because such business activities were considered to be incompatible with the Group's main business focus in waste management/recycling and energy related projects. It is expected that considerably less revenue will be generated from the Group's building and construction activities in the coming year.

### Trading of Recyclable Materials

In the second quarter of FY2008, the Group completed the establishment of warehousing and material re-compressing facilities at a site located in Fanling, Hong Kong, whereupon the Group resumed the business in the trading of imported recyclable plastic materials. However, the onset of the current financial turmoil on a worldwide scale at the beginning of the forth quarter of FY2008 and thereby resulting in an unpredictably downward spiral and fluctuations in the prices of recyclable plastic materials has virtually brought the Group's recyclable plastics trading business to a complete standstill. With a view to minimising trading risks associated with the continuing fluctuations in the prices of recyclable plastic materials, a decision was taken to suspend trading activities for the time being and to expand its services in re-compressing and warehousing recyclable plastic materials provided by customers, for which adequate facilities were installed by the Group to provide such services.

In October 2007 the Company announced its investment strategies in Germany to be implemented in three phases. In FY2008 Phase One was completed and the Group began to receive orders for the treatment and recycling of construction and demolition materials and to resell the recovered and/or recycled materials for a profit. It is expected that, given time and persistent marketing efforts, positive revenues will be generated from the business activities in Germany.

Again, because of the onset of the recent financial turmoil, a decision was taken by the Group to postpone Phase Two investment in Germany relating to the installation of facilities for the treatment and recycling of household waste and used plastic and other materials and also Phase Three investment relating to the installation of facilities for the treatment and recycling of oil refuse and discarded and/or unrecyclable plastic materials.

### Trading of Bio-Cleaning Products

In FY2008 the Group recorded a significant improvement in the sale of both waterless concrete cleaners and also bio-cleaning agents. More and more customers began to recognise the advantages of our products, to which green labels were awarded by the Hong Kong Green Council. It is expected that the business in bio-cleaning products will continue to grow in the coming years.

# Chairman's Statement

**Trading of Generators**

In the third quarter of FY2008 a wholly-owned subsidiary was formed in Dongguan for the purpose of carrying on the business of rebuilding conventional power generators and incorporating therein various state-of-the-arts devices, accessories and electronic components designed to equip such power generators with Electronic Fuel Injection, Computer Controlled Carburetion, Digital Inverter and Multi-Fuel capabilities, which are developed and in the process of being perfected by a group of independent engineers commissioned by the Group to undertake the research and development of an electronic system to convert a conventional petrol engine into a closed-loop engine to run on various fuels such as petrol, natural gas, and propane at the flip of a switch. Such converted engine is optimized to produce maximum power output and least emission.

The Group has from time to time received protracted enquiries from foreign distributors and manufacturers of power generators who wish to incorporate our computer controlled multi-fuel technologies into their product line. The Group also intends to launch Electronic CNG (Compressed Natural Gas) Injection generators and bio-gas generators in May 2009. These generators are in high demand from countries with very low natural gas price such as Iran, India and abundant bio-gas plants such as India and China. While the energy crisis is spreading across the world, it is expected that this business will generate positive revenue for years to come.

## FUTURE PROSPECTS

We will continue to seek attractive business opportunities, in particular, in the areas of environmental protection and recycling in Hong Kong, the PRC and around the world with the goal of generating positive cash flow and earnings for the Group.

In addition to the launch of Multi-fuel technologies, the PRC manufacturing operations strive to diversify our products range into other machines and equipment that are powered by renewable energy such as bio-gas. The governments of India, China and many other countries offer grants or subsidies to encourage the utilization of bio-gas and it is the Group's strategies to expand its business in renewable and bio energy related activities.

## APPRECIATION

On behalf of the Board, I would like to thank the management and staff members for their continued dedication and contribution. I would also like to express our gratitude to our shareholders for their support of the Group.

**Yip Wai Leung Jerry**
*Chairman*

Hong Kong, 22 April 2009

# Biographical Details of Directors and Senior Management

**Executive Director**

**Yip Wai Leung Jerry**, aged 51, is a solicitor and a partner in the firm of J. Chan, Yip, So & Partners, of which he is one of the founding partners. Mr. Yip graduated from University of London with a Bachelor Degree in Laws. He has 20 years of legal professional experience and his principal areas of practice include commercial work, property, finance and litigation.

Mr. Yip is a director of all the Company's subsidiaries except those subsidiaries incorporated in the People's Republic of China. The subsidiaries of the Company were stated in note 33 of the financial statements. Mr. Yip is also the authorised representative of the Company.

Mr. Yip is also a director of Always Adept Limited and Always New Limited, which as at 31 December 2008, had interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

**Independent non-executive Directors**

**So Yin Wai**, aged 46, graduated from Hong Kong Polytechnic University in 1986 and has been in the accounting profession for nearly 20 years. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He had previously worked for Peat Marwick, Mitchell & Co. and Messrs. Kwan Wong Tan & Fong and been involved in the audit of a number of international and local engagements and listed companies. He is currently the sole practitioner of his own firm known as Alex So & Co (Certified Public Accountants). Apart from his auditing experiences, Mr. So also specializes in company secretarial work, tax planning and management consultancy matters. Mr. So is currently the Vice-Chairman of China Business Association. He is the Honorary Auditor of a number of voluntary organizations, including Hong Kong Parkinson's Disease Foundation, Life Currents and Caring Centre Foundation Limited. Mr. So is one of the independent non-executive directors of Uni-Bio Science Group Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Chan Kai Yung Ronney**, aged 68, was the chairman of the Area Committee of Shatin from November 1994 to March 1998 and had remained as a member of the above Area Committee for the period from April 1998 to March 2004. Mr. Chan is also a village representative of Tai Wai Village, a member of the Recreation & Sports Committee and the Environmental Improvement Committee of Shatin District Council. Mr. Chan is currently the chairman of the board of directors of Luxe Mark (International) Ltd. and he was re-elected as a member of the Rural Committee of Shatin for a term commencing from October 2007 to September 2011.

# Biographical Details of Directors and Senior Management

**Zhu You Chun**, aged 72, graduated from Kunming University of Science and Technology with a Bachelor Degree. She has over 42 years of experience in researching and academic training in the People's Republic of China and is the tenured full professor in the Department of Environmental Science and Engineering, Guangdong University of Technology. Professor Zhu's main areas of research cover wastewater control and solid waste management and reutilization. She has carried out extensive government funded and corporation entrusted environmental research projects, in addition to many other design and environmental effect assessment projects. Professor Zhu is an acknowledged expert in the fields of environmental science engineering and has published numerous articles in both Chinese and overseas journals. Her research work has won her awards and certain of her inventions were registered as patents in China. She is also one of the professional committee members of Guangdong Environmental Protection Association and is an expert in the Expert Database of China Environmental Protection Association.

**Senior Management**

**Tam Pei Qiang**, aged 35, is the Financial Controller, Qualified Accountant and Company Secretary of the Group. He is responsible for the Group's accounting and finance matters. Mr. Tam holds a bachelor degree in Accountancy awarded by Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He has over nine years of experience in accounting and finance. He joined the Group in February 2005.

# Management Discussion and Analysis

## FINANCIAL REVIEW

The Group's total revenue for the year ended 31 December 2008 ("FY2008") was approximately HK$3.0 million (FY2007: HK$18.7 million) representing a decrease of 84.0% as compared with that for the year ended 31 December 2007 ("FY2007").

The construction sector's revenue for FY2008 was approximately HK$0.1 million (FY2007: HK$16.5 million) representing a decrease of 99.4% as compared with that for FY2007. Since the change in management that took place in early 2006, the Group's main business focus has shifted from building and construction activities in the PRC market to waste management/recycling and energy related business activities.

The revenue arising from the activities of the Group's bio-cleaning sector for FY2008 was approximately HK$1.4 million (FY2007: HK$0.3 million) representing an increase of 366.7% as compared with that for FY2007.

The revenue arising from the trading of imported recyclable plastic materials for FY2008 was approximately HK$0.7 million (FY2007: HK$1.9 million) representing a decrease of 63.2% as compared with that for FY2007. The decline arose for two reasons. Firstly, resources were diverted by the Group in the establishment of warehousing and materials re-compressing facilities, which were completed in the second quarter of FY2008. The second reason for the decline in revenue was the sudden and worldwide downward spiral in the prices of recyclable plastic materials at the beginning of the final quarter of FY2008. Incomes arising from re-compressing services rendered to the Group's customers are recorded as other income in the financial statements.

The revenue arising from the trading of power generators for FY2008 was approximately HK$0.8 million (FY2007:Nil). Such revenue mainly derived from sale of conventional gasoline generators.

During FY2008 the Group recorded a net loss of approximately HK$42.2 million as against a net loss of approximately HK$42.1 million for FY2007. The net loss of approximately HK$42.2 million included impairment loss on distribution rights amounting to approximately HK$5.9 million, write-off of bad debts of approximately HK$2.4 million and share option payments amounting to approximately HK$5.4 million. Excluding such non-cash losses, the Group incurred a loss of approximately HK28.5 million in FY2008 (FY2007: HK$17.6 million).

General and administrative expenses, which included staff costs, legal and professional fees, amortisation and general administrative expenses, decreased by 5.9% from approximately HK$45.4 million in FY2007 to approximately HK$42.7 million in FY2008.

After excluding the non-cash expenses, such as impairment of distribution rights, write-off of bad debts and shares based payment, the general and administrative expenses increased by 16.9% in FY2008 compared with FY2007. The increase arose mainly due to the rising operating expenses incurred by newly incorporated subsidiaries in FY2008.

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008 the Group had total current assets of approximately HK$51.9 million (as at 31 December 2007: HK$93.3 million) while total current liabilities were approximately HK$7.5 million (as at 31 December 2007: HK$15.1 million). The current ratio of the Group was 692% (as at 31 December 2007: 618%). The Group has sufficient funds to settle its debts as and when they fall due.

As at 31 December 2008 the Group had total assets of approximately HK$82.3 million (As at 31 December 2007: HK$126.9 million). The gearing ratio, calculated by dividing the total debts by its total assets were 9.1% (as at 31 December 2007: 11.9%).

## MATERIAL ACQUISITION

There was no material acquisition or disposal of the Company's subsidiaries and associated companies during the year ended 31 December 2008.

## CAPITAL COMMITMENTS

As at 31 December 2008 the Group had no significant capital commitment (2007: HK$663,000).

## CONTINGENT LIABILITIES

As at 31 December 2008 the Group did not have any material contingent liabilities.

## EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2008 the Group had 42 employees (2007: 36 employees) in Hong Kong, the PRC and Germany. The increase in the number of employees was due to the restructuring of business and new formation of subsidiary in the PRC.

The Group offered competitive remuneration package as an incentive to staff for improvements. The Company has a share option scheme in place as a mean to encourage and reward the eligible employees' (including directors of the Company) contributions to the Group's results and business development based on their individual performance.

The employees' remuneration, promotion and salary are assessed by reference to work performance, working experiences and professional qualifications and the prevailing market practice.

# Directors' Report

The Directors present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2008 to all the shareholders.

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATION

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

Segmental information of the Group was disclosed in note 7 to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 27.

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

## PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2008 comprised the contributed surplus of HK$56,897,000 (2007: HK$56,897,000).

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

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

# Directors' Report

## FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

| **Results** | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2008** | 2007 | 2006 | 2005 | 2004 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Revenue | **2,967** | 18,689 | 56,904 | 51,688 | 36,781 |
| Operating loss after finance costs | **(27,866)** | (19,979) | (5,711) | (4,607) | (10,875) |
| Gain on disposal of subsidiaries | **–** | – | 939 | 1,068 | 23,022 |
| (Loss)/gain on disposal of property, plant and equipment | **(1,916)** | – | 1,256 | – | – |
| Gain on deconsolidation of a subsidiary | **–** | – | – | – | 50,239 |
| Gain on debt discharged under Creditors' Scheme | **–** | – | – | – | 100,306 |
| Gain on waiver of accrual directors' remuneration | **–** | – | 3,384 | – | – |
| Share-based payment expenses | **(5,411)** | (991) | (27,574) | – | – |
| Impairment loss on goodwill | **–** | (8,875) | – | – | – |
| Impairment loss on other intangible assets | **(5,879)** | (11,745) | – | – | – |
| (Loss)/profit before taxation | **(41,072)** | (41,590) | (27,706) | (3,539) | 162,692 |
| Taxation | **(1,106)** | (544) | (1,246) | (1,019) | (841) |
| (Loss)/profit for the year | **(42,178)** | (42,134) | (28,952) | (4,558) | 161,851 |
| Attributable to: | | | | | |
| Shareholders' of the Company | **(42,178)** | (42,134) | (28,952) | (4,558) | 161,851 |

## FIVE YEARS FINANCIAL SUMMARY – continued

| Assets and Liabilities | As at 31 December | | | | |
|---|---|---|---|---|---|
| | **2008** | 2007 | 2006 | 2005 | 2004 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Total assets | **82,295** | 126,934 | 174,999 | 25,839 | 27,472 |
| Total liabilities | **(7,471)** | (15,064) | (23,733) | (24,654) | ( 21,826) |
| Total equity attributable to shareholders of the Company | **74,824** | 111,870 | 151,266 | 1,185 | 5,646 |

## SHARE CAPITAL

Details of movements of the Company during the year are set out in note 26 to the consolidated financial statements.

## DIRECTORS

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

**Executive directors**

Mr. Yip Wai Leung Jerry *(Chairman)*
Mr. Ming Kar Fook Charles (Deceased on 2 March 2008)

**Independent non-executive directors**

Mr. Chan Kai Yung, Ronney
Mr. So Yin Wai
Ms. Zhu You Chun

In accordance with Clause 99 of the Company's Bye-Laws, Mr. Chan Kai Yung, Ronney and Ms. Zhu You Chun retire by rotation and being eligible, offer themselves for re-election.

No directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

# Directors' Report

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 31 December 2008, the interests and short positions of the Directors and the chief executives in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

**Long positions in ordinary shares of HK$0.10 each of the Company**

| Name of Director/chief executive | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|---|---|---|---|
| Mr. Yip Wai Leung, Jerry ("Mr. Yip") | Settlor of a discretionary trust | 222,971,436 | 64.90% |
| | Beneficial owner | 670,000 * | 0.20% |
| | Spouse interest *(Note 1)* | 330,000 | 0.10% |
| Mr. So Yin Wai | Beneficial owner | 670,000 * | 0.20% |
| Mr. Chan Kai Yung, Ronney | Beneficial owner | 670,000 * | 0.20% |
| Ms. Zhu You Chun | Beneficial owner | 670,000 * | 0.20% |

* These underlying shares represent the shares to be issued and allotted upon the exercise of the option granted by the Company to the directors or chief executive pursuant to the share option scheme of the Company.

*Note:*

1. These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to Ms. Chui Pui Fung ("Mrs. Yip") pursuant to the share option scheme of the Company.

**Short positions in ordinary shares of HK$0.10 each of the Company**

| Name of Director/chief executive | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|---|---|---|---|
| Mr. Yip | Settlor of a discretionary trust | 222,971,436 | 64.90% |

Other than as disclosed above, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2008 as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

## SHARE OPTIONS

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

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' SERVICE CONTRACTS

The executive Director, Mr. Yip Wai Leung Jerry entered into a service contract with the Company, which expired on 31 December 2008. The service contract is subject to renew after expiration.

Save as disclosed above, no directors who are proposed for re-election at the Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as dislcosed in the section headed "Connected Transactions" of this Directors' Report, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors as at the date of this Directors' Report are set out on pages 5 and 6.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

| | |
|---|---|
| Sales | |
| – the largest customer | 26.2% |
| – five largest customers combined | 71.3% |
| | |
| Purchase | |
| – the largest supplier | 31.2% |
| – five largest suppliers combined | 74.8% |

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

## MANAGEMENT CONTRACT

There was no contracts concerning the management and administration of the whole or any substantial part of business during the year.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests and short positions disclosed above in respect of certain Directors, the following shareholders had interests and short positions in the shares and underlying shares of the Company:

Long positions in the shares and underlying shares of the Company:

| Name of shareholder | Capacity | No. of ordinary shares of HK$0.10 each held | No. of underlying shares held | Percentage of total issued share capital |
|---|---|---|---|---|
| Always Adept Limited ("Always Adept") *(Note 1)* | Beneficial owner | 66,891,428 | – | 19.47% |
| First Win Trading Limited ("First Win") *(Note 1)* | Beneficial owner | 156,080,008 | – | 45.43% |
| Always New Limited *(Note 1)* | Interest of controlled corporation | 222,971,436 | – | 64.90% |
| The Trustee *(Note 2)* | Trustee | 222,971,436 | – | 64.90% |
| Mrs. Yip | Spouse interest *(Note 3)* | 222,971,436 | – | 64.90% |
| | Spouse interest *(Note 4)* | – | 670,000 | 0.20% |
| | Beneficial owner *(Note 5)* | – | 330,000 | 0.10% |

## SUBSTANTIAL SHAREHOLDERS – continued

Short positions in the shares of the Company:

| Name of shareholder | Capacity | No. of ordinary shares of HK$0.10 each held | Percentage of total issued share capital |
|---|---|---|---|
| Always Adept | Beneficial owner | 66,891,428 | 19.47% |
| First Win | Beneficial owner | 156,080,008 | 45.43% |
| Always New Limited | Interest of controlled corporation | 222,971,436 | 64.90% |
| The Trustee | Trustee | 222,971,436 | 64.90% |
| Mrs. Yip | Spouse interest | 222,971,436 | 64.90% |

*Notes:*

1. Always New Limited held the entire issued share capital of each of Always Adept and First Win. Always New Limited was deemed to be interested in the shares held by the Always Adept and First Win by virtue of the SFO.

2. Mr. Yip set up a discretionary family trust pursuant to a deed of settlement dated 5 December 2005 entered into between him and the Trustee. The Trustee held the entire issued shares in the capital of Always New Limited, which own the entire issued share capital of each of Always Adept and First Win, which in turn held in aggregate 222,971,436 Shares.

3. Mrs. Yip is the spouse of Mr. Yip and she is deemed to be interested in the Shares in which Mr. Yip is interested by virtue of the SFO.

4. These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to Mr. Yip pursuant to the share option scheme of the Company.

5. These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to Mrs. Yip pursuant to the share option scheme of the Company.

# Directors' Report

## APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company still considers all of the independent non-executive Directors to be independent.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report as set out on pages 18 to 24 of the annual report of the Company for the year.

## AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the audit committee of the Company ("Audit Committee") are set out in the code provision C.3.3 of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), which were in force prior to 1 January 2009.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scopes of the Group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. So Yin Wai as chairman, Mr. Chan Kai Yung Ronney and Ms. Zhu You Chun as members.

The Audit Committee had reviewed the audited results of the Group for the year.

## CONNECTED TRANSACTIONS

During the year, the Group paid legal and secretarial fee of HK$987,000 (2007: HK$973,000) to J. Chan Yip So & Partners, a firm of solicitors in which Mr. Yip Wai Leung Jerry was a partner.

The related party transactions disclosed in note 32 to the consolidated financial statements and which have been disclosed in this paragraph are connected transactions or as the case may be, continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company was adopted a share option scheme as an incentive to Directors, employees and other eligible participants, details of the scheme is set out in note 30 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There are no provision 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.

## PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year under review. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year under review.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float.

## AUDITOR

During the year, Messrs. Deloitte Touche Tohmatsu who acted as auditor of the Company for the past years, resigned and Messrs. Hopkins CPA Limited was appointed as auditor of the Company. A resolution will be submitted to the annual general meeting to re-appoint the auditor, Messrs. Hopkins CPA Limited.

On behalf of the Board

**Yip Wai Leung Jerry**
*Chairman*

Hong Kong, 22 April 2009

# Corporate Governance Report

## COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The board ("Board") of directors ("Directors") of the Company ensures that effective self- regulatory practices exist to protect the interests of the shareholders of the Company.

The Company has complied with the Code Provisions under the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which were in force prior to 1 January 2009 throughout the year ended 31 December 2008 (the "year under review"), save for the deviations discussed below. The following sections set out a discussion of the corporate governance practices adopted and observed by the Company, including any deviations therefrom, during the year under review.

**A. Directors' Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules which were in force prior to 1 January 2009 as its own securities dealing code for the Directors. All the Directors confirmed, upon specific enquiry made by the Company on them, that they had complied with the required standard set out in the Model Code regarding their securities transactions.

**B. Board of Directors**

*(i) Board composition*

The Board currently comprises a combination of executive Director and independent non-executive Directors. As at 31 December 2008, the Board consisted the following Directors:

Executive Director
Mr. Yip Wai Leung Jerry *(Chairman)*

Independent non-executive Directors
Mr. Chan Kai Yung Ronney
Mr. So Yin Wai
Ms. Zhu You Chun

Schedules of matters reserved for the Board include:

– To formulate overall strategy of the Company and its subsidiaries (the "Group")
– To monitor its financial performance and maintains effective oversight over the management
– To control and approve transactions which are extraordinary and significant to the Group as a whole

**B. Board of Directors – continued**

*(ii) Board meetings and attendance record*

The Company held four meetings during the year under review. The attendance record of the Board meetings are as follows:

| Members of the Board | Number of board meetings held during the director's term of office in 2008 | Number of meeting(s) attended |
|---|---|---|
| Chairman | | |
| Mr. Yip Wai Leung Jerry | 4 | 4 |
| Independent non-executive Directors | | |
| Mr. Chan Kai Yung Ronney | 4 | 1 |
| Mr. So Yin Wai | 4 | 4 |
| Ms. Zhu You Chun | 4 | 4 |

*(iii) Independent non-executive Directors*

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors during the year under review. All independent non-executive Directors brought their wealth of experience to the Board and made active contribution to the Group. They closely monitored the developments of the Group and freely expressed their opinions at board meetings. One of the independent non-executive Directors, Mr. So Yin Wai, graduated from Hong Kong Polytechnic University in 1986 and has been in the accounting profession for nearly 20 years. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. His accounting qualification satisfies the requirements of Rule 3.10(2) of the Listing Rules.

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term subject to re-election. However, the independent non-executive Directors for the year under review were not appointed for a specific term but were subject to the retirement and rotation requirements in accordance with the Company's Bye-laws. The Company believes that the fixing of directors' tenure by Bye-laws and the shareholders right to re-elect retiring directors serves to safeguard the long term interests of the Company and such provisions are not less exacting than those in the CG Code.

None of the independent non-executive Directors, has any business or financial interests with the Group and each of them has confirmed their independence to the Group pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Board considers that all independent non-executive Directors were independent.

# Corporate Governance Report

**B. Board of Directors – continued**

*(iv) Relationship among members of the Board*

There is no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. All of them are free to exercise their independent judgment.

**C. Chairman and chief executive officer**

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company chairman is Mr. Yip Wai Leung Jerry. From 23 November 2007 to 15 June 2008, the chief executive officer was Mr. Robin Chiu. After the service contract between the Company and Mr. Robin Chiu as the chief executive officer of the Group has been terminated on 16 June 2008, the Company did not segregate the role of the chairman and that of the chief executive officer, and the role of the chief executive officer was performed by Mr. Yip Wai Leung Jerry, who was the then existing chairman of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board will periodically review the merits and demerits of such management structure and will adopt such appropriate measures as may be necessary in the future taking into consideration of the nature and extent of the Group's operation.

**D. Remuneration of Directors**

The Company established a remuneration committee on 21 December 2005 with written terms of reference in compliance with the CG Code. Members of the remuneration committee as at 31 December 2008 comprised Ms. Zhu You Chun, Mr. So Yin Wai and Mr. Chan Kai Yung Ronney. Mr. Chan Kai Yung Ronney is the chairman of the remuneration committee. All votes in the remuneration committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the remuneration committee are as follows:

- To determine the remuneration policy of the Group
- To determine the remuneration of executive Directors upon consultation with the Chairman regarding their proposals for such remuneration
- To review and approving all equity based plans
- To review the appropriateness and relevance of the remuneration policy
- To approve the performance related pay schemes operated by the Group
- To review all share incentive plans for approval by the Board
- To review annually and take note of the remuneration trends of the Group and obtain reliable and up-to-date information about remuneration packages of other closely comparable companies

**D. Remuneration of Directors – continued**

It is the Company's policy that the remuneration package of each Director shall be determined by reference to their experience, qualification and the time expected to be devoted by them on the affairs of the Company.

The remuneration committee held one meeting during the year under review.

| Members of the Remuneration Committee | Number of meetings held during the committee member's term of office in 2008 | Number of meeting(s) attended |
|---|---|---|
| Mr. Chan Kai Yung Ronney | 1 | 1 |
| Mr. So Yin Wai | 1 | 1 |
| Ms. Zhu You Chun | 1 | 1 |

The Company has adopted a share option scheme on 5 June 2006, which serves as an incentive to attract, reward and motivate eligible staff etc.

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

**E. Nomination of Directors**

The Company established a nomination committee on 21 December 2005. Members of the nomination committee as at 31 December 2008 comprised Mr. Chan Kai Yung Ronney, Mr. Yip Wai Leung Jerry and Ms. Zhu You Chun. Ms. Zhu You Chun is the chairwoman of the nomination committee.

The main duties of the nomination committee are as follows:

– To review the structure, size and composition of the Board regularly and to make recommendations to the Board with regard to any changes required
– To evaluate the balance of skills, knowledge and experience of the Board
– To identify and nominate any candidate for the Board's approval
– To make recommendations for the appointment and removal of the Chairman or any Director
– To make recommendations to the Board on the re-appointment of any non-executive Director at the conclusion of his specified term of office
– To report to the Board on its proceedings after each meeting

# Corporate Governance Report

**E. Nomination of Directors – continued**

The Group has only one executive director after 2 March 2008, the committee agrees that additional executive director should be employed. A formal meeting will be held on this matter as soon as a suitable candidate is nominated.

The Group will consider the background, experience and qualification of any proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director of the Company.

The nomination committee held one meeting during the year under review.

| Members of the Nomination Committee | Number of meetings held during the nomination member's term of office in 2008 | Number of meeting(s) attended |
|---|---|---|
| Ms. Zhu You Chun | 1 | 1 |
| Mr. Chan Kai Yung Ronney | 1 | 1 |
| Mr. Yip Wai Leung Jerry | 1 | 1 |

**F. Auditor's remuneration**

The Audit Committee of the Company is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the remuneration paid to the Company's auditors, Hopkins CPA Limited, is set out as follows:

| Services rendered | Fees paid/payable |
|---|---|
| | HK$ |
| Audit services | 450,000 |

## G. Audit committee

As at 31 December 2008, the audit committee of the Company ("Audit Committee") comprised three independent non-executive Directors, namely Mr. Chan Kai Yung Ronney, Mr. So Yin Wai and Ms. Zhu You Chun. Mr. So Yin Wai is the chairman of the Audit Committee. Mr. So Yin Wai has the appropriate professional qualifications of accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

Meetings of the Audit Committee are held not less than twice a year to review and discuss the interim and annual financial statements respectively. Additional meetings may also be held by the committee from time to time to discuss special projects or other issues which the Audit Committee considers necessary. The external auditors of the Group may request a meeting of the Audit Committee to be convened if they consider that it is necessary.

The main duties of the Audit Committee are as follows:

– To monitor the works of the external auditors
– To review the Group's interim and annual financial statements before submission to the Board
– To discuss problems and reservations arising from the interim and final audits and any matters that the external auditors may wish to discuss
– To review the Group's statement on internal control system prior to endorsement by the Board
– To consider the major findings of any internal investigation and the management's response
– To consider other topics, as defined by the Board

The Audit Committee held two meetings during the year under review. The attendance record of the Audit Committee meetings for the year under review is as follows:

| **Members of the Audit Committee** | **Number of meetings held during the committee member's term of office in 2008** | **Number of meeting(s) attended** |
|---|---|---|
| Mr. So Yin Wai | 2 | 2 |
| Ms. Zhu You Chun | 2 | 2 |
| Mr. Chan Kai Yung Ronney | 2 | 1 |

Throughout the year under review, the Audit Committee discharged its responsibilities by reviewing and discussing the financial results and internal control system of the Group.

Internal Control:
Pursuant to the CG Code, the Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's asset.

# Corporate Governance Report

**G. Audit committee – continued**

The Board has reviewed the efficiency of the Group's internal control systems, including financial operation and compliance control and risk management procedure. The Company has not set up a specialized internal control department yet, but it has required its accounts department to specifically take up the responsibility of reviewing the internal control system of the Group. The Board believes that the Group is responsible to improve the internal control system continuously in order to give hand to the risk of the deficiency in the operating system, if any, with an aim to achieve the Group's objectives.

During the year under review, the Company complied with the code provision C.2.1 of the CG Code. During the year under review, the Board conducted a full review of the effectiveness of the internal control system of the Group and discussed the assessment with the management.

**H. Directors' and auditor's acknowledgement**

The Directors acknowledge their responsibility for preparing the financial statements for the year under review.

The external auditors of the Company acknowledge their reporting responsibilities in the auditor's report on the financial statements for the year under review.

By order of the Board
**Yip Wai Leung Jerry**
*Chairman*

Hong Kong, 22 April 2009

# Independent Auditor's Report

HOPKINS

**HOPKINS CPA LIMITED**
3/F, Sun Hung Kai Centre
30 Harbour Road
Hong Kong

**TO THE SHAREHOLDERS OF GREEN ENERGY GROUP LIMITED**
*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Green Energy Group Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 78, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 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 financial statements based on our audit and to report 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 HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITY – continued

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

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2008 and of the Group's results and cash flows for the year then ended in accordance with HKFRSs and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Hopkins CPA Limited**
**Albert Man-Sum Lam**
Practising Certificate Number P02080
Hong Kong

22 April 2009

# Consolidated Income Statement

For the year ended 31 December 2008

| | Notes | 2008 HK$'000 | 2007 HK$'000 |
|---|---|---|---|
| Revenue | 6 | **2,967** | 18,689 |
| Cost of finished goods sold | | **(2,051)** | (1,075) |
| Construction contract costs | | **(451)** | (19,542) |
| Gross profit/(loss) | | **465** | (1,928) |
| Other income | 8 | **1,185** | 5,734 |
| Staff costs | 11 | **(10,400)** | (5,489) |
| Depreciation and amortisation expenses | 11 | **(4,518)** | (3,044) |
| Other expenses | | **(21,925)** | (16,209) |
| Impairment loss on goodwill | | **–** | (8,875) |
| Impairment loss on other intangible assets | | **(5,879)** | (11,745) |
| Finance costs | 9 | **–** | (34) |
| Loss before tax | | **(41,072)** | (41,590) |
| Income tax expense | 10 | **(1,106)** | (544) |
| Loss for the year attributable to equity holders of the Company | 11 | **(42,178)** | (42,134) |
| Loss per share – Basic | 15 | **12.28 cents** | 12.30 cents |

# Consolidated Balance Sheet

At 31 December 2008

| | Notes | 2008 HK$'000 | 2007 HK$'000 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Property, plant and equipment | *16* | **25,333** | 21,006 |
| Goodwill | *17* | **–** | – |
| Other intangible assets | *18* | **5,042** | 12,608 |
| | | **30,375** | 33,614 |
| **Current Assets** | | | |
| Inventories | *20* | **950** | 1,438 |
| Amounts due from customers for contract works | *21* | **–** | 7,050 |
| Trade receivables | *22* | **89** | 3,545 |
| Prepayments, deposits and other receivables | | **1,561** | 2,219 |
| Bank balances and cash | *23* | **49,320** | 79,068 |
| | | **51,920** | 93,320 |
| **Current Liabilities** | | | |
| Trade payables | *24* | **1,748** | 3,879 |
| Accruals and other payables | | **2,791** | 7,169 |
| Tax payable | | **2,932** | 4,016 |
| | | **7,471** | 15,064 |
| **Net Current Assets** | | **44,449** | 78,256 |
| **Total Assets less Current Liabilities** | | **74,824** | 111,870 |
| **Capital and Reserves** | | | |
| Share capital | *26* | **34,358** | 34,358 |
| Share premium and reserves | *27* | **40,466** | 77,512 |
| **Total Equity** | | **74,824** | 111,870 |

Approved and authorised for issue by the board of directors on 22 April 2009.

**Yip Wai Leung Jerry**
*Executive Director*

**Chan Kai Yung Ronney**
*Independent non-executive Director*

# Balance Sheet

At 31 December 2008

| | Notes | 2008 HK$'000 | 2007 HK$'000 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Interests in subsidiaries | 33 | 1 | 1 |
| **Current Assets** | | | |
| Prepayments, deposits and other receivables | | 324 | 334 |
| Amounts due from subsidiaries | | 62,198 | 44,260 |
| Bank balances and cash | | 37,849 | 71,310 |
| | | 100,371 | 115,904 |
| **Current Liabilities** | | | |
| Amounts due to subsidiaries | | 2,138 | 2,143 |
| Accruals and other payables | | 749 | 1,962 |
| Tax payable | | 134 | 134 |
| | | 3,021 | 4,239 |
| **Net Current Assets** | | 97,350 | 111,665 |
| **Total Assets less Current Liabilities** | | 97,351 | 111,666 |
| **Capital and Reserves** | | | |
| Share capital | 26 | 34,358 | 34,358 |
| Share premium and reserves | 27 | 62,993 | 77,308 |
| **Total Equity** | | 97,351 | 111,666 |

Approved and authorised for issue by the board of directors on 22 April 2009.

**Yip Wai Leung Jerry**
*Executive Director*

**Chan Kai Yung Ronney**
*Independent non-executive Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

| | | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital HK$'000 | Share premium HK$'000 | Contributed surplus HK$'000 | Translation reserve HK$'000 | Share option reserve HK$'000 | General reserves HK$'000 | Accumulated losses HK$'000 | Total HK$'000 |
| At 1 January 2007 | | 34,191 | 161,402 | 56,897 | 474 | 27,574 | 71 | (129,343) | 151,266 |
| Exchange differences arising on translation of foreign operations recognised directly in equity | | – | – | – | 196 | – | – | – | 196 |
| Loss for the year | | – | – | – | – | – | – | (42,134) | (42,134) |
| Total recognised income and expense for the year | | – | – | – | 196 | – | – | (42,134) | (41,938) |
| Shares issued upon exercise of options | | 167 | 2,427 | – | – | (1,043) | – | – | 1,551 |
| Recognition of equity-settled share based payments | | – | – | – | – | 991 | – | – | 991 |
| | | 167 | 2,427 | – | – | (52) | – | – | 2,542 |
| At 31 December 2007 | | 34,358 | 163,829 | 56,897 | 670 | 27,522 | 71 | (171,477) | 111,870 |
| Exchange differences arising on translation of foreign operations recognised directly in equity for the year | | – | – | – | (279) | – | – | – | (279) |
| Loss for the year | | – | – | – | – | – | – | (42,178) | (42,178) |
| Total recognised income and expense for the year | | – | – | – | (279) | – | – | (42,178) | (42,457) |
| Recognition of equity-settled share based payments | 30 | – | – | – | – | 5,411 | – | – | 5,411 |
| Lapse of share options | | – | – | – | – | (1,382) | – | 1,382 | – |
| | | – | – | – | – | 4,029 | – | 1,382 | 5,411 |
| At 31 December 2008 | | 34,358 | 163,829 | 56,897 | 391 | 31,551 | 71 | (212,273) | 74,824 |

# Consolidated Cash Flow Statement

For the year ended 31 December 2008

| | 2008<br>HK$'000 | 2007<br>HK$'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Loss before tax | **(41,072)** | (41,590) |
| Adjustments for: | | |
| Interest income | **(414)** | (3,561) |
| Finance costs | **–** | 34 |
| Depreciation of property, plant and equipment | **2,831** | 1,060 |
| Amortisation of other intangible assets | **1,687** | 1,984 |
| Write-off of bad debts | **2,446** | – |
| Loss on disposal of property, plant and equipment | **1,916** | – |
| Impairment loss on goodwill | **–** | 8,875 |
| Impairment loss on other intangible assets | **5,879** | 11,745 |
| Allowance for obsolete inventories | **246** | – |
| Allowance for doubtful debts | **711** | 1,864 |
| Write-down of inventories | **–** | 212 |
| Share-based payment expenses | **5,411** | 991 |
| Operating cash flows before movements in working capital | **(20,359)** | (18,386) |
| Decrease/(increase) in inventories | **242** | (1,086) |
| Decrease in amounts due from customers for contract works | **7,050** | 12,884 |
| Decrease in trade receivables | **299** | 1,518 |
| Decrease/(increase) in prepayments, deposits and other receivables | **658** | (2,189) |
| Decrease in trade payables | **(1,871)** | (8,976) |
| Decrease in accruals and other payables | **(6,471)** | (1,978) |
| Cash used in operations | **(20,452)** | (18,213) |
| Income tax paid | **(97)** | (41) |
| **NET CASH USED IN OPERATING ACTIVITIES** | **(20,549)** | (18,254) |

# Consolidated Cash Flow Statement

For the year ended 31 December 2008

| | 2008<br>HK$'000 | 2007<br>HK$'000 |
|---|---|---|
| **INVESTING ACTIVITIES** | | |
| Interest received | 414 | 3,561 |
| Purchase of property, plant and equipment | (10,453) | (19,925) |
| Proceeds from disposal of property, plant and equipment | 469 | – |
| Purchase of other intangible asset | – | (7,800) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (9,570) | (24,164) |
| **FINANCING ACTIVITIES** | | |
| Net proceeds from issue of shares | – | 1,551 |
| Interest paid | – | (34) |
| **NET CASH FROM FINANCING ACTIVITIES** | – | 1,517 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (30,119) | (40,901) |
| Effect of foreign exchange rate changes | 371 | 156 |
| **CASH AND CASH EQUIVALENTS AT 1 JANUARY** | 79,068 | 119,813 |
| **CASH AND CASH EQUIVALENTS AT 31 DECEMBER REPRESENTED BY BANK BALANCES AND CASH** | 49,320 | 79,068 |

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Always New Limited, a company incorporated in British Virgin Islands, is the parent and the directors consider that New Zealand Professional Trustee Limited, a company incorporated in New Zealand, is the ultimate holding company of the Company.

The company is an investment holding company. The principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

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

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standards ("HKAS") and new Hong Kong (IFRIC) Interpretations ("HK(IFRIC)–Int") (collectively the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are or have become effective.

| | |
|---|---|
| HKAS 39 & HKFRS 7 (Amendments) | Reclassification of Financial Assets |
| HK(IFRIC) – Int 11 | HKFRS 2: Group and Treasury Share Transactions |
| HK(IFRIC) – Int 12 | Service Concession Arrangements |
| HK(IFRIC) – Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

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

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

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

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs[1] |
| HKAS 1 (Revised) | Presentation of Financial Statements[2] |
| HKAS 23 (Revised) | Borrowing Costs[2] |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements[3] |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation[2] |
| HKAS 39 (Amendment) | Eligible Hedged Items[3] |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2] |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations[2] |
| HKFRS 3 (Revised) | Business Combinations[3] |
| HKFRS 7 (Amendment) | Improving Disclosures about Financial Instruments[2] |
| HKFRS 8 | Operating Segments[2] |
| HK(IFRIC) – Int 9 & HKAS 39 (Amendments) | Embedded Derivatives[4] |
| HK(IFRIC) – Int 13 | Customer Loyalty Programmes[5] |
| HK(IFRIC) – Int 15 | Agreements for the Construction of Real Estate[2] |
| HK(IFRIC) – Int 16 | Hedges of a Net Investment in a Foreign Operation[6] |
| HK(IFRIC) – Int 17 | Distributions of Non-cash Assets to Owners[3] |
| HK(IFRIC) – Int 18 | Transfers of Assets from Customers[7] |

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods ending on or after 30 June 2009
5 Effective for annual periods beginning on or after 1 July 2008
6 Effective for annual periods beginning on or after 1 October 2008
7 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting treatment for business combinations for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis.

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

**Basis of consolidation**

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

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

Where necessary, adjustments are made to the financial statements policies into line with those used by other members of the Group.

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

**Business combinations**

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Goodwill**

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after January 2005 represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities of the relevant a subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet as an intangible asset.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

**Revenue recognition**

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

*Construction contracts*

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Revenue recognition – continued**

*Construction contracts – continued*

Revenue from sale of goods is recognised when the goods are delivered and title has been passed.

Service income is recognised when services are provided.

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

**Property, plant and equipment**

Property, plant and equipment other than construction in progress and freehold land, including buildings held for use in the production or supply of goods and services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as interest expense and exchange differences capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use. No exchange difference is capitalised to construction in progress during the years presented. Freehold land are not amortised and stated at cost less subsequent accumulated impairment.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress and freehold land over their estimated useful lives and after taking into account of their estimated residual life, 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 income statement in the year in which the item is derecognised.

**Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Construction contracts – continued**

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract works. Amounts received before the related work is performed are included in the balance sheet, as a liability, as other payable. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables.

**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.

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.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Foreign currencies – continued**

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

**Retirement benefit costs**

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

**Taxation**

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Intangible assets**

*Intangible assets acquired separately*

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

*Research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

**Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Financial instruments – continued**

*Financial assets*

The Group's financial assets comprise loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*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.

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

Loans and receivables

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

*Impairment of financial assets*

Financial assets 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 all financial assets, objective evidence of impairment could include:

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Financial instruments – continued**

*Impairment of financial assets – continued*

For financial assets, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss 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.

*Financial liabilities and equity*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Financial instruments – continued**

*Financial liabilities and equity – continued*

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

*Effective interest method*

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

Interest expense is recognised on an effective interest basis.

*Financial liabilities*

Financial liabilities including trade payables and other payables 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.

*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 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.

**Share-based payment transactions**

*Equity-settled share-based payment transactions*

Share options granted to employees

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

**Share-based payment transactions – continued**

*Equity-settled share-based payment transactions – continued*

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

Share options granted to suppliers/consultants

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

**Impairment losses on tangible and intangible assets other than goodwill**

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

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

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Revenue and profit recognition**

The Group estimated the percentage of completion of the construction contracts by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and the profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

**Estimation of foreseeable losses in respect of construction contracts**

Management estimates the amount of foreseeable losses of construction works based on the management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise sub-contracting charges and costs of materials are prepared by management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

**Estimated impairment of trade receivables**

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

**Allowance for inventories**

Management of the Group reviews the inventories at each balance sheet date and makes allowance for obsolete and slow-moving inventory items identified that no longer suitable for use in production. Management estimates the net realisable value for such items based primarily on the latest invoices prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and make allowance for obsolete items.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

**Impairment of non-financial assets (other than goodwill)**

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Indefinite life intangible assets are tested for impairment annually and at other times when such indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## 5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### a) Capital risk management

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

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

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates 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 buy-backs as well as the issue of new debt or the redemption of existing debt.

### b) Financial instruments

*i. Categories of financial instruments*

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| **Financial assets** | | |
| Loans and receivables (including cash and cash equivalents) | **49,593** | 82,631 |
| **Financial liabilities** | | |
| Amortised cost | **2,243** | 7,365 |

## 5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

### b) Financial instruments – continued

ii. *Financial risk management objectives and policies*

The Group's major financial instruments include trade receivables, other receivables trade payables, other payables and bank balances. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group is mainly exposed to the currencies of United States dollars. In the opinion of the directors, the Group does not expect any significant movements between the exchange rate of Hong Kong dollars against United States dollars. As United States dollars are pegged with Hong Kong dollars, the currency risk exposure to United States dollars is considered minimal.

Credit risk

To minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group also has significant concentration of credit risk on trade receivables which consist of a few customers only spread across limited industries and geographical areas.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

### b) Financial instruments – continued

*ii. Financial risk management objectives and policies – continued*

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 following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

| **Group** | **Repayable on demand** | **Less than 6 months** | **6 months to 1 year** | **1-5 years** | **Total undiscounted cash flows** | **Carrying amount at 31.12.2008** |
|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **2008** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Trade payables | – | 758 | 990 | – | 1,748 | 1,748 |
| Other payables | 495 | – | – | – | 495 | 495 |
| | 495 | 758 | 990 | – | 2,243 | 2,243 |

| | **Repayable on demand** | **Less than 6 months** | **6 months to 1 year** | **1-5 years** | **Total undiscounted cash flows** | **Carrying amount at 31.12.2007** |
|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **2007** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Trade payables | 1,003 | 163 | – | 2,713 | 3,879 | 3,879 |
| Other payables | 3,486 | – | – | – | 3,486 | 3,486 |
| | 4,489 | 163 | – | 2,713 | 7,365 | 7,365 |

## 5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

### c) Fair value

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

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.

## 6. REVENUE

The Group's revenue which represents revenue from construction contracts, trading of bio-cleaning materials, trading of generators, trading of recyclable plastic materials and trading of waste construction materials.

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Revenue from construction contracts | **107** | 16,496 |
| Trading of bio-cleaning materials | **1,363** | 320 |
| Trading of generators | **785** | – |
| Trading of recyclable plastic materials | **652** | 1,873 |
| Trading of waste construction materials | **60** | – |
| | **2,967** | 18,689 |

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS

**Business segments**

The Group comprises three operating divisions – construction contracts, distributions and trading and waste recycling. These divisions are on the basis on which the group reports its primary segment information.

| | | |
|---|---|---|
| Construction contracts | – | Provision of construction works |
| Distributions and trading | – | Trading of bio-cleaning materials, generators, recyclable plastic materials and waste construction materials |
| Waste recycling | – | Provision of waste recycling and management |

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

**Business segments – continued**

Segment information about these businesses is presented below:

**2008**

| | Year ended 31 December 2008 | | | | |
|---|---|---|---|---|---|
| | **Construction contracts** | **Distributions and trading** | **Waste recycling** | **Eliminations** | **Consolidated** |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **REVENUE** | | | | | |
| External sales | 107 | 2,860 | – | – | 2,967 |
| Inter-segment sales | – | 7 | – | (7) | – |
| | 107 | 2,867 | – | (7) | 2,967 |
| **RESULTS** | | | | | |
| Segment results | (3,601) | (23,397) | – | – | (26,998) |
| Other income | | | | | 469 |
| Unallocated corporate expenses | | | | | (14,543) |
| Finance costs | | | | | – |
| Loss before tax | | | | | (41,072) |
| Income tax expense | | | | | (1,106) |
| Loss for the year | | | | | (42,178) |

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

**Business segments – continued**

**2008 – continued**

**BALANCE SHEET**

| | At 31 December 2008 | | | |
|---|---|---|---|---|
| | Construction contracts HK$'000 | Distributions and trading HK$'000 | Waste recycling HK$'000 | Consolidated HK$'000 |
| **ASSETS** | | | | |
| Segment assets | 30 | 30,542 | – | 30,572 |
| Unallocated corporate assets | | | | 51,723 |
| Consolidated total assets | | | | 82,295 |
| **LIABILITIES** | | | | |
| Segment liabilities | 1,020 | 961 | – | 1,981 |
| Unallocated corporate liabilities | | | | 5,490 |
| Consolidated total liabilities | | | | 7,471 |

| | Year ended 31 December 2008 | | | | |
|---|---|---|---|---|---|
| | Construction contracts HK$'000 | Distributions and trading HK$'000 | Waste recycling HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
| **OTHER INFORMATION** | | | | | |
| Capital expenditure | – | 10,304 | – | 149 | 10,453 |
| Depreciation and amortisation | 160 | 3,770 | – | 588 | 4,518 |
| Allowance for obsolete inventories | – | 246 | – | – | 246 |
| Share-based payment expenses | – | 2,033 | – | 3,378 | 5,411 |
| Write-off of bad debts | 2,446 | – | – | – | 2,446 |
| Allowance for doubtful debts | – | 80 | – | 631 | 711 |
| Impairment loss on other intangible assets | – | 5,879 | – | – | 5,879 |

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

**Business segments – continued**

**2007**

| | Construction contracts HK$'000 | Distributions and trading HK$'000 | Waste recycling HK$'000 | Eliminations HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|
| | **Year ended 31 December 2007** | | | | |
| **REVENUE** | | | | | |
| External sales | 16,496 | 2,193 | – | – | 18,689 |
| Inter-segment sales | – | – | 2,059 | (2,059) | – |
| | 16,496 | 2,193 | 2,059 | (2,059) | 18,689 |
| **RESULTS** | | | | | |
| Segment results | (5,250) | (27,901) | (2,846) | (18) | (36,015) |
| Other income | | | | | 5,547 |
| Unallocated corporate expenses | | | | | (11,088) |
| Finance costs | | | | | (34) |
| Loss before tax | | | | | (41,590) |
| Income tax expense | | | | | (544) |
| Loss for the year | | | | | (42,134) |

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

**Business segments – continued**

**2007 – continued**

**BALANCE SHEET**

| | At 31 December 2007 | | | |
|---|---|---|---|---|
| | Construction contracts HK$'000 | Distributions and trading HK$'000 | Waste recycling HK$'000 | Consolidated HK$'000 |
| **ASSETS** | | | | |
| Segment assets | 10,782 | 10,027 | 15,686 | 36,495 |
| Unallocated corporate assets | | | | 90,439 |
| Consolidated total assets | | | | 126,934 |
| **LIABILITIES** | | | | |
| Segment liabilities | 7,103 | 1 | 658 | 7,762 |
| Unallocated corporate liabilities | | | | 7,302 |
| Consolidated total liabilities | | | | 15,064 |

| | Year ended 31 December 2007 | | | | |
|---|---|---|---|---|---|
| | Construction contracts HK$'000 | Distributions and trading HK$'000 | Waste recycling HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
| **OTHER INFORMATION** | | | | | |
| Capital expenditure | – | 2,005 | 15,874 | 9,846 | 27,725 |
| Depreciation and amortisation | 227 | 1,934 | 317 | 566 | 3,044 |
| Write-down of inventories | 212 | – | – | – | 212 |
| Share-based payment expenses | – | – | – | 991 | 991 |
| Allowance for doubtful debts | 1,422 | – | 442 | – | 1,864 |
| Impairment loss on goodwill | – | 8,875 | – | – | 8,875 |
| Impairment loss on other intangible assets | – | 11,745 | – | – | 11,745 |

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

**Geographical segments**

The Group's operations are located in the People's Republic of China ("PRC"), Hong Kong and Germany. The Group's provision of contract works is located in the PRC, trading of bio-cleaning materials, generators and recyclable plastic materials are carried out in Hong Kong and trading of waste construction materials, provision of waste recycling and management are carried out in Germany.

The following table provides an analysis of the Group's sales by geographical market, respect of the origin of goods/services:

| | Sales revenue by geographical market | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Hong Kong | **2,800** | 2,193 |
| The PRC | **107** | 16,496 |
| Germany | **60** | – |
| | **2,967** | 18,689 |

The following analysis of the carrying amount of segment assets and capital expenditure, analysis by geographical areas in which the assets are based:

| | Carrying amount of segment assets | | Capital expenditure | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Hong Kong | **10,580** | 10,027 | **2,863** | 11,851 |
| The PRC | **2,688** | 10,782 | **2,195** | – |
| Germany | **17,304** | 15,686 | **5,395** | 15,874 |
| | **30,572** | 36,495 | **10,453** | 27,725 |

## 8. OTHER INCOME

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Interest income from bank deposits | **414** | 3,561 |
| Exchange gain (net) | **–** | 1,978 |
| Others | **771** | 195 |
| | **1,185** | 5,734 |

## 9. FINANCE COSTS

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Interest on bank loans wholly repayable within five years | **–** | – |
| Interest on other borrowings wholly repayable within five years | **–** | 34 |
| | **–** | 34 |

## 10. INCOME TAX EXPENSE

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| PRC Enterprise Income Tax | | |
| Current year | **1,106** | 544 |

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit in Hong Kong for both years.

The PRC Enterprise income tax is calculated at the rates applicable to respective subsidiaries of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 10. INCOME TAX EXPENSE – continued

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

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Loss before tax | **(41,072)** | (41,590) |
| Tax at the Hong Kong Profits Tax rate of 16.5% (2007: 17.5%) | **(6,777)** | (7,279) |
| Tax effect of expenses not deductible for tax purpose | **6,976** | 5,584 |
| Tax effect of income not taxable for tax purpose | **(2,447)** | (1,099) |
| Tax effect of temporary differences not recognised | **2** | (14) |
| Tax effect of tax losses not recognised | **1,652** | 1,925 |
| Effect of different tax rates of subsidiaries operated in other jurisdiction | **1,700** | 1,427 |
| Tax charge for the year | **1,106** | 544 |

## 11. LOSS FOR THE YEAR

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Loss for the year has been arrived at after charging/(crediting): | | |
| Depreciation for property, plant and equipment | **2,831** | 1,060 |
| Amortisation of other intangible assets | **1,687** | 1,984 |
| | **4,518** | 3,044 |
| Auditor's remuneration | **450** | 1,650 |
| Net exchange loss/(gain) | **1,335** | (1,978) |
| Write-off of bad debts | **2,446** | – |
| Cost of inventories sold | **1,805** | 863 |
| Minimum lease payments for operating leases in respect of rented premises | **1,879** | 1,556 |
| Research and development expenditure | **364** | 15 |
| Allowance for doubtful debts | **711** | 1,864 |
| Write-down of inventories | **–** | 212 |
| Allowance for obsolete inventories | **246** | – |
| Staff costs including directors' emoluments | | |
| Salaries and allowances | **8,066** | 5,049 |
| Retirement benefit scheme contributions | **680** | 440 |
| Share-based payment expenses to employees | **1,654** | – |
| | **10,400** | 5,489 |
| Share-based payment expenses to other non-employees | **3,757** | 991 |
| Loss on disposal of property, plant and equipment | **1,916** | – |

## 12. DIRECTORS' EMOLUMENTS

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

| | Notes | Fees HK$'000 | Salaries and allowances HK$'000 | Retirement benefit scheme contributions HK$'000 | Share-based payment expenses HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | |
| Mr. Yip Wai Leung Jerry | *(a)* | – | 1,200 | 12 | 54 | 1,266 |
| Mr. Ming Kar Fook Charles | *(b)* | – | – | – | – | – |
| **Independent non-executive Directors** | | | | | | |
| Mr. So Yin Wai | | 50 | – | – | 54 | 104 |
| Ms. Zhu You Chun | | 50 | – | – | 54 | 104 |
| Mr. Chan Kai Yung Ronney | | 50 | – | – | 54 | 104 |
| Total for 2008 | | 150 | 1,200 | 12 | 216 | 1,578 |
| **Executive Directors** | | | | | | |
| Mr. Yip Wai Leung Jerry | *(a)* | – | 900 | 12 | – | 912 |
| Mr. Ming Kar Fook Charles | *(b)* | – | – | – | – | – |
| **Independent non-executive Directors** | | | | | | |
| Mr. So Yin Wai | | 50 | – | – | – | 50 |
| Ms. Zhu You Chun | | 50 | – | – | – | 50 |
| Mr. Chan Kai Yung Ronney | | 50 | – | – | – | 50 |
| Total for 2007 | | 150 | 900 | 12 | – | 1,062 |

*Notes:*

(a) Also highest paid employee of the Group.
(b) Deceased on 2 March 2008

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2007: one) was director of the Company, whose emolument is included in disclosure in note 12 above. The emoluments of the remaining four (2007: four) individuals, are as follows:

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Salaries and other benefits | **2,018** | 1,536 |
| Contributions to retirement benefit scheme | **110** | 45 |
| Share-based payment expenses | **326** | – |
| | **2,454** | 1,581 |

Their emoluments were within the following band:

| | **2008** | 2007 |
|---|---|---|
| | **Number of employees** | Number of employees |
| Nil to HK$1,000,000 | **4** | 4 |
| HK$2,500,001 to HK$3,000,000 | **–** | – |

The remuneration policies of the Group are based on the prevailing remuneration level in the market and the performance of respective group companies and individual employees. During both years, no emoluments were paid by the Group on the five highest paid individual as an inducement to join or upon joining the Group.

## 14. DIVIDEND

No dividend was paid or proposed, nor has any dividend been proposed since the balance sheet date for the both years.

## 15. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company based on the following data:

| | 2008 | 2007 |
|---|---|---|
| | HK$'000 | HK$'000 |
| **Loss** | | |
| Loss for the purposes of basic loss per share | 42,178 | 42,134 |

| | 2008 | 2007 |
|---|---|---|
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purposes of basic loss per share | 343,576,176 | 342,486,269 |

No diluted losses per share have been presented for both years because the share options outstanding had an anti-dilutive effect in the calculation of diluted loss per share.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 16. PROPERTY, PLANT AND EQUIPMENT

**Group**

| | Construction in progress HK$'000 | Freehold land HK$'000 | Buildings HK$'000 | Leasehold improvements HK$'000 | Furniture, fixtures and equipment HK$'000 | Motor vehicles HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|
| COST | | | | | | | |
| At 1 January 2007 | – | – | – | 502 | 1,309 | 758 | 2,569 |
| Exchange adjustments | – | – | – | 15 | 136 | 8 | 159 |
| Additions | – | 7,393 | 1,318 | 2,225 | 8,467 | 522 | 19,925 |
| At 31 December 2007 | – | 7,393 | 1,318 | 2,742 | 9,912 | 1,288 | 22,653 |
| Exchange adjustments | – | (373) | (67) | 2 | (255) | (22) | (715) |
| Additions | 466 | – | – | 2,779 | 7,208 | – | 10,453 |
| Disposals | – | – | – | (142) | (3,357) | (78) | (3,577) |
| At 31 December 2008 | 466 | 7,020 | 1,251 | 5,381 | 13,508 | 1,188 | 28,814 |
| DEPRECIATION | | | | | | | |
| At 1 January 2007 | – | – | – | 103 | 353 | 89 | 545 |
| Exchange adjustments | – | – | – | 6 | 34 | 2 | 42 |
| Provided for the year | – | – | 28 | 247 | 549 | 236 | 1,060 |
| At 31 December 2007 | – | – | 28 | 356 | 936 | 327 | 1,647 |
| Exchange adjustments | – | – | (3) | 6 | (28) | (8) | (33) |
| Provided for the year | – | – | 33 | 767 | 1,755 | 276 | 2,831 |
| Eliminated on disposals | – | – | – | (118 ) | (798) | (48) | (964) |
| At 31 December 2008 | – | – | 58 | 1,011 | 1,865 | 547 | 3,481 |
| CARRYING VALUES | | | | | | | |
| At 31 December 2008 | 466 | 7,020 | 1,193 | 4,370 | 11,643 | 641 | 25,333 |
| At 31 December 2007 | – | 7,393 | 1,290 | 2,386 | 8,976 | 961 | 21,006 |

The above items of property, plant and equipment other than freehold land and construction in progress, are depreciated on a straight-line method at the following rates per annum:

| | |
|---|---|
| Buildings | Over unexpired lease term |
| Leasehold improvements | Over the shorter of terms of the leases and 5 years |
| Furniture, fixtures and equipment | 10% – 30% |
| Motor vehicles | 20% |

Freehold land and buildings are situated outside Hong Kong.

No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

## 17. GOODWILL

| | **Group** |
|---|---|
| | HK$'000 |
| **COST** | |
| At 31 December 2007 and 31 December 2008 | 8,875 |
| **IMPAIRMENT** | |
| At 31 December 2007 and 31 December 2008 | 8,875 |
| **CARRYING AMOUNTS** | |
| At 31 December 2008 | – |
| At 31 December 2007 | – |

## 18. OTHER INTANGIBLE ASSETS

**Group**

| | **Distribution rights** HK$'000 |
|---|---|
| **COST** | |
| At 1 January 2007 | 19,000 |
| Additions | 7,800 |
| At 31 December 2007 and 31 December 2008 | 26,800 |
| **AMORTISATION AND IMPAIRMENT** | |
| At 1 January 2007 | 463 |
| Charge of the year | 1,984 |
| Impairment loss recognised during the year | 11,745 |
| At 31 December 2007 | 14,192 |
| Charge of the year | 1,687 |
| Impairment loss recognised during the year | 5,879 |
| At 31 December 2008 | 21,758 |
| **CARRYING VALUES** | |
| At 31 December 2008 | 5,042 |
| At 31 December 2007 | 12,608 |

The Group holds two exclusive distribution rights from third parties to distribute those third parties' cleaning materials in specific Asian countries and generators in countries other than the PRC for a period of twelve years commencing from 1 January 2005 and a period of ten years commencing from 5 November 2007 respectively. The Group has an option to renew the distribution rights of cleaning materials and generators for a term of six years and five years respectively, subject to the terms of agreement.

The exclusive distribution rights have finite useful lives and is subject to amortisation. Amortisation is charged to the income statement using straight-line method to allocate the acquisition cost over their estimated useful lives. In the case where there is any impairment in value, the unamortised balance is written down to its estimated recoverable amount.

Particular regarding the impairment test on other intangible assets are disclosed in note 19.

## 19. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS

The intangible assets are allocated to the Group's cash generating unit ("CGU") identified to trading of bio-cleaning materials and generators included in business segment of distributions and tradings.

The recoverable amount of the distribution right of generators has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 10-year period, and discount rate of 6%. The cash flows for the first 5-year period are extrapolated using a steady 53% growth value. The cash flows beyond the 5-year period are extrapolated using a steady 14% growth rate. This growth rate is based on the management's forecast on the growth of relevant industry and its unique features.

The recoverable amount of the distribution right of bio-cleaning materials has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 10-year period, and discount rate of 6%. The cash flows for the first 5-year period are extrapolated using a steady 18% growth value. The cash flows beyond the 5-period are extrapolated using a steady 15% growth rate. This growth rate is based on the management's forecast on the growth of relevant industry and its unique features.

Other key assumption for the value in use calculations relate to the estimation of cash inflow/outflows which include budged sales and gross margin, such estimated is based on management's expectation for the market development. The directors conducted an impairment review based on the cashflow projections and determined that HK$5,879,000 impairment loss has been recognised during the year.

## 20. INVENTORIES

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Recyclable plastic materials | **318** | 887 |
| Bio-cleaning materials | **467** | 551 |
| Generators | **165** | – |
| Total, net of allowance for obsolete inventories | **950** | 1,438 |

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 21. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

| | Group 2008 HK$'000 | Group 2007 HK$'000 |
|---|---|---|
| Contract costs incurred plus recognised profits less recognised losses to date | – | 102,403 |
| Less: Progress billings | – | (95,353) |
| Amounts due from customers for contract works | – | 7,050 |

## 22. TRADE RECEIVABLES

| | Group 2008 HK$'000 | Group 2007 HK$'000 |
|---|---|---|
| Trade receivables | 2,142 | 4,967 |
| Less: Allowance for doubtful debts | (2,053) | (1,422) |
| | 89 | 3,545 |

The Group allows a credit period of 90 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

| | Group 2008 HK$'000 | Group 2007 HK$'000 |
|---|---|---|
| Not yet due | – | 2,349 |
| 0 – 90 days | 89 | 183 |
| 91 – 180 days | – | – |
| More than 180 days | – | 1,013 |
| | 89 | 3,545 |

## 22. TRADE RECEIVABLES – continued

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

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| 91 to 180 days | **–** | – |
| More than 180 days | **–** | 1,013 |
| Total | **–** | 1,013 |

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

**Movement in the allowance for doubtful debts**

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Balance at beginning of the year | **1,422** | – |
| Impairment loss recognised | **631** | 1,422 |
| Balance at end of the year | **2,053** | 1,422 |

The above allowance for doubtful debts represent individually impaired trade receivables with an aggregate balance of HK$2,053,000 (2007: HK$1,422,000) which have been placed in severe financial difficulties. The Group does not had any collateral over these balances.

In addition, an allowance for doubtful debts has been provided for a loan receivable of HK$80,000 (2007: HK$442,000) which has been considered as irrecoverable. The Group does not have any collateral over this balance.

## 23. BANK BALANCES AND CASH

Bank balances carry variable interest rates which an average of 0.50% (2007: 3.58%).

Conversion of Renminbi into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 24. TRADE PAYABLES

The following is an ageing analysis of trade payables at the balance sheet date:

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Not yet due | **–** | 2,713 |
| 0 – 90 days | **690** | 770 |
| 91 – 180 days | **68** | – |
| 181 – 365 days | **990** | 207 |
| Over 365 days | **–** | 189 |
| | **1,748** | 3,879 |

The average credit period on purchase of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Included in trade payables balance is retention payables to suppliers in respect of construction contracts of HK$516,000 (2007: HK$2,713,000).

## 25. DEFERRED TAX

At the balance sheet date, the Group has unused tax losses of HK$39,000,000 (2007: HK$28,990,000) and deductible temporary differences of HK$498,000 (2007: HK$512,000) available for set off against future profits. The losses may be carried forward indefinitely.

No deferred tax asset has been recognised for the tax losses and deductible differences due to unpredictability of future profit streams.

## 26. SHARE CAPITAL

| | **Number of shares** | **Share capital** |
|---|---|---|
| | '000 | HK$'000 |
| Authorised: | | |
| Ordinary shares of HK$0.10 each at 31 December 2007 and 31 December 2008 | 4,000,000 | 400,000 |
| Issued and fully paid: | | |
| Ordinary shares of HK$0.10 each at 31 December 2007 and 31 December 2008 | 343,576 | 34,358 |

## 27. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity. The contributed surplus of the Group represents the remaining balance of the aggregate amount of credit arising from the capital reduction and the share premium cancellation after credit transfer to accumulated losses pursuant to the implementation of restructuring proposal on 27 April 2004.

### (b) Company

| | Share capital HK$'000 | Share premium HK$'000 | Contributed surplus HK$'000 | Share option reserve HK$'000 | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| At 1 January 2007 | 34,191 | 161,402 | 56,897 | 27,574 | (131,315) | 148,749 |
| Loss for the year | – | – | – | – | (39,625) | (39,625) |
| Shares issued upon exercise of options | 167 | 2,427 | – | (1,043) | – | 1,551 |
| Recognition of equity-settled share based payments | – | – | – | 991 | – | 991 |
| At 31 December 2007 | 34,358 | 163,829 | 56,897 | 27,522 | (170,940) | 111,666 |
| Loss for the year | – | – | – | – | (19,726) | (19,726) |
| Recognition of equity-settled share based payments | – | – | – | 5,411 | – | 5,411 |
| Lapse of share options | – | – | – | (1,382) | 1,382 | – |
| At 31 December 2008 | 34,358 | 163,829 | 56,897 | 31,551 | (189,284) | 97,351 |

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 27. RESERVES – continued

### (c) Nature and purpose of reserves

*(i) Share premium account*

Under the Companies Act 1981 of Bermuda, the funds in the share premium account of the Company may be applied:

(a) in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares;

(b) in writing off

(i) the preliminary expenses of the Company; or

(ii) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or

(c) in providing for the premiums payable on redemption of any shares or of any debentures of the Company.

*(ii) Contributed surplus*

The contributed surplus represents the remaining balance of the aggregate amount of credit arising from the capital reduction and the share premium cancellation after credit transfer to accumulated losses pursuant to the implementation of restructuring proposal on 27 April 2004 and to a resolution passed at a special general meeting on 1 December 2003.

*(iii) Share option reserve*

The fair value of the actual or estimated number of unexercised share options granted to the grantees recognised in accordance with the accounting policy adopted for share-based payments in note 3.

*(iv) General reserves*

In accordance with the PRC regulations, the general reserves retained by a subsidiary in the PRC are non-distributable.

*(v) Translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the financial statements.

## 28. OPERATING LEASE ARRANGEMENTS

**The Group as lessee**

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

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **HK$'000** | HK$'000 |
| Within one year | **1,665** | 1,229 |
| In the second to fifth year inclusive | **666** | 1,410 |
| | **2,331** | 2,639 |

The Company did not have any operating lease arrangement as at 31 December 2008 (2007: Nil).

## 29. CAPITAL COMMITMENTS

As at 31 December 2008, the Group and the Company had no significant capital commitments (2007: HK$663,000).

## 30. SHARE-BASED PAYMENTS

**Equity-settled share option scheme:**

Pursuant to ordinary resolutions passed by the shareholders of the Company on 5 June 2006, the Company terminated the share option scheme adopted in 1997 and approved to adopt a new share option scheme (the "Share Option Scheme").

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 30. SHARE-BASED PAYMENTS – continued

**Equity-settled share option scheme: – continued**

Under the Share Option Scheme, which is valid for a period of ten years, the board of directors of the Company may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under this scheme and any other share option of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing of the relevant resolution adopting this scheme.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

## 30. SHARE-BASED PAYMENTS – continued

**Equity-settled share option scheme: – continued**

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme. Unless otherwise determined by the directors of the Company at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Details of the specific categories of options are as follows:

| Date of grant | Exercise period | Exercise price | Closing price immediate before the date on which options were granted |
|---|---|---|---|
| | | HK$ | HK$ |
| 22 September 2006 | 22 September 2006 to 21 September 2016 | 0.930 | 0.910 |
| 21 November 2006 | 21 November 2006 to 20 November 2016 | 1.050 | 1.020 |
| 19 December 2007 | 19 December 2007 to 18 December 2017 | 1.320 | 1.330 |
| 29 September 2008 | 29 September 2008 to 28 September 2018 | 0.395 | 0.395 |

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## 30. SHARE-BASED PAYMENTS – continued

**Equity-settled share option scheme: – continued**

Share options do not confer rights on the holders to receive dividends or to vote at shareholders' meetings.

**2008**

| | Date of grant | Exercisable period | Exercise price per share HK$ | Number of underlying shares in respect of which share options were granted: Outstanding at 1.1.2008 | Granted | Lapsed | Outstanding at 31.12.2008 |
|---|---|---|---|---|---|---|---|
| Directors | 21.11.2006 | 21.11.2006 – 20.11.2016 | 1.050 | 1,360,000 | – | – | 1,360,000 |
| | 29.09.2008 | 29.09.2008 – 28.09.2018 | 0.395 | – | 1,320,000 | – | 1,320,000 |
| Employees | 22.9.2006 | 22.09.2006 – 21.09.2016 | 0.930 | 2,744,000 | – | – | 2,744,000 |
| | 21.11.2006 | 21.11.2006 – 20.11.2016 | 1.050 | 4,218,000 | – | (600,000) | 3,618,000 |
| | 29.09.2008 | 29.09.2008 – 28.09.2018 | 0.395 | – | 8,830,000 | – | 8,830,000 |
| Other Eligible Participants | 22.9.2006 | 22.09.2006 – 21.09.2016 | 0.930 | 4,134,000 | – | – | 4,134,000 |
| | 21.11.2006 | 21.11.2006 – 20.11.2016 | 1.050 | 28,612,000 | – | – | 28,612,000 |
| | 19.12.2007 | 19.12.2007 – 18.12.2017 | 1.320 | 1,000,000 | – | (1,000,000) | – |
| | 29.09.2008 | 29.09.2008 – 28.09.2018 | 0.395 | – | 23,040,000 | – | 23,040,000 |
| Total | | | | 42,068,000 | 33,190,000 | (1,600,000) | 73,658,000 |
| Exercisable at the end of the year | | | | | | | 73,658,000 |
| Weighted average exercise price (HK$) | | | | 1.037 | 0.395 | 1.219 | 0.744 |

*Note:* The share options granted are in exchange for certain services provided by those other eligible participants, the directors considered that the fair values of the services received cannot be measured reliably, accordingly, the share-based payment is measured by reference to the fair value of the share options granted.

## 30. SHARE-BASED PAYMENTS – continued

**Equity-settled share option scheme: – continued**

**2007**

| | Date of grant | Exercisable period | Exercise price per share | Number of underlying shares in respect of which share options were granted: Outstanding at 1.1.2007 | Granted | Exercised/ Cancelled/ Lapsed | Outstanding at 31.12.2007 |
|---|---|---|---|---|---|---|---|
| | | | HK$ | | | | |
| Directors | 21.11.2006 | 21.11.2006 – 20.11.2016 | 1.050 | 1,360,000 | – | – | 1,360,000 |
| Employees | 22.9.2006 | 22.09.2006 – 21.09.2016 | 0.930 | 4,412,000 | – | (1,668,000) | 2,744,000 |
| | 21.11.2006 | 21.11.2006 – 20.11.2016 | 1.050 | 4,218,000 | – | – | 4,218,000 |
| Other Eligible | 22.9.2006 | 22.09.2006 – 21.09.2016 | 0.930 | 4,134,000 | – | – | 4,134,000 |
| Participants | 21.11.2006 | 21.11.2006 – 20.11.2016 | 1.050 | 28,612,000 | – | – | 28,612,000 |
| | 19.12.2007 | 19.12.2007 – 18.12.2017 | 1.320 | – | 1,000,000 | – | 1,000,000 |
| Total | | | | 42,736,000 | 1,000,000 | (1,668,000) | 42,068,000 |
| Exercisable at the end of the year | | | | | | | 42,068,000 |
| Weighted average exercise price (HK$) | | | | 1.026 | 1.320 | 0.930 | 1.037 |

During the year ended 31 December 2008, a total of 33,190,000 share options were granted on 29 September 2008, the estimated fair value of the options granted is HK$5,411,000. During the year ended 31 December 2007, options were granted on 19 December 2007. The estimated fair values of the options granted is HK$991,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 30. SHARE-BASED PAYMENTS – continued

**Equity-settled share option scheme: – continued**

These fair values were calculated using both the Black-Scholes option pricing model and the binomial option pricing model. These models are commonly used models to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variable of certain assumption. The inputs into the model were as follows:

| | 29 September 2008 | 19 December 2007 | 22 September 2006 | 21 November 2006 |
|---|---|---|---|---|
| Fair value per option | HK$0.163 | HK$0.991 | HK$0.625 | HK$0.650 |
| Weighted average share price | HK$0.395 | HK$1.320 | HK$0.930 | HK$1.030 |
| Exercise price | HK$0.395 | HK$1.320 | HK$0.930 | HK$1.050 |
| Expected volatility | 128.30% | 99.36% | 84.87% | 86.49% |
| Expected life | 10 years | 5 years | 5 years | 5 years |
| Risk free rate | 3.800% | 3.003% | 3.815% | 3.800% |
| Expected dividend yield | Nil | Nil | Nil | Nil |
| Early exercise behaviour | 150% of the exercise price | NIl | Nil | Nil |
| Valuation model used | Binomial | Black-Scholes | Black-Scholes | Black-Scholes |

Expected volatility was determined by using the historical volatility of the Company's share price over the past years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expenses of HK$5,411,000 for the year ended 31 December 2008 (2007: HK$991,000) in relation to share options granted by the Company.

## 31. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme, Mandatory Provident Fund Scheme (the "MPF Scheme"), established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

Both employees' and the Group's contributions are calculated at 5% of the employee's monthly relevant income, with the mandatory cap of HK$20,000, and the Group will make 5% top-up contribution if an employee's monthly basic salary exceeds HK$20,000.

## 31. RETIREMENT BENEFIT SCHEMES – continued

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

The subsidiaries establish in the Germany are required to make contributions to the defined contribution scheme on a monthly basis pursuant to the local laws and regulations.

During the year ended 31 December 2008, the Group made contributions to the retirement benefit schemes of HK$680,000 (2007: HK$440,000).

## 32. RELATED PARTY TRANSACTIONS

**(a) For the year ended 31 December 2008**

(i) During the year ended 31 December 2008, the Group paid legal and professional fee of HK$987,000 to a solicitor firm in which an executive director is a partner.

**(b) For the year ended 31 December 2007**

(i) On 19 December 2007, a total of 1,000,000 share options were granted to an entity for provision of consultancy service, in which its director has been appointed as the Group's Chief executive on 23 November 2007. The fair value of share option estimated at grant date was HK$991,000 and has been recognised as an expense for the year.

(ii) During the year ended 31 December 2007, the Group paid legal and professional fees of HK$973,000 to a solicitor firm in which an executive director is a partner.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 33. INTERESTS IN SUBSIDIARIES

| | Company 2008 HK$'000 | Company 2007 HK$'000 |
|---|---|---|
| Unlisted shares, at cost | **1** | 1 |
| Share options granted to grantees of Subsidiaries | **26,431** | 23,747 |
| Lapsed for the year | **(390)** | – |
| | **26,042** | 23,748 |
| Less: Impairment loss | **(26,041)** | (23,747) |
| | **1** | 1 |

Particulars of the subsidiaries as at 31 December 2008 are as follows:

| Company name | Place of incorporation and registration/ operation | Issued/ registered and paid up capital | Percentage of ownership interest/ voting power/ profit sharing | Principal activities |
|---|---|---|---|---|
| Almoray Limited* | British Virgin Islands | US$1 | 100% | Investment holding |
| China Billion Limited* | British Virgin Islands | US$1 | 100% | Investment holding |
| Dubaplain Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| EnviroEnergy GmbH | Germany | EUR500,000 | 100% | Undertaking waste recycling and management business |
| EnviroPower GmbH | Germany | EUR100,000 | 100% | Trading of waste construction materials, waste recycling and management business |
| Gain Asset Limited | Hong Kong | HK$1 | 100% | Management services to group companies |
| Gold Stand Holdings Limited | British Virgin Islands | US$1 | 100% | Dormant |
| Green Energy Finance Limited | Hong Kong | HK$1 | 100% | Dormant |

## 33. INTERESTS IN SUBSIDIARIES – continued

| Company name | Place of incorporation and registration/ operation | Issued/ registered and paid up capital | Percentage of ownership interest/ voting power/ profit sharing | Principal activities |
|---|---|---|---|---|
| Green Energy Resources Limited | Hong Kong | HK$1 | 100% | Trading of bio-cleaning materials and investment holding |
| Green Energy Trading Limited | Hong Kong | HK$1 | 100% | Trading of recyclable plastic materials |
| Green Energy Waste Management Limited | Hong Kong | HK$1 | 100% | Dormant |
| Jackwell Limited* | British Virgin Islands | US$1 | 100% | Investment holding |
| Jensen Power Equipment Limited | Hong Kong | HK$1 | 100% | Trading of generators |
| Keyway China Limited* | British Virgin Islands | US$100 | 100% | Dormant |
| Privilege Sino Limited* | British Virgin Islands | US$100 | 100% | Investment holding |
| Proven Best Limited* | British Virgin Islands | US$1 | 100% | Investment holding |
| Provost Profits Limited* | British Virgin Islands | US$1 | 100% | Investment holding |
| ReKRETE (Asia) Limited | Hong Kong | HK$10,000 | 100% | Trading of bio-cleaning materials |
| ReKRETE International Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Sky Ahead Limited | Hong Kong | HK$1 | 100% | Dormant |

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For the year ended 31 December 2008

## 33. INTERESTS IN SUBSIDIARIES – continued

| Company name | Place of incorporation and registration/ operation | Issued/ registered and paid up capital | Percentage of ownership interest/ voting power/ profit sharing | Principal activities |
|---|---|---|---|---|
| UniSort Asia Limited | Hong Kong | HK$1 | 100% | Dormant |
| 東莞中盛企業管理顧問有限公司Δ | PRC | HK$1,000,000 | 100% | Investment holding and consulting services |
| 東莞市中盛園林有限公司# | PRC | RMB500,000 | 100% | Construction contractor |
| 東莞首創動力設備有限公司Δ | PRC | US$1,100,000 | 100% | Manufacturing of multi-fuel generator |

Δ Foreign-owned enterprise

* Shares held directly by the Company

# Domestic enterprise

None of the subsidiaries had issued any debt securities at the end of the year.

## 34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.