CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code:263)

ANNUAL REPORT **2008**

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Sun Ka Ziang, Henry
Kwok Ming Fai
Wong Yun Kuen

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Chan Yuk Yee

QUALIFIED ACCOUNTANT

Ting Kin Wai

TRADING OF SHARES

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

REGISTERED OFFICE

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

PRINCIPAL BANKERS

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

PRINCIPAL LEGAL ADVISERS

Richards Butler
Mallesons Stephen Jaques
Tsang, Chan & Wong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

SHARE REGISTRARS AND TRANSFER OFFICE

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

WEBSITE

www.cytmg.com

Chairman's Statement

BUSINESS REVIEW AND PROSPECTS

I am pleased to report that the Group continued to achieve profitable results in 2008 despite the global financial turmoil and economic challenges faced by the Group during this turbulent year. Nonetheless, the Group was not totally immune as the profit attributable to the Company's equity holders was reduced by 83% to HK$12,915,000 (2007: HK$75,319,000) with earnings per share down by 92% to HK0.39 cent (2007: HK5.17 cents). During the year, the Group managed to increase its turnover by 53% to HK$665,901,000 (2007: HK$434,198,000) and gross profit by 54% to HK$56,347,000 (2007: HK$36,666,000), primarily due to improved performance of its trading and financing operations. Nevertheless, positive impacts from these business advancements were largely offset by the losses incurred by the Group's brokerage and securities investment operation, mainly as a result of the downturn of the Hong Kong stock market and significant depreciation of securities prices. In light of the slowdown of the China economy, performance of the Group's Shanghai-based jointly controlled department store was also adversely affected. There are signs that sales growth of the department store has declined since the last quarter of 2008 albeit the management has managed to post an improvement in the overall annual results. For the year under review, the Group's share of its profit was HK$12,799,000 (2007: HK$9,281,000), representing a 38% increase from the previous year.

In April 2008, the Group reached a strategic milestone in developing its mineral business by completing the acquisition of the 12.19% interest in YTC Resources Limited ("YTC") – a mineral company listed on the Australian Securities Exchange ("YTC Transaction"). At present, YTC has seven major exploration tenements, comprising projects in tin, silver, tungsten, nickel and copper-gold mineralization. Encouraging exploration results have been reported for a number of tenements including the Giants Den, Tallebung, Doradilla and Kadungle projects. The major shareholder of YTC is Yunnan Tin Group (Holding) Co Limited ("Yunnan Tin PRC") incorporated in the People's Republic of China. Yunnan Tin PRC is a major producer of non-ferrous metals products and is the world's largest producer of tin products. It is the intention of the Group to hold the interests in YTC for long term investment.

During the year, the Company issued approximately 560 million new shares as a result of conversion of convertible notes issued, as consideration for the acquisition of YTC and placing of new shares to Yunnan Tin Australia Investment Holding Company Pty Ltd as part of the YTC Transaction. The newly issued share capital and profit generated by the Group had both contributed to the 15% increase in the Group's equity that was amounted to HK$1,123,122,000 (2007: HK$975,422,000) at the year end. This strengthened capital base has provided additional financial flexibility to the Group in developing its businesses and riding over the turbulences of the current unsettled economic conditions.

Chairman's Statement

Looking ahead, 2009 will still be a year full of financial and economic challenges before the global major economies stabilize. As such, the Group will manage its existing businesses in a prudent manner and will evaluate any new investment opportunities with a cautious approach to ensure a stable prospects for our shareholders.

APPRECIATION

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

Suen Cho Hung, Paul
Chairman
Hong Kong, 23rd April, 2009

Management Discussion and Analysis

OPERATIONS REVIEW

For the year ended 31st December, 2008, the Group continued to engage in the businesses of trading, provision of finance as well as brokerage and securities investment. The turnover of the Group was up 53% to HK$665,901,000 (2007: HK$434,198,000) with gross profit increased by 54% to HK$56,347,000 (2007: HK$36,666,000). Such increases were mainly attributed to the increased activity level and profitability of the Group's trading and financing operations. Nevertheless, such positive contributions to the Group's results were largely offset by the losses incurred by the brokerage and securities investment operation.

Group's Operations

The Group's trading operation continued to focus on trading of iron ore in 2008. The turnover of the operation grew by 54% to HK$618,585,000 (2007: HK$402,672,000) with operating profit increased by 81% to HK$9,778,000 (2007: HK$5,403,000). Such increases were mainly due to the sharp rise in demand from our customers during the first half of 2008 with the result that a much higher volume of iron ore was traded. However, sentiments in China iron ore market reversed since the last quarter in 2008 following the outbreak of the global financial turmoil. The iron ore market has been unsettled in recent months and activity of the operation is expected to slow down considerably in 2009.

The interest income and operating profit generated by the financing operation were up by 97% and 92% to HK$41,604,000 (2007: HK$21,073,000) and HK$47,761,000 (2007: HK$24,921,000) respectively. Such increases were primarily attributed to the higher average balance of loan advanced to customers when compared to last year. The profit of the operation for the current year also included a reversal of impairment loss on a loan of HK$5,692,000. It is the Group's policy to regularly review the composition of the loan portfolio and lending rates charged in order to maximize the return of this operation.

The turnover of the brokerage and securities investment operation, being mainly the commission income of the Group's securities brokerage division, was down by 45% to HK$5,712,000 (2007: HK$10,453,000) resulted mainly from the lowered turnover of the Hong Kong stock market after its peaking out in October 2007 compounded by a further decline since October 2008 following the outbreak of the global financial crisis. Despite the decline in commission income earned by the brokerage division, the division managed to post an operating profit which was however totally offset by a provision of HK$9,250,000 made for the possible claims for certain allegedly irregular transactions conducted by a former employee of the division. The Group's securities investment reported a loss of HK$10,351,000 in contrast to the profit of HK$69,070,000 booked in 2007. The loss incurred this year was primarily resulting from the general downturn of the Hong Kong stock market and depreciation of securities prices. At the balance sheet date, the market value of the Group's listed securities portfolio was HK$51,571,000.

Management Discussion and Analysis

In December 2007, the Group entered into a sale and purchase agreement (the "Agreement") with the vendor (the "Vendor") to acquire the entire interests in Jebson Investments Limited ("Jebson"), an investment holding company which effectively holds 51% interest in a company incorporated in the People's Republic of China ("the PRC") that has the approval to produce alumina and owns a company that holds an exploitation licence of a bauxite mine in Shanxi Province, the PRC. The Group duly completed the Agreement in March 2008. The Group was subsequently of the view that the Vendor had failed, among others, to perform certain terms and conditions of the Agreement. In December 2008, the Group issued a writ of summons against the Vendor and the Agreement was finally rescinded by an order (the "Order") made by the Court of First Instance in the High Court. According to the Order, the Vendor shall, among others, return cash in the aggregate sum of approximately HK$323,422,000 and 250,000,000 shares in the Company, being part of the considerations of the acquisition, to the Group. The shares returned to the Group were cancelled pursuant to a capital reduction completed on 17th April, 2009.

The operating loss of HK$2,873,000 recorded by the Group's minerals operation represented mainly administrative expenses incurred during the year.

Jointly Controlled Entity

Shanghai Hong Qiao Friendship Shopping Center Co., Ltd. ("Hong Qiao"), the Group's 30% owned jointly controlled entity, continued to deliver profitable results in 2008. Hong Qiao operates an upmarket department store in Shanghai, driven by strong consumer spending for most part of 2008 and successful marketing strategies implemented by management of Hong Qiao, the income of Hong Qiao was at its new high of HK$687,466,000 (2007: HK$602,004,000) and showing a year-on-year growth of 14%. As a result, the Group's share of profit of Hong Qiao also rose by 38% to HK$12,799,000 (2007: HK$9,281,000). Nonetheless, there are signs that sales growth of the department store has declined since the last quarter of 2008 and may post an adverse impact to its results in 2009.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31st December, 2008, the Group had current assets of HK$1,111,256,000 (2007: HK$842,634,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling HK$148,481,000 (excluding pledged bank deposit and bank balances held under segregated trust accounts) (2007: HK$350,404,000). The Group's current ratio, calculated on the basis of current assets of HK$1,111,256,000 over current liabilities of HK$51,167,000 was at strong level of 21.7 (2007: 9.5). The Group had no bank and other borrowings but finance lease obligation of HK$1,581,000 at the balance sheet date (2007: other borrowing of HK$50,000,000).

Management Discussion and Analysis

The Company issued approximately 560 million new shares during the year as a result of conversion of convertible notes issued, as consideration for acquisition of YTC Resources Limited ("YTC") and placing of new shares to Yunnan Tin Australia Investment Holding Company Pty Ltd as part of the YTC transaction. The newly issued share capital and profit generated by the Group had both contributed to the 15% increase in Group's equity that was amounted to HK$1,123,122,000 as at 31st December, 2008 (2007: HK$975,422,000), this was equivalent to a consolidated net assets value of about HK$0.36 per share of the Company (2007: HK$0.38 per share). As of the year end date, the Group's gearing ratio calculated on the basis of finance lease obligation of HK$1,581,000 over total assets of HK$1,175,295,000 was at low level of 0.1%. As at 31st December, 2007, the Group's gearing ratio calculated on the basis of other borrowing and convertible notes issued totaling HK$117,853,000 over total assets of HK$1,136,063,000 was also at low level of 10%.

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

Foreign Currency Management

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

Pledge of Assets

At 31st December, 2008, a bank deposit of HK$19,500,000 and fixed asset of carrying amount of HK$2,544,000 were pledged to secure credit facilities granted to the Group.

Capital Commitment

At 31st December, 2008, the Group had no significant capital commitment.

Management Discussion and Analysis

Contingent Liability

A subsidiary of the Company principally engaged in securities brokerage may be subject to a maximum penalty of HK$10,000,000 to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matters are currently under investigation by the enforcement agency, as the ultimate outcome of the matters are not yet determined, the maximum penalty of HK$10,000,000 is considered as contingent liability of the Group.

EMPLOYEES AND REMUNERATION POLICY

At 31st December, 2008, the Group had about 45 employees including executive directors. Total staff costs incurred during the year (including directors' remuneration and excluding equity settled share-based payment expenses) was HK$18,268,000 and increased by 55% when compared to HK$11,810,000 in 2007. The increase in staff costs was mainly due to new staff employed during the year to cope with the expansion of the Group's operations. The Group generally remunerates its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Benefits offered by the Group to its employees included discretionary bonus, mandatory provident fund scheme, share options, training subsidies as well as medical insurance.

Biographical Details of Directors and Senior Management

DIRECTORS

Mr. Suen Cho Hung, Paul, aged 48, has been Chairman of the Company since July 2002. Mr. Suen holds a Master of Business Administration degree from the University of South Australia. Prior to joining the Company, he was chief executive of several private enterprises and has over 15 years of experience in international trading of metals, minerals and raw materials, manufacturing of metal products, property investment as well as management and corporate planning of industrial enterprises in the People's Republic of China (the "PRC"). Mr. Suen is a substantial shareholder of the Company as disclosed in the section headed "Interests of Shareholders Discloseable under the SFO" in the Directors' Report. Mr. Suen is also an executive director and the Chairman of Poly Development Holdings Limited (formerly known as Xin Corporation Limited), a listed company in Hong Kong.

Mr. Sue Ka Lok, aged 43, joined the Group in January 2003 and has been Executive Director of the Company since August 2004. Mr. Sue was appointed as Chief Executive Officer of the Company in September 2005. Mr. Sue graduated from the University of Sydney, Australia with a Bachelor of Economics degree and holds a Master of Science in Finance degree from the City University of Hong Kong. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries and a member of the Hong Kong Securities Institute. Mr. Sue has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is also an executive director of Poly Development Holdings Limited (formerly known as Xin Corporation Limited), a listed company in Hong Kong.

Mr. Gao Wenxiang, aged 46, has been Executive Director of the Company since May 2008. Mr. Gao has over 20 years experience as a senior mining engineer in the PRC. He graduated as a Master of Mining Engineering from the Mining Academy of Kunming University of Science and Technology and holds a doctoral degree at the Resources and Safety Engineering Academy of South Central University in the PRC. Mr. Gao's professional associations include Vice-Chairman of the Nonferrous Geology Association of China and Vice-Chairman of the Geology Education Association of China. Mr. Gao is also the Chairman of YTC Resources Limited, a company whose shares are listed on the Australian Securities Exchange, the Vice-Chairman of Yunnan Tin Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange and the General Manager and a director of 雲南錫業集團(控股)有限責任公司 (literally translated as Yunnan Tin Group (Holding) Co Limited) ("Yunnan Tin Group"). Yunnan Tin Group is a major producer of non-ferrous metals and is the world's largest producer of tin and tin products. Yunnan Tin Group is a strategic shareholder of the Company as disclosed in the section headed "Interests of Shareholders Discloseable under the SFO".

Biographical Details of Directors and Senior Management

DIRECTORS *(Continued)*

Mr. Chen Shuda, aged 38, has been Executive Director of the Company since May 2008. Mr. Chen has extensive corporate management experience in property, hotel and industrial businesses in the PRC. Mr. Chen graduated from 軍事經濟學院 (literally translated as Military Economics Academy) in the PRC and specialised in financial management. Mr. Chen is a substantial shareholder of the Company as disclosed in the section headed "Interests of Shareholders Discloseable under the SFO" in the Directors' Report.

Ms. Ng Shin Kwan, Christine, aged 40, has been Executive Director of the Company since August 2007. Ms. Ng holds a Bachelor of Economics degree from University of Sydney in Australia and has over 10 years of experience in business development, corporate management and investment fields and held executive positions in various investment and securities companies. Ms. Ng is also an executive director of YTC Resources Limited, a company whose shares are listed on the Australian Securities Exchange.

Mr. Cao Jian An, aged 40, has been Executive Director of the Company since September 2002. He graduated from Northwestern Polytechnical University in the PRC and has over 10 years of experience in sales and marketing of pharmaceutical products. Prior to joining the Company, Mr. Cao held senior executive positions in various pharmaceutical companies in the United States and the PRC.

Mr. Sun Ka Ziang, Henry, aged 51, has been Independent Non-executive Director of the Company since July 2002. He possesses over 20 years of experience in international finance, corporate finance, corporate planning, financial management and accounting and held executive positions at several international banks, accounting firm, the Hong Kong Airport Authority and an information technology company. Mr. Sun obtained a Bachelor Degree in Economics from Monash University in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Sun is also an independent non-executive director of Zhongda International Holdings Limited, a listed company in Hong Kong.

Mr. Kwok Ming Fai, aged 44, has been Independent Non-executive Director of the Company since July 2002. He has over 15 years of experience in banking, finance and accounting and held executive positions at several international financial institutions, accounting firm and listed company. Mr. Kwok obtained his Bachelor Degree in Accounting & Economics from the University of Sheffield in the United Kingdom and a Master Degree in Business Administration from the University of Adelaide in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok is also an executive director of Zhongda International Holdings Limited, and an independent non-executive director of Incutech Investments Limited, both companies are listed companies in Hong Kong.

DIRECTORS *(Continued)*

Dr. Wong Yun Kuen, aged 51, has been Independent Non-executive Director of the Company since September 2004. Dr. Wong received a Ph.D. Degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for more than 10 years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities Institute. Dr. Wong is also an executive director of UBA Investments Limited, and an independent non-executive director of Climax International Company Limited, China E-Learning Group Limited, Bauhaus International (Holdings) Limited, Golden Resorts Group Limited, Grand Field Group Holdings Limited, Harmony Asset Limited, Kong Sun Holdings Limited, Superb Summit International Timber Company Limited and Kaisun Energy Group Limited, all these companies are listed companies in Hong Kong.

SENIOR MANAGEMENT

Ms. Chan Yuk Yee, aged 41, joined the Company in September 2002 and was appointed as Company Secretary of the Company in July 2005. Ms. Chan holds a Master of Business Law degree from Monash University in Australia. She is also an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Chan has over 10 years of experience in company secretarial practice.

Mr. Ting Kin Wai, aged 29, joined the Company in July 2008 and was appointed as Qualified Accountant of the Company in November 2008. Mr. Ting holds a Bachelor of Business Administration degree from the Chinese University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ting has extensive experience in finance and accounting and had worked at a reputable accountancy firm and a listed company in Hong Kong.

Directors' Report

The directors of the Company present their annual report and the audited consolidated financial statements for the year ended 31st December, 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and jointly controlled entity are set out in notes 14 and 15 to the consolidated financial statements, respectively.

RESULTS

The results of the Group for the year ended 31st December, 2008 are set out in the consolidated income statement on page 29.

The directors of the Company do not recommend the payment of a final dividend for the year ended 31st December, 2008 (2007: nil).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 32 to the consolidated financial statements.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting held on 17th April, 2008 and the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in Hong Kong on 16th May, 2008, the name of the Company was changed from "Poly Investments Holdings Limited 保興投資控股有限公司" to "China Yunnan Tin Minerals Group Company Limited 中國雲錫礦業集團有限公司" with effect from 16th May, 2008.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 34 of the annual report and in note 33 to the consolidated financial statements, respectively.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment totally HK$11,181,000 for the purpose of expanding the Group's operation.

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

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated and reclassified as appropriate, is set out on page 116. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers and the largest customer accounted for approximately 86% and 51% of the Group's total sales for the year, respectively.

The five largest suppliers and the largest supplier accounted for approximately 81% and 35% of the Group's total purchases for the year, respectively.

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

Directors' Report

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Suen Cho Hung, Paul *(Chairman)*
Sue Ka Lok *(Chief Executive Officer)*
Gao Wenxiang (appointed on 16th May, 2008)
Chen Shuda (appointed on 16th May, 2008)
Ng Shin Kwan, Christine
Cao Jian An
Ong Lily Lee (appointed on 2nd May, 2008 and resigned on 29th November, 2008)

Non- executive Director:

Lee Yuk Lun (appointed on 2nd May, 2008 and resigned on 17th December, 2008)

Independent Non-executive Directors:

Sun Ka Ziang, Henry
Kwok Ming Fai
Wong Yun Kuen

In accordance with Article 105(A) of the Company's Articles of Association, Mr. Suen Cho Hung, Paul, Mr. Cao Jian An and Mr. Sun Ka Ziang, Henry will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2008, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of director	Capacity	Number of shares	Number of underlying shares	Total interests	Approximate percentage of the issued share capital of the Company
Suen Cho Hung, Paul	Interest held by controlled corporation	743,263,096 *(note 1)*	–	–	–
	Beneficial owner	5,800,000	–	749,063,096	21.97%
Sue Ka Lok	Beneficial owner	800,000	10,000,000 *(note 2)*	10,800,000	0.32%
Chen Shuda	Interest held by controlled corporation	269,832,000 *(note 3)*	–	–	–
	Beneficial owner	31,608,000	–	301,440,000	8.84%
Ng Shin Kwan, Christine	Beneficial owner	–	16,780,000 *(note 4)*	16,780,000	0.49%
Sun Ka Ziang, Henry	Beneficial owner	200,000	52,000 *(note 5)*	252,000	0.01%
Kwok Ming Fai	Beneficial owner	–	252,000 *(note 6)*	252,000	0.01%
Wong Yun Kuen	Beneficial owner	200,000	52,000 *(note 7)*	252,000	0.01%

Notes:

1. These shares are beneficially owned by Top Media Resources Limited as to 143,263,096 shares and Oriental Genesis Limited as to 600,000,000 shares. Top Media Resources Limited and Oriental Genesis Limited are wholly-owned by All Sino Resources Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul.

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

3. These shares are beneficially owned by Super Union Group Limited. Super Union Group Limited is wholly-owned by Mr. Chen Shuda. Accordingly, Mr. Chen Shuda is deemed to be interested in 269,832,000 shares under the SFO.

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

5. This represents the interest of Mr. Sun Ka Ziang, Henry in 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Mr. Sun Ka Ziang, Henry on acceptance of the share options granted was HK$1.00. The exercise price is HK$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

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

7. This represents the interest of Dr. Wong Yun Kuen in 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Dr. Wong Yun Kuen on acceptance of the share options granted was HK$1.00. The exercise price is HK$1.22 per share and the exercise period is between 3rd December, 2007 and 2nd December, 2017.

Save as disclosed above, as at 31st December, 2008, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company and details of movements in the share options of the Company during the year are set out in note 34 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st December, 2008, the register of interest kept by the Company under section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares	Total interests	Approximate percentage of the issued share capital of the Company
Suen Cho Hung, Paul	Interest held by controlled corporation	743,263,096 *(note 1)*	–	–
	Beneficial owner	5,800,000	749,063,096	21.97%
All Sino Resources Limited	Interest held by controlled corporation	743,263,096 *(note 1)*	743,263,096	21.80%
Oriental Genesis Limited	Beneficial owner	600,000,000	600,000,000	17.59%
Chen Shuda	Interest held by controlled corporation	269,832,000 *(note 2)*	–	
	Beneficial owner	31,608,000	301,440,000	8.84%
Super Union Group Limited	Beneficial owener	269,832,000	269,832,000	7.91%
雲南錫業集團(控股)有限責任公司 (literally translated as Yunnan Tin Group (Holding) Co Limited)	Interest held by controlled corporation	200,000,000 *(note 3)*	200,000,000	5.86%

Directors' Report

Name of shareholder	Capacity	Number of shares	Total interests	Approximate percentage of the issued share capital of the Company
Yunnan Tin Australia Investment Holding Company Pty Ltd	Interest held by controlled corporation	110,944,444 *(note 4)*	–	–
	Beneficial owner	89,055,556	200,000,000	5.86%
Ong Lily Lee	Interest held by controlled corporation	250,000,000 *(note 5)*	250,000,000	7.33%
Oriental Pine Investments Limited	Beneficial owner	250,000,000	250,000,000	7.33%
Peter K. S. Chan & Co.	Bare trustee	250,000,000 *(note 5)*	250,000,000	7.33%

Notes:

1. These shares are beneficially owned by Top Media Resources Limited as to 143,263,096 shares and Oriental Genesis Limited as to 600,000,000 shares. Top Media Resources Limited and Oriental Genesis Limited are wholly-owned by All Sino Resources Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and All Sino Resources Limited are deemed to be interested in 743,263,096 shares under the SFO.

2. There shares are beneficially owned by Super Union Group Limited. Super Union Group Limited is wholly-owned by Mr. Chen Shuda. Accordingly, Mr. Chen Shuda is deemed to be interested in 269,832,000 shares under the SFO.

3. These shares are beneficially owned by Wise Peace Limited ("Wise Peace") as to 110,944,444 shares and Yunnan Tin Australia Investment Holding Company Pty Ltd ("YTA") as to 89,055,556 shares. Wise Peace is wholly-owned by YTA and YTA is in turn wholly-owned by Yunnan Tin Group (Holding) Co Limited. Accordingly, Yunnan Tin Group (Holding) Co Limited is deemed to be interested in 200,000,000 shares under the SFO.

4. These shares are beneficially owned by Wise Peace. Wise Peace is wholly-owned by YTA. Accordingly, YTA is deemed to be interested in 110,944,444 shares under the SFO.

5. These shares are beneficially owned by Oriental Pine Investments Limited. Oriental Pine Investments Limited is wholly-owned by Ms. Ong Lily Lee. Accordingly, Ms. Ong Lily Lee is deemed to be interested in 250,000,000 shares under the SFO. On 31st December, 2008, these 250,000,000 shares were surrendered to Peter K.S. Chan & Co. as trustee for the Company pending for cancellation ("Cancellation") pursuant to a Court Order dated 24th December, 2008. On 17th April, 2009, the Cancellation became effective.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 31st December, 2008 as required pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

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

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

CORPORATE GOVERNANCE

The audited financial statements of the Company for the year ended 31st December, 2008 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board of Directors under the recommendation of the Audit Committee.

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

Directors' Report

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

EMOLUMENT POLICY

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 45 to the consolidated financial statements.

AUDITORS

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

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

On behalf of the Board

Suen Cho Hung, Paul
Chairman

Hong Kong, 23rd April, 2009

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code for the year ended 31st December, 2008.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises six executive directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Gao Wenxiang (appointed on 16th May, 2008), Mr. Chen Shuda (appointed on 16th May, 2008), Ms. Ng Shin Kwan, Christine and Mr. Cao Jian An; and three independent non-executive directors, namely Mr. Sun Ka Ziang, Henry, Mr. Kwok Ming Fai and Dr. Wong Yun Kuen.

Corporate Governance Report

A total of 40 board meetings were held during the year ended 31st December, 2008 with individual attendance of directors as follows:

Directors	**Attendance**
Suen Cho Hung, Paul	36/40
Sue Ka Lok	40/40
Gao Wenxiang	3/40
Chen Shuda	7/40
Ng Shin Kwan, Christine	22/40
Cao Jian An	6/40
Sun Ka Ziang, Henry	6/40
Kwok Ming Fai	6/40
Wong Yun Kuen	6/40
Ong Lily Lee *(note 1)*	3/40
Lee Yuk Lun *(note 2)*	3/40

Notes:

1. Ms. Ong Lily Lee was appointed as executive director of the Company on 2nd May, 2008 and resigned on 29th November, 2008.

2. Mr. Lee Yuk Lun was appointed as non-executive director of the Company on 2nd May, 2008 and resigned on 17th December, 2008.

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

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

Corporate Governance Report

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

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

APPOINTMENT AND RE-ELECTION

Potential new directors of the Company are identified and considered for appointment by the Board. A director appointed by the Board to fill a casual vacancy is subject to re-election by shareholders of the Company at the next general meeting whereas a director appointed by the Board as an addition to the Board is subject to re-election by shareholders of the Company at the next annual general meeting. Details of change in the Board during the year is set out on page 14 of the Directors' Report.

REMUNERATION COMMITTEE

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

The Remuneration Committee held four meetings during the year ended 31st December, 2008 to discuss the remuneration of directors of the Company with individual attendance of members as follows:

Members	Attendance
Kwok Ming Fai	4/4
Sun Ka Ziang, Henry	4/4
Wong Yun Kuen	4/4
Sue Ka Lok	4/4

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

AUDITORS' REMUNERATION

For the year ended 31st December, 2008, payments to the auditors of the Company for providing audit and non-audit services are approximately HK$1,250,000 and HK$743,000, respectively.

AUDIT COMMITTEE

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

The Audit Committee held three meetings during the year ended 31st December, 2008 with individual attendance of members as follows:

Members	Attendance
Sun Ka Ziang, Henry	3/3
Kwok Ming Fai	3/3
Wong Yun Kuen	3/3

Corporate Governance Report

During the year ended 31st December, 2008, the Audit Committee reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including review of unaudited interim results and annual audited results of the Group.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 27 to 28.

INTERNAL CONTROL

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

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

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Yunnan Tin Minerals Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 115, which comprise the consolidated and company balance sheets as at 31st 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

Independent Auditors' Report

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2008 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 23rd April, 2009

Consolidated Income Statement

For the year ended 31st December, 2008

	Notes	**2008** **HK$'000**	2007 HK$'000 (Restated)
Continuing operations			
Turnover	*7*	**665,901**	434,198
Cost of sales		**(609,554)**	(397,532)
Gross profit		**56,347**	36,666
Net (loss)/gain on financial assets at fair value through profit or loss	*8*	**(10,351)**	69,070
Other income	*8*	**14,194**	23,225
Administrative expenses		**(56,156)**	(30,517)
Release of translation reserve of an associate		**–**	19,771
Impairment loss recognised in respect of available-for-sale financial assets	*16*	**–**	(9,562)
Finance costs	*9*	**(4,091)**	(10,754)
Share of profit of a jointly controlled entity	*15*	**12,799**	9,281
Equity settled share-based payment expenses		**–**	(57,863)
Profit before taxation		**12,742**	49,317
Income tax expense	*10*	**(304)**	(4,513)
Profit for the year from continuing operations		**12,438**	44,804
Discontinued operation			
Profit for the year from discontinued operation	*38*	**–**	28,555
Profit for the year	*8*	**12,438**	73,359

Consolidated Income Statement

For the year ended 31st December, 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
Attributable to:			
Equity holders of the Company		**12,915**	75,319
Minority interests		**(477)**	(1,960)
		12,438	73,359
Earnings per share	*12*		
From continuing and discontinued operations			
Basic and diluted (HK cent(s) per share)		**0.39**	5.17
From continuing operations			
Basic and diluted (HK cent(s) per share)		**0.39**	3.07

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

Consolidated Balance Sheet

As at 31st December, 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	13	**9,050**	1,807
Interest in a jointly controlled entity	15	**47,886**	45,127
Available-for-sale financial assets	16	**4,823**	–
Other deposits and prepayments		**–**	144,715
Other receivables		**–**	99,400
Other assets	17	**2,230**	2,230
Trading right	18	**50**	150
		64,039	293,429
Current assets			
Trade and other receivables	21	**552,499**	260,593
Bills receivable	21	**27,593**	1,389
Financial assets at fair value through profit or loss	22	**51,571**	42,822
Short-term loans receivable	23	**360,524**	215,293
Tax recoverable		**–**	4
Pledged bank deposit	24	**19,500**	–
Bank balances held under segregated trust accounts	24	**2,659**	14,951
Bank balances and cash	24	**96,910**	307,582
		1,111,256	842,634
Current liabilities			
Trade and other payables	25	**9,690**	32,438
Bills payable	25	**27,144**	2,179
Tax payable		**4,508**	4,517
Finance lease obligation – due within one year	26	**575**	–
Other borrowing	27	**–**	50,000
Provision	28	**9,250**	–
		51,167	89,134
Net current assets		**1,060,089**	753,500
Total assets less current liabilities		**1,124,128**	1,046,929

Consolidated Balance Sheet

As at 31st December, 2008

	Notes	**2008**	2007
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred tax liabilities	*29*	**–**	3,654
Finance lease obligation – due after one year	*26*	**1,006**	–
Convertible notes	*31*	**–**	67,853
		1,006	71,507
Net assets		**1,123,122**	975,422
Capital and reserves			
Share capital	*32*	**316,008**	259,968
Reserves		**807,114**	715,454
Total equity		**1,123,122**	975,422

The consolidated financial statements on pages 29 to 115 were approved and authorised for issue by the Board of Directors on 23rd April, 2009 and are signed on its behalf by:

Suen Cho Hung, Paul	**Ng Shin Kwan, Christine**
Director	*Director*

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

Balance Sheet

As at 31st December, 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Interests in subsidiaries	14	**31,787**	32,587
Current assets			
Other receivables		**5,133**	349
Financial assets at fair value through profit or loss	22	**16,520**	21,329
Amounts due from subsidiaries	14	**1,074,823**	765,381
Bank balances and cash	24	**29,237**	256,750
		1,125,713	1,043,809
Current liabilities			
Accruals and other payables		**699**	9,216
Amounts due to subsidiaries	14	**56,738**	38,013
		57,437	47,229
Net current assets		**1,068,276**	996,580
Total assets less current liabilities		**1,100,063**	1,029,167
Non-current liabilities			
Deferred tax liabilities		**–**	3,766
Convertible notes	31	**–**	67,175
		–	70,941
Net assets		**1,100,063**	958,226
Capital and reserves			
Share capital	32	**316,008**	259,968
Reserves	33	**784,055**	698,258
		1,100,063	958,226

Suen Cho Hung, Paul
Director

Ng Shin Kwan, Christine
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2008

	Equity attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible notes equity reserve HK$'000	Available-for-sale financial assets reserve HK$'000	PRC statutory reserves HK$'000 (note)	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January, 2007	607,059	2,252	33,919	–	–	507	–	(381,087)	262,650	1,331	263,981
Exchange differences arising on translation of overseas operations	–	–	6,256	–	–	–	–	–	6,256	–	6,256
Release of minority interests on disposal of subsidiaries	–	–	–	–	–	–	–	–	–	629	629
Recognition of equity settled share-based payment expenses	–	–	–	–	–	–	57,863	–	57,863	–	57,863
Share of translation reserve of a jointly controlled entity	–	–	3,420	–	–	–	–	–	3,420	–	3,420
Release of translation reserve from subsidiaries	–	–	(16,786)	–	–	–	–	–	(16,786)	–	(16,786)
Release of translation reserve from an associate	–	–	(19,771)	–	–	–	–	–	(19,771)	–	(19,771)
Net income and expenses recognised directly in equity	–	–	(26,881)	–	–	–	57,863	–	30,982	629	31,611
Disposal of an associate	–	–	–	–	–	(507)	–	507	–	–	–
Profit for the year	–	–	–	–	–	–	–	75,319	75,319	(1,960)	73,359
Total recognised income and expenses for the year	–	–	(26,881)	–	–	(507)	57,863	75,826	106,301	(1,331)	104,970
Capital reorganisation	(594,918)	434,803	–	–	–	–	–	160,115	–	–	–
Issue of shares	10,653	155,705	–	–	–	–	–	–	166,358	–	166,358
Transaction costs attributable to issue of shares	–	(2,716)	–	–	–	–	–	–	(2,716)	–	(2,716)
Issue of shares on exercise of share options	1,198	21,472	–	–	–	–	(4,460)	–	18,210	–	18,210
Issue of convertible notes	–	–	–	119,539	–	–	–	–	119,539	–	119,539
Deferred tax liability on recognition of equity component of convertible notes	–	–	–	(3,654)	–	–	–	–	(3,654)	–	(3,654)
Conversion of convertible notes	41,000	365,126	–	(97,392)	–	–	–	–	308,734	–	308,734
Bonus issue of shares	194,976	(194,976)	–	–	–	–	–	–	–	–	–
At 31st December, 2007 and 1st January, 2008	259,968	781,666	7,038	18,493	–	–	53,403	(145,146)	975,422	–	975,422
Exchange differences arising on translation of overseas operations	–	–	(11,595)	–	–	–	–	–	(11,595)	–	(11,595)
Share of translation reserve of a jointly controlled entity	–	–	2,031	–	–	–	–	–	2,031	–	2,031
Change in fair value of available-for-sale financial assets	–	–	–	–	(33,367)	–	–	–	(33,367)	–	(33,367)
Net income and expenses recognised directly in equity	–	–	(9,564)	–	(33,367)	–	–	–	(42,931)	–	(42,931)
Profit for the year	–	–	–	–	–	–	–	12,915	12,915	(477)	12,438
Total recognised income and expenses for the year	–	–	(9,564)	–	(33,367)	–	–	12,915	(30,016)	(477)	(30,493)
Issue of shares	45,000	171,750	–	–	–	–	–	–	216,750	–	216,750
Transaction costs attributable to issue of shares	–	(1,973)	–	–	–	–	–	–	(1,973)	–	(1,973)
Issue of shares on exercise of share options	40	149	–	–	–	–	(37)	–	152	–	152
Acquisition of subsidiaries (note 35)	–	–	–	–	–	–	–	–	–	510,293	510,293
Rescission of agreement for acquisition of subsidiaries (note 36)	–	–	–	–	–	–	–	–	–	(509,816)	(509,816)
Reversal of deferred tax liability on conversion of convertible notes	–	–	–	3,654	–	–	–	–	3,654	–	3,654
Conversion of convertible notes	36,000	54,030	–	(22,147)	–	–	–	–	67,883	–	67,883
Capital reduction	(25,000)	(83,750)	–	–	–	–	–	–	(108,750)	–	(108,750)
Lapse of share options	–	–	–	–	–	–	(86)	86	–	–	–
At 31st December, 2008	**316,008**	**921,872**	**(2,526)**	**–**	**(33,367)**	**–**	**53,280**	**(132,145)**	**1,123,122**	**–**	**1,123,122**

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

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

Consolidated Cash Flow Statement

For the year ended 31st December, 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flow from operating activities			
Profit for the year		**12,438**	73,359
Adjustments for:			
Income tax expenses		**304**	6,375
Finance costs		**4,091**	20,431
Share of profit of a jointly controlled entity		**(12,799)**	(9,281)
Impairment losses recognised on trade and other receivables		**98**	1,456
Reversal of impairment losses on short-term loans receivable		**(5,692)**	(5,468)
Bad debt recovered		**(881)**	–
Provision		**9,250**	–
Amortisation of trading right		**100**	100
Bank interest income		**(1,772)**	(5,581)
Depreciation of property, plant and equipment		**3,880**	25,797
Gain on rescission of agreement for acquisition of subsidiaries		**(150)**	–
Gain on disposal of subsidiaries		**–**	(27,162)
Release of translation reserve of subsidiaries		**–**	(16,786)
Release of translation reserve of an associate		**–**	(19,771)
Impairment loss recognised in respect of available-for-sale financial assets		**–**	9,562
Unrealised loss on financial assets at fair value through profit or loss		**5,529**	2,464
Increase in fair value of sales proceeds on disposal of an associate and a subsidiary		**(600)**	(8,100)
Equity settled share-based payment expenses		**–**	57,863
Loss on disposal of property, plant and equipment		**31**	15
Provision for litigation claims		**–**	5,000
Amortisation of prepaid lease payments		**–**	764
Operating cash flows before movements in working capital		**13,827**	111,037
Decrease in inventories		**–**	368
Decrease/(increase) in trade and other receivables		**65,330**	(164,529)
Increase in short-term loans receivable		**(138,658)**	(185,570)
(Increase)/decrease in bills receivable		**(26,204)**	11,127
Decrease/(increase) in bank balances held under segregated trust accounts		**12,292**	(2,566)
Increase in financial assets at fair value through profit or loss		**(14,278)**	(39,660)
(Decrease)/increase in trade and other payables		**(25,544)**	21,989
Increase in bills payable		**24,965**	3,732
Cash used in operations		**(88,270)**	(244,072)
Interest paid		**(1,040)**	(18,605)
Hong Kong Profits Tax (paid)/refunded		**(309)**	17
Net cash used in operating activities		**(89,619)**	(262,660)

Consolidated Cash Flow Statement

For the year ended 31st December, 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
Cash flow from investing activities			
Dividend received from a jointly controlled entity		**11,748**	10,537
Interest received, other than from investments		**1,772**	5,581
Net cash outflow in respect of acquisition of subsidiaries	*35*	**(183,707)**	–
Net cash inflow from rescission of agreement for acquisition of subsidiaries	*36*	**19,912**	–
Proceeds from disposal of interest in an associate held for sale		**–**	50,000
Deposits paid for acquisition of investment		**–**	(144,715)
Proceeds from disposal of property, plant and equipment		**27**	33
Purchase of property, plant and equipment		**(8,881)**	(5,785)
(Increase)/decrease in pledged bank deposit		**(19,500)**	91
Cash inflow for disposal of subsidiaries (net of cash and cash equivalents disposed of)		**50,000**	27,680
Net cash used in investing activities		**(128,629)**	(56,578)
Cash flow from financing activities			
Repayment of borrowings		**(50,000)**	(111,917)
Borrowings raised		**–**	62,058
Repayment of finance lease obligation		**(719)**	–
Proceeds from issue of shares on exercise of share options		**152**	18,210
Proceeds from issue of shares, net of share issue expenses paid		**58,141**	163,642
Proceeds from issue of convertible notes, net of issue costs		**–**	494,300
Net cash generated from financing activities		**7,574**	626,293
Net (decrease)/increase in cash and cash equivalent		**(210,674)**	307,055
Effect of foreign exchange rate changes		**2**	(1,805)
Cash and cash equivalents brought forward		**307,582**	2,332
Cash and cash equivalents carried forward, represented by bank balances and cash		**96,910**	307,582

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2008

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company are disclosed in the corporate information section of the annual report.

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

The Company is an investment holding company. The activities of its principal subsidiaries and jointly controlled entity are set out in notes 14 and 15 respectively.

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

In the current year, the Company and its subsidiaries (the "Group") have applied, for the first time, the following amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the financial year beginning 1st January, 2008. The new HKFRSs adopted by the Group in the financial statements are set out as follows:

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.

Change in the presentation of turnover

In prior years, the Group's turnover included proceeds from securities investment, while related costs of securities investment were included in costs of sales.

In the current year, the Group has revised the presentation of turnover in order to conform with market practices. The proceeds from securities investment are offset against the costs of securities investment and are presented as net loss on financial assets at fair value through profit or loss in the consolidated income statement.

The effects of the change in the presentation of turnover have been accounted for retrospectively with comparative figures restated. The specific line items affected are as follows:

	2008 ***HK$'000***	2007 *HK$'000*
Decrease in turnover	**(305,941)**	(422,063)
Decrease in cost of sales	**(310,763)**	(350,529)
Increase in net (loss)/gain on financial assets at fair value through profit or loss	**(4,822)**	71,534
Effect on profit for the year	**–**	–
Effect on basic and diluted earnings per share attributable to equity holders of the Company	**–**	–

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

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

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 (Amendments)	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 8	Operating Segments[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
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[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owner[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[3]

[1] Effective for annual periods beginning on or after 1st January, 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.

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

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

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

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

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

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

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

Goodwill

Goodwill arising on an acquisition of a business or a jointly controlled entity (which is accounted for using proportionate consolidation) for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business or jointly controlled entity at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business or a jointly controlled entity is presented separately in the consolidated balance sheet.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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 consolidated income statement. An impairment loss for goodwill is not reversed in subsequent years.

On subsequent disposal of the relevant cash-generating unit or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Mining right

Mining right with finite useful lives is carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right continuously till all proven reserves have been mined.

Gains or losses arising from derecognition of mining right is 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.

Interest in a jointly controlled entity

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interest in a jointly controlled entity *(Continued)*

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

Property, plant and equipment

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

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

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

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

Borrowing costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Trading right

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

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

Financial instruments

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

Financial assets

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

Financial assets at fair value through profit or loss

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, bills receivable, short-term loans receivable, pledged bank deposit and bank balances and cash and amounts due from subsidiaries of the Company) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy in respect of impairment of financial assets below).

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

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

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

Financial liabilities

Financial liabilities including trade and other payables, bills payable, other borrowing, finance lease obligation and convertible notes are subsequently measured at amortised cost, using the effective interest method.

Convertible notes

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Convertible notes (Continued)

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

Equity instruments

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

Financial guarantee contracts

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

Derecognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity settled share-based payment transactions

Share options granted to employees

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

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

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share 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 accumulated losses.

Share options granted to other participants

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

Corresponding adjustments will be made to equity (share options reserve) as in the case of share options granted to employees.

Impairment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

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

Contingent liabilities acquired in a business combination

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

Revenue recognition

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

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

Commission and brokerage income are recognised when the services are rendered.

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

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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

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

Foreign currencies

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

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

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

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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.

Retirement benefits costs

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

(a) Income taxes

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

(b) Impairment of assets

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

(c) Fair value of exploration and evaluation assets

The directors use their judgement in selecting an appropriate valuation technique for mining right. Valuation techniques commonly used by market practitioners are applied. The Group's mining right was valued using a discounted cash flow method analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of the mining right also includes some assumptions not supported by observable market prices or rates.

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

Critical accounting estimates and assumptions *(Continued)*

(d) Estimate of fair value of financial instruments

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

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

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

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2008 ***HK$'000***	2007 *HK$'000*
Financial assets		
Available-for-sale financial assets	**4,823**	–
Financial assets at fair value through profit or loss		
– held for trading	**51,571**	42,822
Loan and receivables (including cash and cash equivalents)		
– trade and other receivables	**552,499**	260,593
– bills receivable	**27,593**	1,389
– short-term loans receivable	**360,524**	215,293
– bank balances held under segregated trust accounts	**2,659**	14,951
– bank balances and cash	**96,910**	307,582
– pledged bank deposit	**19,500**	–
– other receivables	**–**	99,400
Financial liabilities		
Amortised cost		
– trade and other payables	**9,690**	32,438
– bills payable	**27,144**	2,179
– finance lease obligation	**1,581**	–
– other borrowing	**–**	50,000
– convertible notes	**–**	67,853

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

(b) Financial risk management objectives and policies

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

Credit risk

The Group's principal financial assets include available-for-sale financial assets, financial assets at fair value through profit or loss, trade and other receivables, bills receivable, short-term loans receivable, pledged bank deposit and bank balances and cash. The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31st December, 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In addition, the Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this 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. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

The table below shows the balance of 4 major counterparties (including liquid funds) at the balance sheet date using the Moody's credit rating symbols.

Counterparty	Rating	**2008** ***HK$'000***	2007 *HK$'000*
Bank of China (Hong Kong) Limited	A1	**61,572**	246,768
Bank of Communications Co., Ltd. Hong Kong Branch	Baa1	**10,156**	31,009
Standard Chartered Bank (Hong Kong) Limited	A2	**23,395**	29,283
Fortis Bank, Hong Kong Branch	A1	**20,658**	–

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

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

Market risk

(i) Foreign currency risk

Certain available-for-sale financial assets, bills receivable, bank balances and cash, other payables and bills payable of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, management considers the foreign exchange exposure is relatively insignificant currently and will monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

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

Assets

	2008	2007
	HK$'000	*HK$'000*
Renminbi	**56**	22
US Dollars	**48,321**	14,771
Australian Dollars	**4,823**	–
Others	**19**	19

Liabilities

	2008	2007
	HK$'000	*HK$'000*
Renminbi	**4**	–
US Dollars	**27,144**	2,179

(ii) Price risk

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

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

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

Market risk *(Continued)*

(ii) Price risk (Continued)

Sensitivity analysis

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

If equity prices had been 5% higher/lower:

- net profit for the year ended 31st December, 2008 would increase/decrease by approximately HK$2,579,000 (2007: increase/decrease by HK$2,141,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss; and

- other equity reserves would increase/decrease by approximately HK$241,000 (2007: nil) as a result of the changes in fair value of available-for-sale financial assets.

The Group's sensitivity to equity prices has increased from prior year because the Group's has increased its investment in financial assets at fair value through profit or loss and available-for-sale financial assets.

(iii) Interest rate risk

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

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

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

Market risk *(Continued)*

(iii) Interest rate risk (Continued)

Sensitivity analysis

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

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

- profit for the year ended 31st December, 2008 would increase/decrease by approximately HK$497,000 (2007: decrease/increase by HK$250,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate short-term loan interest income; and

- other equity reserves would not increase/decrease.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate short-term loans receivable.

Liquidity risk

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

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

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

Liquidity risk *(Continued)*

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

	Weighted average effective interest rate %	Less than 1 month *HK$'000*	1-3 months *HK$'000*	3 months to 1 year *HK$'000*	1-5 years *HK$'000*	5 + years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
As at 31st December, 2008								
Non-derivative financial assets								
Available-for-sale financial assets	–	–	–	–	–	4,823	4,823	4,823
Trade receivables	–	19,523	–	–	–	–	19,523	19,523
Other receivables	–	203,092	145,007	184,877	–	–	532,976	532,976
Bills receivable	–	27,593	–	–	–	–	27,593	27,593
Financial assets at fair value through profit or loss	–	51,571	–	–	–	–	51,571	51,571
Short-term loans receivable	–	103,887	106,580	150,057	–	–	360,524	360,524
Pledged bank deposit	–	–	–	19,500	–	–	19,500	19,500
Bank balances held under segregated trust accounts	–	2,659	–	–	–	–	2,659	2,659
Bank balances and cash	–	96,910	–	–	–	–	96,910	96,910
		505,235	251,587	354,434	–	4,823	1,116,079	1,116,079

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

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

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

Liquidity risk *(Continued)*

	Weighted average effective interest rate %	Less than 1 month *HK$'000*	1-3 months *HK$'000*	3 months to 1 year *HK$'000*	1-5 years *HK$'000*	5 + years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
As at 31st December, 2008								
Non-derivative financial liabilities								
Trade and other payables	–	8,490	–	1,200	–	–	9,690	9,690
Bills payable	–	27,144	–	–	–	–	27,144	27,144
Finance lease obligation	–	48	96	431	1,006	–	1,581	1,581
		35,682	96	1,631	1,006	–	38,415	38,415

	Weighted average effective interest rate %	Less than 1 month *HK$'000*	1-3 months *HK$'000*	3 months to 1 year *HK$'000*	1-5 years *HK$'000*	5 + years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
As at 31st December, 2007								
Non-derivative financial liabilities								
Trade and other payables	–	32,438	–	–	–	–	32,438	32,438
Bills payable	–	2,179	–	–	–	–	2,179	2,179
Other borrowing	–	–	50,000	–	–	–	50,000	50,000
Convertible notes	12.37	–	–	–	90,000	–	90,000	67,853
		34,617	50,000	–	90,000	–	174,617	152,470

Fair value of financial instruments

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

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

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

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

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

Fair value of financial instruments *(Continued)*

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

(c) Capital risk management

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

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

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

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

(c) Capital risk management *(Continued)*

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total assets. During the year ended 31st December, 2007 and 2008, the Group's strategy was to maintain a reasonable gearing ratio. The gearing ratio at 31st December, 2007 and 2008 were as follows:

	As at 31st December, 2008	As at 31st December, 2007
	HK$'000	*HK$'000*
Total borrowings	**1,581**	117,853
Total assets	**1,175,295**	1,136,063
Gearing ratio	**0.13%**	10.37%

The gearing ratio decreased during the year ended 31st December, 2008 because of increase in equity as a result of placing of ordinary shares, share options exercised and conversion of convertible notes into ordinary shares while decrease in total borrowings as a result of repayment during the year.

The Group's overall strategy remains unchanged during the year.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

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

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Income Statement

For the year ended 31st December, 2008

	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000	Exploitation and sales of minerals HK$'000	Elimination HK$'000	Total HK$'000
TURNOVER						
External sales	618,585	41,604	5,712	–	–	665,901
Inter-segment sales*	–	–	1,405	–	(1,405)	–
Total	618,585	41,604	7,117	–	(1,405)	665,901
RESULTS						
Segment results	9,778	47,761	(19,011)	(2,873)	–	35,655
Unallocated corporate income						2,250
Unallocated corporate expenses						(33,871)
Finance costs						(4,091)
Share of profit of a jointly controlled entity						12,799
Profit before taxation						12,742
Income tax expense						(304)
Profit for the year						12,438

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

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Balance Sheet

At 31st December, 2008

	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000	Exploitation and sales of minerals HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	71,033	420,408	114,625	318,422	924,488
Interest in a jointly controlled entity					47,886
Available-for-sale financial assets					4,823
Unallocated corporate assets					198,098
Consolidated total assets					1,175,295
LIABILITIES					
Segment liabilities	27,868	532	17,744	30	46,174
Unallocated corporate liabilities					5,999
Consolidated total liabilities					52,173

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Other Information

For the year ended 31st December, 2008

	Trading of goods *HK$'000*	Provision of finance *HK$'000*	Brokerage and securities investment *HK$'000*	Exploitation and sales of minerals *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Impairment losses recognised on trade and other receivables	–	–	98	–	–	98
Capital additions	–	–	1,606	–	9,575	11,181
Depreciation/amortisation of:						
property, plant and equipment	–	–	594	–	3,286	3,880
trading right	–	–	100	–	–	100
Net loss on financial assets at fair value through profit or loss	–	–	10,351	–	–	10,351
Loss on disposal of property, plant and equipment	–	–	–	–	31	31
Provision	–	–	9,250	–	–	9,250
Reversal of impairment losses on short-term loans receivable	–	(5,692)	–	–	–	(5,692)
Bad debt recovered	–	(881)	–	–	–	(881)
Gain on rescission of agreement for acquisition of subsidiaries	–	–	–	(150)	–	(150)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Income Statement

For the year ended 31st December, 2007

	Continuing operations					Discontinued operation	
	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000 (Restated)	Elimination HK$'000	Total HK$'000 (Restated)	Power generation HK$'000	Consolidated HK$'000 (Restated)
TURNOVER							
External sales	402,672	21,073	10,453	–	434,198	151,995	586,193
Inter-segment sales*	–	–	4,513	(4,513)	–	–	–
Total	402,672	21,073	14,966	(4,513)	434,198	151,995	586,193
RESULTS							
Segment results	5,403	24,921	72,213	–	102,537	1,146	103,683
Unallocated corporate income					14,154	–	14,154
Unallocated corporate expenses					(18,247)	–	(18,247)
Gain on disposal of subsidiaries					–	27,162	27,162
Release of translation reserve of subsidiaries					–	16,786	16,786
Release of translation reserve of an associate					19,771	–	19,771
Impairment loss recognised in respect of available-for-sale financial assets					(9,562)	–	(9,562)
Provision for litigation claims					–	(5,000)	(5,000)
Finance costs					(10,754)	(9,677)	(20,431)
Share of profit of a jointly controlled entity					9,281	–	9,281
Equity settled share-based payment expenses					(57,863)	–	(57,863)
Profit before taxation					49,317	30,417	79,734
Income tax expense					(4,513)	(1,862)	(6,375)
Profit for the year					44,804	28,555	73,359

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

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Balance Sheet

At 31st December, 2007

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

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Other Information

For the year ended 31st December, 2007

	Continuing operations					Discontinued operation	
	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000 (Restated)	Unallocated HK$'000	Total HK$'000 (Restated)	Power generation HK$'000	Consolidated HK$'000 (Restated)
Impairment losses recognised on trade and other receivables	–	–	1,100	356	1,456	–	1,456
Capital additions	–	–	503	910	1,413	4,372	5,785
Depreciation/amortisation of:							
property, plant and equipment	–	–	234	484	718	25,079	25,797
prepaid lease payments	–	–	–	–	–	764	764
trading right	–	–	100	–	100	–	100
Net gain on financial assets at fair value through profit or loss	–	–	(69,070)	–	(69,070)	–	(69,070)
Loss on disposal of property, plant and equipment	–	–	–	15	15	–	15
Reversal of impairment losses on short-term loans receivable	–	(5,468)	–	–	(5,468)	–	(5,468)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments

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

Turnover from external customers

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
PRC	**618,585**	402,672
Hong Kong	**47,316**	31,526
	665,901	434,198
Discontinued operation		
PRC	**–**	151,995
	665,901	586,193

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

Carrying amount of segment assets

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
PRC	**71,033**	18,242
Hong Kong	**853,455**	430,166
	924,488	448,408

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments *(Continued)*

Additions to property, plant and equipment

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**11,181**	1,413
Discontinued operation		
PRC	**–**	4,372
	11,181	5,785

7. TURNOVER

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

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Sales of goods	**618,585**	402,672
Interest income from provision of finance	**41,604**	21,073
Commission and brokerage income	**5,712**	10,453
	665,901	434,198
Discontinued operation		
Sales of electricity	**–**	151,995
	665,901	586,193

8. PROFIT FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the year has been arrived at after charging:						
Staff costs						
including directors' remuneration	**17,655**	11,394	**–**	887	**17,655**	12,281
Equity settled share-based payment expenses	**–**	19,030	**–**	–	**–**	19,030
Retirement benefits schemes contributions	**613**	416	**–**	500	**613**	916
Total staff costs	**18,268**	30,840	**–**	1,387	**18,268**	32,227
Impairment losses recognised on						
trade and other receivables	**98**	1,456	**–**	–	**98**	1,456
Amortisation of:						
prepaid lease payments	**–**	–	**–**	764	**–**	764
trading right	**100**	100	**–**	–	**100**	100
Auditors' remuneration	**1,270**	1,490	**–**	–	**1,270**	1,490
Cost of inventories recognised						
as an expense	**573,603**	390,364	**–**	143,958	**573,603**	534,322
Depreciation of property,						
plant and equipment	**3,880**	718	**–**	25,079	**3,880**	25,797
Loss on disposal of property,						
plant and equipment	**31**	15	**–**	–	**31**	15
Provision	**9,250**	–	**–**	–	**9,250**	–
Exchange loss	**27**	17	**–**	–	**27**	17
Share of taxation of a jointly controlled entity (included in share of profit of a jointly controlled entity)	**4,358**	1,408	**–**	–	**4,358**	1,408
and after crediting:						
Other income						
Interest income on:						
Bank deposits	**1,772**	5,581	**–**	–	**1,772**	5,581
Increase in fair value of sales proceeds on disposal of an associate and a subsidiary	**600**	8,100	**–**	–	**600**	8,100
Other loan and receivables	**2,692**	2,296	**–**	–	**2,692**	2,296
Total interest income	**5,064**	15,977	**–**	–	**5,064**	15,977
Reversal of impairment losses on						
short-term loans receivable	**5,692**	5,468	**–**	–	**5,692**	5,468
Bad debt recovered	**881**	–	**–**	–	**881**	–
Gain on rescission of agreement for						
acquisition of subsidiaries *(note 36)*	**150**	–	**–**	–	**150**	–
Exchange gain	**400**	–	**–**	–	**400**	–
Sundry income	**2,007**	1,780	**–**	1,004	**2,007**	2,784
	14,194	23,225	**–**	1,004	**14,194**	24,229

8. PROFIT FOR THE YEAR *(Continued)*

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other income analysed by category of asset is as follows:						
Loans and receivables (including bank deposits)	**5,064**	15,977	**–**	–	**5,064**	15,977
Non-financial assets	**9,130**	7,248	**–**	1,004	**9,130**	8,252
	14,194	23,225	**–**	1,004	**14,194**	24,229
Net (loss)/gain on financial assets at fair value through profit or loss:						
Proceeds on sales of investment	**305,843**	420,828	**–**	–	**305,843**	420,828
Less: cost of sales	**(310,763)**	(350,529)	**–**	–	**(310,763)**	(350,529)
Net realised (loss)/gain on financial assets at fair value through profit or loss	**(4,920)**	70,299	**–**	–	**(4,920)**	70,299
Unrealised loss on financial assets at fair value through profit or loss	**(5,529)**	(2,464)	**–**	–	**(5,529)**	(2,464)
Dividend income	**98**	1,235	**–**	–	**98**	1,235
Net (loss)/gain on financial assets at fair value through profit or loss	**(10,351)**	69,070	**–**	–	**(10,351)**	69,070

9. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Interest on borrowings wholly repayable within five years:		
Other loans	**367**	8,589
Interest on promissory notes	**3,608**	–
Interest on convertible notes	**30**	2,165
Interest on finance lease obligation	**86**	–
	4,091	10,754
Discontinued operation		
Interest on borrowings wholly repayable within five years:		
Bank loans	**–**	3,820
Other loans	**–**	5,857
	–	9,677
	4,091	20,431

10. INCOME TAX EXPENSE

The tax charge comprises:

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax	**304**	4,513
Discontinued operation		
Deferred tax *(note 29)*	**–**	1,862
	304	6,375

Hong Kong Profits Tax for the year ended 31st December, 2008 was calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

No provision for taxation arose in other jurisdictions as the Group had no assessable profit subject to taxation for the year (2007: nil).

10. INCOME TAX EXPENSE *(Continued)*

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

	2008	2007
	HK$'000	*HK$'000*
Profit before taxation:		
Continuing operations	**12,742**	49,317
Discontinued operation	**–**	30,417
	12,742	79,734
Tax at the domestic income tax rate of 16.5% (2007: 17.5%)	**2,102**	13,953
Tax effect of share of profit of a jointly controlled entity	**(173)**	220
Tax effect of expenses not deductible for tax purpose	**2,939**	15,728
Tax effect of income not taxable for tax purpose	**(3,492)**	(16,535)
Tax effect of tax losses not recognised	**3,241**	518
Effect of utilisation of tax losses previously not recognised	**(4,291)**	(9,969)
Others	**(22)**	2,460
	304	6,375

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

Details of deferred taxation are set out in note 29.

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11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

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

	Fees		Salaries and other benefits		Equity settled share-based payment expenses		Retirement benefits schemes contributions		Discretionary bonus		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors												
Suen Cho Hung, Paul	**–**	–	**1,396**	1,500	**–**	538	**52**	53	**–**	–	**1,448**	2,091
Sue Ka Lok	**–**	–	**1,228**	1,644	**–**	5,520	**97**	65	**1,000**	–	**2,325**	7,229
Cao Jian An	**–**	–	**480**	480	**–**	–	**19**	18	**–**	–	**499**	498
Ng Shin Kwan, Christine	**56**	–	**503**	121	**–**	8,360	**13**	6	**–**	–	**572**	8,487
Gao Wenxiang	**211**	–	**–**	–	**–**	–	**–**	–	**–**	–	**211**	–
Chen Shuda	**211**	–	**–**	–	**–**	–	**–**	–	**–**	–	**211**	–
Ong Lily Lee	**182**	–	**–**	–	**–**	–	**–**	–	**–**	–	**182**	–
Non-executive director												
Lee Yuk Lun	**141**	–	**–**	–	**–**	–	**–**	–	**–**	–	**141**	–
Independent non-executive directors												
Sun Ka Ziang, Henry	**86**	84	**–**	–	**–**	44	**–**	–	**–**	–	**86**	128
Kwok Ming Fai	**86**	84	**–**	–	**–**	44	**–**	–	**–**	–	**86**	128
Wong Yun Kuen	**86**	84	**–**	–	**–**	44	**–**	–	**–**	–	**86**	128
	1,059	252	**3,607**	3,745	**–**	14,550	**181**	142	**1,000**	–	**5,847**	18,689

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2007: two) were directors of the Company whose emoluments are included in the disclosures set out in note (a) above. The emoluments of the remaining highest paid individuals were as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other benefits	**3,508**	3,486
Retirement benefits schemes contributions	**107**	64
	3,615	3,550

Their emoluments were within the following bands:

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

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

12. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to the equity holders of the Company	**12,915**	75,319

	2008	2007
	'000	*'000*
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	**3,293,353**	364,287
Effect of bonus issue of three shares for every one share held on 7th November, 2007	**–**	1,092,861
Weighted average number of shares for the purposes of basic earnings per share	**3,293,353**	1,457,148

Basic and diluted earnings per share for continuing and discontinued operations for the year ended 31st December, 2008 and 2007 have been presented as equal because conversion of convertible notes would increase the earnings per share and the exercise price of the Company's options was higher than the average market price for the year, therefore, anti-dilutive.

12. EARNINGS PER SHARE *(Continued)*

From continuing operations

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to the equity holders of the Company	**12,915**	44,804

	2008	2007
	'000	*'000*
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	**3,293,353**	364,287
Effect of bonus issue of three shares for every one share held on 7th November, 2007	**–**	1,092,861
Weighted average number of shares for the purposes of basic earnings per share	**3,293,353**	1,457,148

Basic and diluted earnings per share for continuing operations for the year ended 31st December, 2008 and 2007 have been presented as equal because conversion of convertible notes would increase the earnings per share and the exercise price of the Company's options was higher than the average market price for the year, therefore, anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles	Plant and machinery	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP							
COST							
At 1st January, 2007	135,343	296	1,173	2,924	342,143	5,124	487,003
Exchange realignment	5,957	–	25	78	14,740	259	21,059
Additions	–	–	216	1,304	462	3,803	5,785
Disposals of subsidiaries	(141,300)	–	(502)	(1,876)	(357,345)	(9,186)	(510,209)
Disposals	–	–	–	(110)	–	–	(110)
At 31st December, 2007 and 1st January, 2008	–	296	912	2,320	–	–	3,528
Additions	–	4,735	2,568	3,878	–	–	11,181
Disposals	–	(615)	(259)	(100)	–	–	(974)
At 31st December, 2008	–	4,416	3,221	6,098	–	–	13,735
DEPRECIATION AND IMPAIRMENT							
At 1st January, 2007	15,452	212	473	982	55,027	–	72,146
Exchange realignment	1,500	–	17	30	4,169	–	5,716
Provided for the year	6,048	79	413	576	18,681	–	25,797
Eliminated on disposal of subsidiaries	(23,000)	–	(308)	(691)	(77,877)	–	(101,876)
Eliminated on disposals	–	–	–	(62)	–	–	(62)
At 31st December, 2007 and 1st January, 2008	–	291	595	835	–	–	1,721
Provided for the year	–	2,118	562	1,200	–	–	3,880
Eliminated on disposals	–	(615)	(259)	(42)	–	–	(916)
At 31st December, 2008	–	1,794	898	1,993	–	–	4,685
CARRYING VALUES							
At 31st December, 2008	**–**	**2,622**	**2,323**	**4,105**	**–**	**–**	**9,050**
At 31st December, 2007	–	5	317	1,485	–	–	1,807

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

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

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

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

	THE COMPANY	
	2008	2007
	HK$'000	*HK$'000*
Cost of unlisted investments	**38,906**	38,906
Less: Impairment losses recognised	**(7,119)**	(6,319)
	31,787	32,587
Amounts due from subsidiaries	**1,375,450**	1,006,621
Less: Impairment losses recognised	**(300,627)**	(241,240)
	1,074,823	765,381
Amounts due to subsidiaries	**(56,738)**	(38,013)

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

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

The movement in impairment loss on interests in subsidiaries was set out as follows:

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**6,319**	6,319
Impairment losses recognised during the year	**800**	–
Balance at end of the year	**7,119**	6,319

The movement in impairment loss on amounts due from subsidiaries was set out as follows:

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**241,240**	305,562
Reversal of impairment losses recognised during the year	**–**	(64,322)
Impairment losses recognised during the year	**59,387**	–
Balance at end of the year	**300,627**	241,240

The amounts due from (to) subsidiaries are unsecured and have no fixed terms of repayment. Of the balances, approximately HK$457,826,000 (2007: HK$272,846,000) of the amounts due from subsidiaries bear interest at an effective interest rate of prime rate plus 4% (2007: prime rate plus 4%) per annum and the remaining balances are non-interest bearing.

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

Particulars of the Company's principal subsidiaries at 31st December, 2008 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital held by Company		Principal activities
			Directly	Indirectly	
Broadmeadow Investments Limited	British Virgin Islands ("BVI")	US$1	100%	–	Investment holding
Citi Merit Limited	BVI	US$100	–	100%	Investment holding
Eastern Prosper Developments Ltd.	BVI	US$1	100%	–	Securities investment
Equal Link Investments Limited	Hong Kong	HK$2	–	100%	Investment holding
Eternal Strategic Limited ("Eternal Strategic")	BVI	US$1	–	100%	Investment holding
GT Capital Limited ("GT Capital")	Hong Kong	HK$55,000,000	–	100%	Securities brokerage
GT Financial Holdings Limited	BVI	US$1	–	100%	Investment holding
Lolliman Finance Limited	Hong Kong	HK$1,000,000	100%	–	Financial services
Poly Metal and Minerals Limited	Hong Kong	HK$1	–	100%	Trading of iron ore
Poly Minerals Holdings Limited	BVI	US$1	–	100%	Investment holding
Poly Trading Group Limited	BVI	US$1	–	100%	Investment holding
Sunstar Management Limited	Hong Kong	HK$2	100%	–	Provision of management services
Treasure Well Associates Limited	BVI	US$1	100%	–	Investment holding
Upperclass Developments Limited	Hong Kong	HK$1	–	100%	Securities investment
Yunnan Tin (Australia) Holdings Pty Ltd	Australia	A$1,717,500	–	100%	Investment holding
Yunnan Tin (YTC) Holdings Pty Ltd	Australia	A$1	–	100%	Investment holding

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

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

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

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

15. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Cost of unlisted investment in a jointly controlled entity	**49,862**	49,862
Share of post-acquisition profits and reserves, net of dividends received	**(1,976)**	(4,735)
	47,886	45,127

Particulars of the Group's jointly controlled entity at 31st December, 2008 are as follows:

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

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

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

	2008	2007
	HK$'000	*HK$'000*
Non-current assets	**116,987**	122,631
Current assets	**197,715**	180,203
Current liabilities	**(134,829)**	(133,771)
Net current assets	**62,886**	46,432
Non-current liabilities	**(20,252)**	(18,640)
Net assets	**159,621**	150,423
The Group's share of net assets of the jointly controlled entity	**47,886**	45,127
Income	**687,466**	602,004
Expenses	**(630,277)**	(566,376)
Income tax expense	**(14,527)**	(4,692)
Profit for the year	**42,662**	30,936
The Group's share of profit of the jointly controlled entity for the year	**12,799**	9,281

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Equity securities:		
– listed securities	**4,823**	–
– unlisted securities	**9,562**	9,562
	14,385	9,562
Less: Impairment loss recognised	**(9,562)**	(9,562)
	4,823	–

Available-for-sale financial assets of listed securities at the balance sheet date represent the Group's listed investment in YTC Resources Limited of which its shares are listed on the Australian Securities Exchange. They are measured at fair value based on the quoted market bid prices available on the stock exchange.

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

The directors of the Company have reviewed the recoverable amount of the available-for-sale financial assets as at 31st December, 2008 and considered no further impairment loss should be made (2007: HK$9,562,000). The movement of impairment loss provided was as follows:

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**9,562**	–
Impairment loss recognised during the year	**–**	9,562
Balance at end of the year	**9,562**	9,562

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17. OTHER ASSETS

THE GROUP

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

18. TRADING RIGHT

	THE GROUP
	HK$'000
COST	
Balance at 1st January, 2007, 31st December, 2007, 1st January, 2008 and 31st December, 2008	778
AMORTISATION AND IMPAIRMENT	
At 1st January, 2007	528
Amortisation for the year	100
At 31st December, 2007 and 1st January, 2008	628
Amortisation for the year	100
At 31st December, 2008	728
CARRYING VALUES	
At 31st December, 2008	**50**
At 31st December, 2007	150

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

19. MINING RIGHT

	THE GROUP
	HK$'000
Cost	
At 1st January, 2008	–
Acquisition of subsidiaries *(note (a))*	1,364,000
Rescission of agreement for acquisition of subsidiaries *(note (b))*	(1,364,000)
At 31st December, 2008	**–**

The right represents the mining right of bauxite ore mine located in Yuanping City, Shanxi Province, the PRC, and has legal lives of three years, expiring in March 2011.

The mining rights are amortised over 15 – 20 years using the units of production method based on the proven and probable reserves under the assumption that the Group can renew the mining rights indefinitely till all proven reserves have been mined.

No amortisation was provided for the year ended 31st December, 2008 as no commercial production of the related operation has taken place during the year.

Notes:

(a) The mining right was obtained by the Group through acquisition of subsidiaries. For details of the acquisition, please refer to note 35 and the Company's circular dated 22nd February, 2008.

(b) The agreement for acquisition was rescinded during the year. For details of the rescission, please refer to note 36 and the Company's circular dated 23rd January, 2009.

20. GOODWILL

	THE GROUP HK$'000
Cost	
At 1st January, 2008	–
Acquisition of subsidiaries *(note (a))*	1,600
Rescission of agreement for acquisition of subsidiaries *(note (b))*	(1,600)
At 31st December, 2008	**–**

Notes:

(a) For details of the acquisition of subsidiaries, please refer to note 35 and the Company's circular dated 22nd February, 2008.

(b) The agreement for acquisition was rescinded duirng the year. For details of the rescission, please refer to note 36 and the Company's circular dated 23rd January, 2009.

21. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**21,015**	96,701
Less: Impairment loss recognised	**(1,492)**	(1,394)
	19,523	95,307
Other receivables and prepayments *(note)*	**533,332**	165,642
Less: Impairment loss recognised	**(356)**	(356)
	532,976	165,286
Trade and other receivables	**552,499**	260,593
Bills receivable	**27,593**	1,389
	580,092	261,982

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

The settlement term of trade receivables arising from securities dealing business is two days after the trade date. Interests are charged on overdue cash account clients and margin account clients at prime rate plus 7% (2007: prime rate plus 7%) per annum and at prime rate plus 4% (2007: prime rate plus 1% to 4%) per annum, respectively. Trade receivables, net of impairment loss, at the balance sheet dates arising from securities dealing business were all due within 60 days as follows:

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Margin account clients	**19,426**	22,315
Cash account clients	**527**	4,408
Clearing house	**936**	69,852
Others	**126**	126
	21,015	96,701

Movement of impairment losses recognised

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**1,750**	168
Amounts written off as uncollectible	**–**	126
Impairment losses recognised during the year	**98**	1,456
Balance at end of the year	**1,848**	1,750

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

Aging of the impaired trade and other receivables

	2008	2007
	HK$'000	*HK$'000*
0 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**1,848**	1,750

The following is an aged analysis of bills receivable at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 to 60 days	**27,593**	1,389

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

Note : (i) Included in other receivables was approximately HK$303,422,000 receivable from Oriental Pine Investments Limited ("Oriental Pine") related to rescission of agreement for acquisition of subsidiaries. Please refer to note 36 for further details.

(ii) Other receivables also include amounts receivable from Grand Prospect Investment Holdings Ltd ("Grand Prospect") of HK$100,000,000 and Pergenia Investments Limited ("Pergenia") of HK$50,000,000 in relation to deferred cash consideration on disposal of 80% equity interest in Success Harbour International Limited ("Success Harbour") and 100% equity interest in Poly Power Group Limited ("Poly Power"). Details of the disposal, please refer to note 37.

The amount due from Grand Prospect was secured over all rights, title and interest in and to the shares in Success Harbour, together with all dividends, interest or other income or debts distributions hereafter paid or payable.

The amount due from Pergenia was secured over all rights, title and interest in and to the shares in Poly Power, together with all dividends, interest or other income or debts distributions hereafter paid or payable.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

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

23. SHORT-TERM LOANS RECEIVABLE

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Short-term loans receivable	**360,524**	220,985
Less: Impairment loss recognised	**–**	(5,692)
	360,524	215,293

Movement of impairment losses recognised

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**5,692**	10,501
Amounts reversed during the year	**(5,692)**	(4,809)
Balance at end of the year	**–**	5,692

The range of effective interest rates (which are equal to contractual interest rates) on the Group's loans receivable is 8% to 30% (2007: 8% to 24%) per annum.

In addition, the Group has variable rate short-term loans receivable amounting to HK$39,382,000 (2007: HK$100,000,000) which carry interest at prime rate plus 5% (2007: prime rate plus 5% to 6%) per annum.

24. PLEDGED BANK DEPOSIT/BANK BALANCES HELD UNDER SEGREGATED TRUST ACCOUNTS/BANK BALANCES AND CASH

The Group and the Company

Pledged bank deposit represents deposit pledged to a bank to secure short-term banking facilities granted to the Group and therefore has been classified as current assets. The pledged bank deposit would be released upon the settlement of relevant bank borrowing.

Bank balances carry interest at market rates ranging from 0.01% to 1.59% (2007: 3.13% to 3.3%) per annum.

24. PLEDGED BANK DEPOSIT/BANK BALANCES HELD UNDER SEGREGATED TRUST ACCOUNTS/BANK BALANCES AND CASH *(Continued)*

The Group and the Company *(Continued)*

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

25. TRADE AND OTHER PAYABLES/BILLS PAYABLE

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Trade payables	**3,971**	16,990
Other payables and accruals	**5,719**	15,448
Trade and other payables	**9,690**	32,438
Bills payable	**27,144**	2,179
	36,834	34,617
Trade payables arising from securities dealing business:		
Cash account clients	**3,181**	12,754
Clearing house	**24**	158
Margin account clients	**694**	3,967
Others	**72**	111
	3,971	16,990

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

The following is an aging analysis of bills payable arising from other business at the balance sheet date:

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
0 to 60 days	**27,144**	2,179

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

Included in trade payables arising from securities dealing business of approximately HK$2,659,000 (2007: HK$14,951,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed. The deposits placed carry variable commercial interest rate.

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For the year ended 31st December, 2008

26. FINANCE LEASE OBLIGATION

At 31st December, 2008, the total future minimum lease payments under the finance lease obligation and their present values, were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**644**	–	**575**	–
In the second to fifth years, inclusive	**1,127**	–	**1,006**	–
	1,771	–	**1,581**	–
Future finance charges	**(190)**	–	**N/A**	–
Present value of finance lease obligation	**1,581**	–	**1,581**	–
Portion classified as current liabilities	**(575)**	–	**(575)**	–
Non-current portion	**1,006**	–	**1,006**	–

The Group leases its motor vehicle under finance lease with lease term of four years. The interest rate underlying the obligation under finance lease is fixed at 3% per annum.

The Group's obligation under finance lease is secured under the charge over the leased assets.

27. OTHER BORROWING

At 31st December, 2008, the Group had no other borrowing.

At 31st December, 2007, the Group had variable rate other borrowing of HK$50,000,000, which was secured, repayable within one year and bore interest at prime rate plus 3% to 6% per annum.

28. PROVISION

A subsidiary of the Company principally engaged in securities brokerage may be found liable to certain third parties for certain irregular transactions allegedly conducted by its former employee involving an aggregate amount of approximately HK$9,250,000. The matters have been first reported to the relevant enforcement agencies by the subsidiary in March 2009 and are now under investigations. Based on the information currently available to the directors, the full amount of the possible claims have been provided.

Based on a preliminary legal advice, the subsidiary may also be subject to a maximum penalty of HK$10,000,000 to the enforcement agency for the allegedly irregular transactions conducted by the former employee. As the investigation of the matters by the enforcement agency is at the preliminary stage, the directors cannot reasonably predict the outcome of the matters, the possible maximum penalty is therefore regarded as a contingent liability of the Group.

29. DEFERRED TAX LIABILITIES

The Group

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

	Accelerated tax depreciation HK$'000	Convertible notes HK$'000	Mining right HK$'000	Others HK$'000	Total HK$'000
At 1st January, 2007	(244)	–	–	289	45
Exchange realignment	91	–	–	(17)	74
Charge to consolidated income statement for the year	1,979	–	–	(117)	1,862
Charged to convertible notes equity reserve	–	3,654	–	–	3,654
Disposal of subsidiaries	(1,826)	–	–	(155)	(1,981)
At 31st December, 2007 and 1st January, 2008	–	3,654	–	–	3,654
Release upon conversion of convertible notes	–	(3,654)	–	–	(3,654)
Acquisition of subsidiaries *(note 35)*	–	–	341,000	–	341,000
Rescission of agreement for acquisition of subsidiaries *(note 36)*	–	–	(341,000)	–	(341,000)
At 31st December, 2008	**–**	**–**	**–**	**–**	–

At 31st December, 2008, the Group had unused tax losses of approximately HK$67,359,000 (2007: HK$72,082,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

30. PROMISSORY NOTES

On 12th March, 2008, the Group issued two promissory notes ("Promissory Notes") both in principal amount of HK$70,000,000, due on 12th September, 2008 and 12th June, 2009 respectively. The Promissory Notes were issued for acquiring the entire interest in Jebson Investments Limited ("Jebson") from Oriental Pine and bear interest at 5% per annum, payable on the due dates of the Promissory Notes.

Movements of the Promissory Notes during the year are set out as below:

	Promissory note due on 12th September, 2008	**Promissory note due on 12th June, 2009**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
1st January, 2008	–	–	–
Fair value at date of issue	69,835	69,511	139,346
Interest expenses charged	587	3,021	3,608
Interest payable	–	(2,752)	(2,752)
Repayment during the year	(70,422)	–	(70,422)
Rescission of agreement for acquisition of subsidiaries	–	(69,780)	(69,780)
At 31st December, 2008	**–**	**–**	**–**

In April 2008, the Group elected to early repay the promissory note which would due on 12th September, 2008.

Subsequent to completion of the acquisition, the Group instituted a legal action against Oriental Pine claiming an order for rescission of the agreement for the acquisition and an order that Oriental Pine to return the outstanding promissory note. On 24th December, 2008, the High Court of Hong Kong (the "Court") made an order that Oriental Pine to return the promissory note to the Group. On 31st December, 2008, pursuant to the Court's order, Oriental Pine returned the promissory note to the Group.

For further details of the acquisition and rescission, please refer to note 35 and 36.

31. CONVERTIBLE NOTES

The Group and the Company

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

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

During the year ended 31st December, 2007, four tranches of Convertible Notes were issued with aggregate principal amounts of HK$65,000,000, HK$50,000,000, HK$295,000,000 and HK$90,000,000 on 26th April, 2007, 4th June, 2007, 27th July, 2007 and 31st December, 2007 respectively, totalling HK$500,000,000, at an initial conversion price of HK$1 per conversion share.

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

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

31. CONVERTIBLE NOTES *(Continued)*

The Group and the Company *(Continued)*

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

	THE GROUP *HK$'000*	THE COMPANY *HK$'000*
Proceeds of issue	500,000	500,000
Transaction costs of issue of the Convertible Notes	(5,700)	(9,087)
Net proceeds from issue of Convertible Notes	494,300	490,913
Equity component	(119,539)	(118,721)
Liabilities component	374,761	372,192
Interest expenses	2,165	2,165
Interest paid	(339)	(339)
Converted into ordinary shares	(308,734)	(306,843)
Amortised cost as at 31st December, 2007 and 1st January, 2008	67,853	67,175
Interest expenses	30	30
Converted into ordinary shares *(note 32(c))*	(67,883)	(67,205)
Amortised cost as at 31st December, 2008	**–**	**–**

All Convertible Notes issued were fully converted and no Convertible Notes were outstanding as at the balance sheet date.

32. SHARE CAPITAL

	Number of shares		Share capital	
	2008	2007	**2008**	2007
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares				
Authorised:				
At beginning of the year, ordinary shares of HK$0.10 (2007: HK$0.50) each	**9,000,000**	1,800,000	**900,000**	900,000
Capital reduction	**–**	–	**–**	(882,000)
Share consolidation	**–**	(1,620,000)	**–**	–
Increase of ordinary shares of HK$0.10 each	**–**	8,820,000	**–**	882,000
At end of the year, ordinary shares of HK$0.10 each	**9,000,000**	9,000,000	**900,000**	900,000
Issued and fully paid:				
At beginning of the year	**2,599,683**	1,214,117	**259,968**	607,059
Capital reorganisation	**–**	(1,092,705)	**–**	(594,918)
Issue of shares *(note (a))*	**450,000**	106,528	**45,000**	10,653
Issue of shares on exercise of share options *(note (b))*	**400**	11,981	**40**	1,198
Conversion of convertible notes *(note (c))*	**360,000**	410,000	**36,000**	41,000
Bonus issue of shares	**–**	1,949,762	**–**	194,976
Capital reduction *(note (a)(i))*	**(250,000)**	–	**(25,000)**	–
At end of the year	**3,160,083**	2,599,683	**316,008**	259,968

32. SHARE CAPITAL *(Continued)*

Notes:

Details of the changes in the Company's share capital for the year ended 31st December, 2008 are as follows:

(a) During the year ended 31st December, 2008, a total of 450,000,000 ordinary shares were issued as consideration shares with details as follows:

(i) Pursuant to the conditional sale and purchase agreement (the "Sale and Purchase Agreement") for the acquisition of Jebson (the "Acquisition") entered into on 24th December, 2007 and upon the completion of the Acquisition on 12th March, 2008, the Company issued 250,000,000 shares of the Company of HK$0.10 each (the "Consideration Shares") to Oriental Pine at an issue price of HK$1.20 per share as part of the consideration for the Acquisition. Please refer to note 35 for further details of the Acquisition.

Subsequent to completion of the Acquisition, the Group was of the view that Oriental Pine failed and/or neglected to perform and/or observe one of more of the terms and conditions of the Sale and Purchase Agreement. On 12th December, 2008, the Group instituted a legal action against Oriental Pine claiming an order for rescission of the Sale and Purchase Agreement (the "Rescission") and an order that Oriental Pine to surrender the share certificate issued in respect of the Consideration Shares to the Company for cancellation. On 24th December, 2008, the Court made an order (the "Order") that the share certificate in respect of the Consideration Shares be surrendered by Oriental Pine to Messrs. Peter K.S. Chan & Co. as trustee for the Company forthwith for the purpose of cancellation by way of reduction of the Company's share capital. On 31st December, 2008, pursuant to the Order, Oriental Pine has surrendered the share certificate in respect of the Consideration Shares to Messrs. Peter K.S. Chan & Co. as trustee for the purpose of cancellation. On 7th April, 2009, the capital reduction was sanctioned by the Court and registration of the related confirming order and minutes with Companies Registry was completed on 17th April, 2009. For further details of the Rescission, please refer to note 36.

(ii) Pursuant to the amended share purchase and subscription agreement entered into between the Company and Yunnan Tin Australia Investment Holding Company Pty Ltd (the "Vendor") on 28th February, 2008 and upon completion of the transaction on 30th April, 2008, the Company issued 200,000,000 ordinary shares of the Company of HK$0.10 each to the Vendor and its nominee at an issue price of HK$0.54 per share.

(b) During the year ended 31st December, 2008, the Company issued 400,000 shares of HK$0.10 each at an issue price of HK$0.38 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007) on exercise of share options which were granted on 23rd March, 2007. These shares issued rank pari passu in all respects with the then existing shares.

(c) During the year ended 31st December, 2008, convertible notes issued by the Company in the aggregate principal amount of HK$90,000,000 were converted into 360,000,000 ordinary shares of HK$0.10 each of the Company at a conversion price of HK$0.25 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007). These shares issued rank pari passu in all respects with the then existing shares. Details of the convertible notes are set out in note 31.

33. RESERVES

The Company

	Share premium HK$'000 (note)	Capital reserve HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st January, 2007	2,252	3,547	–	–	(351,011)	(345,212)
Capital reorganisation	434,803	–	–	–	160,115	594,918
Recognition of equity settled share-based payment expenses	–	–	–	57,863	–	57,863
Issue of shares	155,705	–	–	–	–	155,705
Transaction costs attributable to issue of shares	(2,917)	–	–	–	–	(2,917)
Issue of shares on exercise of share options	21,472	–	–	(4,460)	–	17,012
Issue of convertible notes	–	–	118,721	–	–	118,721
Deferred tax liability on recognition of equity component of convertible notes	–	–	(3,766)	–	–	(3,766)
Conversion of convertible notes	362,639	–	(96,796)	–	–	265,843
Bonus issue of shares	(194,976)	–	–	–	–	(194,976)
Profit for the year	–	–	–	–	35,067	35,067
At 31st December, 2007 and 1st January, 2008	778,978	3,547	18,159	53,403	(155,829)	698,258
Issue of shares	171,750	–	–	–	–	171,750
Capital reduction	(83,750)	–	–	–	–	(83,750)
Transaction costs attributable to issue of shares	(1,973)	–	–	–	–	(1,973)
Reversal of deferred tax liability on conversion of convertible notes	–	–	3,766	–	–	3,766
Conversion of convertible notes	53,131	–	(21,925)	–	–	31,206
Issue of shares on exercise of share options	149	–	–	(37)	–	112
Lapse of share options	–	–	–	(86)	86	–
Loss for the year	–	–	–	–	(35,314)	(35,314)
At 31st December, 2008	**918,285**	**3,547**	**–**	**53,280**	**(191,057)**	**784,055**

33. RESERVES *(Continued)*

The Company *(Continued)*

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

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

The share premium reserve represents share issued at premium. Please refer to note 32 for details of issuance of the shares of the Company during the year.

34. SHARE OPTION SCHEME

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

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

34. SHARE OPTION SCHEME *(Continued)*

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

Details of specific categories of options are as follow:

Tranche	Date of grant dd/mm/yyyy	Exercise period dd/mm/yyyy	Exercise price per share *HK$*	Closing price of the Company's shares immediately before the grant date *HK$*
One	23/03/2007	23/03/2007 to 22/03/2017	1.52	1.49
Two	23/05/2007	23/05/2007 to 22/05/2017	1.52	1.34
Three	03/12/2007	03/12/2007 to 02/12/2017	1.22	1.04

34. SHARE OPTION SCHEME *(Continued)*

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

	Number of share options				
Name or category of participant	**At 1st January, 2008 *'000***	**Granted during the year *'000***	**Exercised during the year *'000***	**Lapsed during the year *'000***	**At 31st December, 2008 *'000***
Tranche one					
Directors					
Sun Ka Ziang, Henry	200 *(note a)*	–	(200)	–	–
Kwok Ming Fai	200 *(note a)*	–	–	–	200
Wong Yun Kuen	200 *(note a)*	–	(200)	–	–
Employees other than directors					
In aggregate	40 *(note a)*	–	–	–	40
	640 *(note a)*	–	(400)	–	240
Tranche two					
Employees other than directors					
In aggregate	–	–	–	–	–
Tranche three					
Directors					
Sue Ka Lok	10,000	–	–	–	10,000
Ng Shin Kwan, Christine	16,780	–	–	–	16,780
Sun Ka Ziang, Henry	52	–	–	–	52
Kwok Ming Fai	52	–	–	–	52
Wong Yun Kuen	52	–	–	–	52
Employees other than directors					
In aggregate	2,188	–	–	(172)	2,016
Other participants					
In aggregate	77,940	–	–	–	77,940
	107,064	–	–	(172)	106,892
	107,704	–	(400)	(172)	107,132

34. SHARE OPTION SCHEME *(Continued)*

Notes:

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

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

(c) There were no share options cancelled during the year ended 31st December, 2008.

(d) For share options granted under Tranche One, the weighted average closing price of shares quoted on the Stock Exchange on the trading dates immediately before the dates on which the share options were exercised was HK$1.09.

The fair value of share options granted during the year ended 31st December, 2007 in the amount of approximately HK$57,863,000 was recognised as expenses in the income statement of the Company in accordance with its accounting policy as set out in note 3. The Company has used the Black-Scholes option pricing model to value the share options granted during the year ended 31st December, 2007. The following major assumptions were used to calculate the fair values of share options:

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

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

34. SHARE OPTION SCHEME *(Continued)*

Tranche One

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

Tranche Two

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

Tranche Three

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

As at the date of this report, a total of 259,968,280 shares are available for issue under the Share Option Scheme which represents approximately 8.2% of the issued share capital of the Company as at the date of this report.

35. ACQUISITION OF SUBSIDIARIES

On 24th December, 2007, Eternal Strategic entered into a conditional Sale and Purchase Agreement to acquire the entire issued share capital of Jebson, which held 51% interest in Baoding Taite Fuxin Kuangye Co. Ltd ("Baoding Taite") and 原平市恒田實業有限公司 (literally translated as Yuanping Hengtian Industrial Company Limited) ("Yuanping Hengtian"), and shareholder's loan (the "Sale Loan") at an aggregate consideration of HK$700,000,000. The principal activities of Jebson and its subsidiaries are exploitation and sales of bauxite ore. The Acquisition was approved by shareholders on 10th March, 2008 and the Acquisition was completed on 12th March, 2008.

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

The net assets acquired in the transaction and the goodwill arising are as follows:

	Acquiree's carrying amount *HK$'000*	Fair value adjustment *HK$'000*	Fair value *HK$'000*
Net assets acquired:			
Mining right	–	1,364,000	1,364,000
Bank balances and cash	88	–	88
Other payables and accruals	(2,339)	–	(2,339)
Deferred tax liabilities	–	(341,000)	(341,000)
	(2,251)	1,023,000	1,020,749
Less: minority interests			(510,293)
Goodwill *(note a)*			1,600
			512,056
Total consideration satisfied by:			
Cash consideration			260,000
Issue of the Consideration Shares *(note c)*			108,750
Issue of the Promissory Notes *(note d)*			139,346
Direct attributable costs			3,960
Total consideration			512,056

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

	HK$'000
Net cash outflow in respect of acquisition of subsidiaries for the year ended 31st December, 2008 is as follow:	
Bank balances and cash acquired	88
Cash consideration paid	(182,835)
Direct attributable costs paid	(960)
	(183,707)

Notes:

(a) Goodwill arose in the business combination because the cost of the business included a control premium paid to acquire Jebson and its subsidiaries. Such control premium is not recognised separately from goodwill as the future economic benefits arising from it cannot be reliably measured.

(b) During the period between the date of completion of the acquisition and 24th December, 2008, (the date that the Court made an order for the Rescission, please refer to note 36 for details), Jebson and its subsidiaries contributed loss of approximately HK$978,000 to the Group's profit after taxation. None of Jebson and its subsidiaries contributed any turnover to the Group during the year.

(c) The issue of 250,000,000 shares of the Company as part of the consideration for the Acquisition. The fair value of the Consideration Shares was determined in accordance with the quoted market price of the Company's share as at the completion date of the Acquisition.

(d) The fair value of the Promissory Notes issued has been arrived at by reference of discounted cash flow method.

(e) If the Acquisition had been completed on 1st January, 2008, the Group's total turnover and profit for the year would have been approximately HK$665,901,000 and HK$12,049,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of the Group that actually would have been achieved had the acquisition been completed on 1st January 2008, nor is it intended to be a projection of future results.

For further details of the Acquisition, please refer to the Company's circular dated 22nd February, 2008.

36. RESCISSION OF AGREEMENT FOR ACQUISITION OF SUBSIDIARIES

As described in note 35, Eternal Strategic acquired the entire issued share capital of Jebson and the Acquisition was completed on 12th March, 2008. Subsequently, the Company and Eternal Strategic were of the view that Oriental Pine failed and/or neglected to perform and/or observe one or more of the terms and conditions of the Sale and Purchase Agreement. On 12th December, 2008, Eternal Strategic instituted legal action against Oriental Pine claiming, inter alia, (i) an order for rescission of the Sale and Purchase Agreement and (ii) return of consideration paid by Eternal Strategic to Oriental Pine, including cash consideration, Promissory Notes and Consideration Shares as set out in note 35.

On 24th December, 2008, the Court made an order on the above claiming, by consent, inter alia, that (i) the Sale and Purchase Agreement be rescinded and judgement be entered therefore; (ii) judgement on return of approximately HK$323,422,000 and surrender the Promissory Notes and the Consideration Shares to Eternal Strategic with specific payment terms; (iii) Eternal Strategic do re-transfer the entire issued share capital of Jebson and deliver all corporate items and properties of Jebson and its subsidiaries; and (iv) Eternal Strategic do re-assign to Oriental Pine the interest free loan due from Jebson to Oriental Pine which is repayable on demand forthwith.

On 31st December, 2008, pursuant to the Order, (i) Oriental Pine paid HK$20,000,000 to Eternal Strategic, surrendered the share certificate of the Consideration Shares to Messrs. Peter K.S. Chan & Co. as trustee for the Company for the purpose of cancellation and delivered the outstanding Promissory Notes to Eternal Strategic for cancellation; (ii) Eternal Strategic re-transferred the entire share capital of Jebson and delivered all corporate items and properties of Jebson and its subsidiaries to Oriental Pine; and (iii) Eternal Strategic re-assigned the Sale Loan to Oriental Pine.

Subsequent to the balance sheet date, upon Oriental Pine's request, Eternal Strategic had agreed to grant time extension to Oriental Pine in relation to the remaining payment of approximately HK$303,422,000. On 25th March, 2009, Eternal Strategic and Oriental Pine signed a consent summons (the "Consent Summons") for an order, by consent that the remaining repayments would be paid by Oriental Pine to Eternal Strategic on or before four respective dates 31st March, 2009, 30th June, 2009, 30th September, 2009 and 31st March, 2010. The remaining payments bear an interest at a rate of 3% per annum from 24th December, 2008 until payment of respective sum.

36. RESCISSION OF AGREEMENT FOR ACQUISITION OF SUBSIDIARIES *(Continued)*

The aggregate amounts of net assets and liabilities of Jebson and its subsidiaries at the date of rescission of agreement for acquisition were set out as follows:

	HK$'000
Mining right	1,364,000
Bank balances and cash	88
Other payables and accruals	(3,318)
Deferred tax liabilities	(341,000)
	1,019,770
Less: minority interests	(509,816)
Goodwill	1,600
	511,554
Gain on rescission of agreement for acquisition of subsidiaries	150
	511,704
Satisfied by:	
Cash refund	323,422
Surrender of the Consideration Shares (note (a))	108,750
Surrender of the Promissory Notes (note (b))	72,532
Release of amount due to Oriental Pine	7,000
Total consideration	511,704

Net cash inflow in respect of rescission of agreement for acquisition of subsidiaries for the year ended 31st December, 2008 is as follow:

Bank balances and cash	(88)
Cash repayment received	20,000
	19,912

Note:

(a) The surrender of the Consideration Shares results in reduction in share capital and share premium by HK$25,000,000 and HK$83,750,000 respectively. Please refer to note 32(a) for further details.

(b) The surrender of Promissory Notes results in reduction in promissory notes and interest payable by HK$69,780,000 and HK$2,752,000 respectively. Details please also refer to note 30.

36. RESCISSION OF AGREEMENT FOR ACQUISITION OF SUBSIDIARIES *(Continued)*

For further details of the Rescission, please refer the Company's circular dated 23rd January, 2009 and the Company's announcement dated 25th March, 2009.

37. DISPOSAL OF SUBSIDIARIES

On 24th April, 2007 and 22nd August, 2007, the Group entered into sale and purchase agreement to dispose of its 80% and 100% equity interests in Success Harbour and Poly Power for consideration of HK$150,000,000 and HK$130,000,000 respectively. Success Harbour's principal activity is investment in an associate which principally engaged in providing medical consultation, health care and related consultation services through a general hospital it owns in the PRC. Poly Power is an investment holding company and its subsidiaries are engaged in power generation. The disposal of Poly Power and its subsidiaries ("Poly Power Group") constitutes a discontinued operation of the Group as described in note 38.

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

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

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

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

38. DISCONTINUED OPERATION

As described in note 37, the Group disposed of its entire equity interests in several subsidiaries that are engaged in power generation during the year ended 31st December, 2007.

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

	2008	2007
	HK$'000	*HK$'000*
Profit for the year from discontinued operation:		
Turnover	–	151,995
Expenses	–	(148,740)
Profit before tax	–	3,255
Income tax expenses	–	(1,862)
Gain on disposal of subsidiaries	–	27,162
Profit for the year from discontinued operation	–	28,555
Cash flow from discontinued operation:		
Net cash flow from operating activities	–	37,392
Net cash flow from investing activities	–	(4,281)
Net cash flow from financing activities	–	(31,964)
Total net cash inflow	–	1,147

39. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

	2008	2007
	HK$'000	*HK$'000*
Operating lease rentals in respect of land and buildings	**7,089**	2,144

39. OPERATING LEASE ARRANGEMENTS *(Continued)*

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

	2008	2007
	HK$'000	*HK$'000*
Within one year	**5,249**	7,042
In the second to fifth years inclusive	**752**	7,133
	6,001	14,175

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

40. CAPITAL COMMITMENTS

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**–**	6,020

41. PLEDGE OF ASSETS

At 31st December, 2008, property, plant and equipment of approximately HK$2,544,000 and bank deposit of HK$19,500,000 were pledged to secure banking and other facilities to the Group.

At 31st December, 2007, the Group's equity interest in Equal Link Investments Limited, a wholly-owned subsidiary of the Company which in turn holds 30% equity interest in the jointly controlled entity, was pledged to an independent third party for credit facilities granted to the Group. At 31st December, 2007, an amount of HK$50,000,000 of such facilities was utilised. During the year ended 31st December, 2008, the borrowing was fully repaid.

42. RETIREMENT BENEFITS SCHEMES

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

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

43. CONTINGENT LIABILITIES

Save as disclosed in note 28, no material contingent liabilities of the Group and the Company were noted at 31st December, 2008 and 2007.

44. MATERIAL RELATED PARTY TRANSACTIONS

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

Key management personnel remuneration

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

	2008	2007
	HK$'000	*HK$'000*
Short term employee benefits	**5,666**	3,997
Equity settled share-based payment expenses	**–**	14,550
Retirement benefits schemes contributions	**181**	142
	5,847	18,689

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2008

44. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related party	**Relationship**	**Nature of transactions**	**2008** ***HK$'000***	2007 *HK$'000*
Oriental Genesis Limited	A director of the Company has beneficial interests	Subscription of ordinary shares *(note (a))*	–	81,898
Oriental Genesis Limited	A director of the Company has beneficial interests	Subscription of convertible notes *(note (b))*	–	150,000

Notes:

(a) Oriental Genesis Limited, a company indirectly wholly-owned by Mr. Suen Cho Hung, Paul, an executive director, the Chairman and substantial shareholder of the Company, subscribed 53,528,000 shares of the Company under a placing and subscription agreement during the year ended 31st December, 2007.

(b) Oriental Genesis Limited subscribed convertible notes issued by the Company in aggregate principal amount of HK$150,000,000 under a placing agreement during the year ended 31st December, 2007.

45. POST BALANCE SHEET EVENTS

Saved as disclose in notes 28, 32 and 36, there was no any significant event took place subsequent to the balance sheet date.

46. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in disclosures in the current year. Further details of the change are disclosed in note 2.

47. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 23rd April, 2009.

Five Year Financial Summary

	2004 *HK$'000*	2005 *HK$'000* (Restated)	2006 *HK$'000* (Restated)	2007 *HK$'000* (Restated)	**2008** ***HK$'000***
RESULTS					
Turnover	140,617	376,107	531,652	586,193	**665,901**
(Loss)/profit before taxation	(14,580)	(75,000)	(258,213)	79,734	**12,742**
Income tax credit/(expense)	1,102	(1,898)	(1,438)	(6,375)	**(304)**
(Loss)/profit for the year	(13,478)	(76,898)	(259,651)	73,359	**12,438**
(Loss)/profit attributable to:					
Equity holders of the Company	(10,698)	(75,614)	(238,132)	75,319	**12,915**
Minority interests	(2,780)	(1,284)	(21,519)	(1,960)	**(477)**
	(13,478)	(76,898)	(259,651)	73,359	**12,438**

	2004 *HK$'000*	2005 *HK$'000*	2006 *HK$'000*	2007 *HK$'000*	**2008** ***HK$'000***
ASSETS AND LIABILITIES					
Total assets	1,053,392	945,997	761,367	1,136,063	**1,175,295**
Total liabilities	(507,448)	(452,701)	(497,386)	(160,641)	**(52,173)**
	545,944	493,296	263,981	975,422	**1,123,122**
Equity attributable to equity holders of the Company	524,512	473,142	262,650	975,422	**1,123,122**
Minority interests	21,432	20,154	1,331	–	**–**
	545,944	493,296	263,981	975,422	**1,123,122**

Certain figures have been restated and reclassified as appropriate to conform with current year's presentation.