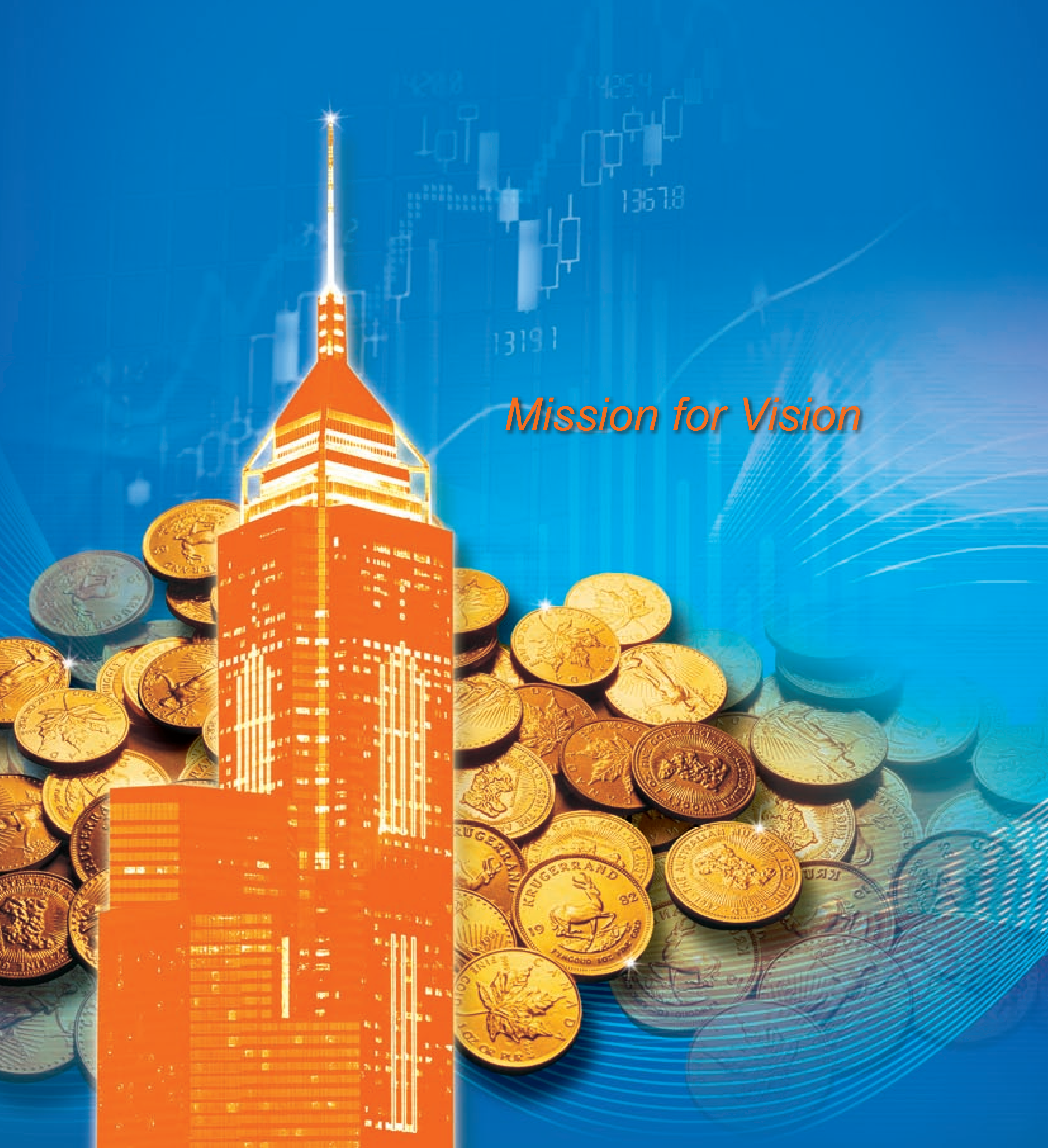
Beauforte Investors Corporation Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 00021

ANNUAL REPORT 2008



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Corporate Information

DIRECTORS

Executive Directors

Ms. Huang Wenxi *(Chief Executive Officer)*
Mr. Cheung Chung Leung Richard

Non-executive Directors

Mr. Huang Shih Tsai *(Chairman)*
Ms. Chan I Siu, Fair

Independent Non-executive Directors

Mr. Cheng Hong Kei
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

AUDIT COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

REMUNERATION COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Ms. Cheung Kei Yim, Michelle

AUDITORS

SHINEWING (HK) CPA Limited

SHARE REGISTRARS

Tricor Tengis Limited

LEGAL COUNSEL

Richards Butler in association with Reed Smith LLP
P.C. Woo & Co.

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Suite 6308, 63/F., Central Plaza
No. 18 Harbour Road
Wanchai, Hong Kong

EXECUTIVE DIRECTORS

Ms. Huang Wenxi, aged 24, graduated from the University of Wisconsin-Madison of the United States of America with a degree in Bachelor of Business Administration. She is a director of Waytung Global Fund Limited and was a deputy general manager in the Sheraton Hotel in Futian, Shenzhen, the PRC from 2005 to 2008. Ms. Huang is the daughter of Mr. Huang, a non-executive Director and Chairman of the Company. She has experience in setting up and operating the first 5-star international hotel in the Central Business District in Shenzhen, PRC.

Mr. Cheung Chung Leung Richard, aged 55, has over 30 years of experience as an architect and real estate investment adviser. He graduated from the University of Hong Kong with degrees of Bachelor of Arts (Architectural Studies) and Bachelor in Architecture. He possesses the People's Republic of China Class I Registered Architect Qualification and is a member of the Hong Kong Institute of Architects. He is also a Registered Architect pursuant to the Architects Registration Ordinance (Chapter 408 of the Laws of Hong Kong). Mr. Cheung is currently an independent non-executive director of Tomorrow International Holdings Limited, a company listed on the Main Board of the Stock Exchange and has been an executive director of the Company since 8 June 2006. Mr. Cheung holds 10% of the issued share capital of Smartmax Holdings Limited, a substantial shareholder of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Huang Shih Tsai, aged 57, is the chairman of Greater China International Investment Group Limited (大中華國際投資集團有限公司). He is a director of Waytung Global Fund Limited. Mr Huang is a member of the Chinese Entrepreneur Association (中國企業家協會). He is also the vice-president of the United World Chinese Association Limited (世界華人基金協會), the vice-president of Guangdong Culture Society (廣東省文化學會) and the vice-president of Shenzhen Federation of Industrial Economics (深圳市工業經濟聯合會). He has actively participating in various businesses in property development, financial consultancy, trusts management, trading and retail stores. He is the founder of Greater China International Business Company (Shenzhen) Limited (大中華國際實業(深圳)有限公司) in Shenzhen. Mr. Huang has invested in various property development projects in Shenzhen, Fuzhou, Beijing and various regions in the People's Republic of China as well as in Hong Kong, United States of America, Canada and Singapore. His extensive experience in property development and finance will help the Company in its future direction in business development. Mr. Huang is the father of Ms. Huang.

Ms. Chan I Siu, Fair, aged 37, graduated from Yantai University in 1994. She was an executive assistant to the president and sales manager of the real estate department of Shenzhen Huiming Group Company from 1998 to 2001 and was a group investment manager of Shenzhen Fuchun Group Company from 2001 to 2005. She was also the vice general manager of Shenzhen Huameng Software Co. Ltd. since 2005. Ms. Chan has extensive experience in property development.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Hong Kei

Mr. Cheng Hong Kei, aged 54, is a co-founding director of Cheng & Cheng Limited, Certified Public Accountants, in Hong Kong. He studied accountancy at Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and was admitted as a Certified Public Accountant in Hong Kong in 1991. Mr. Cheng has over 30 years of experience in the accounting field. Prior to establishing of his own practice, he worked as an assessor for the Hong Kong Inland Revenue Department for 12 years. Mr. Cheng is a fellow member of each of the Chartered Association of Certified Accountants, the Taxation Institute of Hong Kong and the Hong Kong Institute of Certified Public Accountants (Practicing).

Mr. Cheng was appointed as an independent non-executive director and a member of audit committee of South China Holdings Limited with effect from 28 September 2004. He was appointed as an independent non-executive director of Beauforte Investors Corporation Limited with effect from 8 June 2006 and also was appointed as an independent non-executive Director & chairman of each of the audit committee, remuneration committee and Special Committee set up on 21 January 2009 of Sino Resources Group Limited (Formerly Name as Kenfair International (Holdings) Limited) with effect from 7 June 2008.

Mr. Leung Kwan, Hermann, aged 47, graduated from the University of Hong Kong with a degree in Bachelor of Social Sciences (Management Studies as major and Economics as minor) in 1986. Mr. Leung was admitted as a solicitor of the Hong Kong Special Administrative Region in 1994. He is currently a partner of Messrs. D.S. Cheung & Co., Solicitors. He has about 15 years of experience in legal work relating to civil litigation, commercial litigation, copyright and conveyancing.

Mr. Lum Pak Sum, aged 48, holds a master degree in business administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum has over 18 years' experience in the financial field, the money market and capital market. He was an independent non-executive directors of Fu Cheong International Holdings Limited, Grand Field Group Holdings Limited, Golife Concepts Holdings Limited and the Heng Xin China Holdings Limited and is currently an independent non-executive director of Xian Yuen Titanium Resources Holdings Limited, the shares of which are listed on the Stock Exchange of Hong Kong.

SENIOR MANAGEMENT

Ms. Cheung Kei Yim, Michelle, aged 38, was appointed as the chief financial officer and qualified accountant of the Company with effect from 6 March 2008 and the company secretary of the Company with effect from 17 July 2008. Ms. Cheung is a Certified Public Accountant (Practicing) of the Hong Kong Institute of Certified Public Accountants. She is a fellow member of The Association of International Accountants. Ms. Cheung has many years of experience in finance, compliance and company secretarial matters in companies listed on both the Main Board and the GEM Board on the Hong Kong Stock Exchange and on the Main Board on the London Stock Exchange. She worked in Deloitte Touche Tohmatsu for several years after graduation from the university.

Dear Shareholders,

I hereby present the annual report for the year ended 31 December 2008 of Beauforte Investors Corporation Limited (the "Group") on behalf of the Board of Directors.

FINANCIAL REVIEW HIGHLIGHT

For the year ended 31 December 2008, the Group has a turnover of HK$11,874,000 and net loss on disposal of held for trading investments was HK$393,000. Loss attributable to the shareholders for the year was HK$13,026,000.

The Board of Directors did not recommend to pay any dividend for the year ended 31 December 2008 (2007: nil).

BUSINESS REVIEW

Trading of the Company's shares has been suspended since 4 July 2006. On 20 November 2008, the Listing Committee agreed to allow the Company to proceed with the resumption proposal, subject to compliance with the resumption conditions to the satisfaction of the Listing Division within six months from 21 November 2008. As soon as practicable upon satisfaction of all the resumption conditions, trading in the shares will be resumed.

The acquisition ("Acquisition") of the entire issued share capital of Gold Coast Tourism Development Limited and shareholders' loan pursuant to the Sale and Purchase Agreement dated 8 April 2008 has been approved by the shareholders at the extraordinary general meeting of the Company held on 28 November 2008. Completion of the Acquisition took place on 31 December 2008, after the relevant business licenses were obtained. As the PRC taxes had not been fully settled by the vendors as at 31 December 2008, it was agreed by the parties to the Sale and Purchase Agreement that HK$19,305,295.95 of the remaining portion of the initial consideration would not be paid until all the outstanding taxes of the PRC subsidiary are settled by the vendors and the completion documents would be held by the vendors' solicitors until the remaining portion of the initial consideration in the amount of HK$19,305,295.95 is paid to the vendors. On 11 February 2009, the Company was provided by the vendors with document evidencing that all previously outstanding taxes of the PRC subsidiary have been settled by the vendors. The Company therefore paid to the vendors the remaining portion of the initial consideration in the amount of HK$19,305,295.95 on 12 February 2009. The completion documents held by the vendors' solicitors were delivered to the Company on 12 February 2009.

In order to allow all shareholders the opportunity to participate in the re-capitalization of the Company, the Company has in principal agreed with Ms. Huang Wenxi ("Ms. Huang"), an executive director of the Company and a substantial shareholder held approximately 26.77% of the entire issued share capital of the Company, to terminate the Subscription Agreement which was entered between the Company and Ms. Huang on 1 February 2008 as part of the restructuring plans under the resumption proposal of the Company and proposes to raise the required funds by way of an Open Offer (the "Open Offer"). The Company proposes to raise approximately HK$168,664,000 before expenses, by issuing 421,660,800 offer shares at the subscription price of HK$0.4 per offer share by way of the open offer on the basis of an assured allotment of six offer shares for every five shares of the Company held by the Company's existing Shareholders, to be underwritten by Ms. Huang or her nominee.

The Scheme was approved by the Creditors at the scheme meeting to approve the Scheme held on 8 May 2008 and was sanctioned by the High Court of Hong Kong on 17 June 2008. It was disclosed in the Scheme document that the Company and Ms. Huang had agreed that a sum up to HK$6 million from the proceeds of the Subscription would be used to settle the claims of the Creditors under the Scheme with any remaining balance for general working capital of the Company. As it is intended that the Subscription will be replaced by the Open Offer, the Company intends not to register the Scheme with the Registrar of Companies in Hong Kong and therefore the Scheme will not become effective. The Company made an application on 7 January 2009 to the High Court of Hong Kong for an order convening a new meeting to approve the New Scheme. The terms of the New Scheme will be substantially the same as those of the Scheme. A sum up to HK$6 million from the proceeds of the Open Offer will be used to settle the claims of the Creditors under the New Scheme with any remaining balance for general working capital of the Company. By an order of the Honourable Mr. Justice Barma of the High Court of Hong Kong dated 3 February 2009, permission was granted to the Company to convene a meeting of the Creditors for the purpose of considering and if thought fit, approving the New Scheme. The meeting to consider and approve the New Scheme was duly convened on 4 March 2009 at which the New Scheme was approved unanimously. By a petition dated 9 March 2009, the Company made an application to the High Court of Hong Kong for an order sanctioning the New Scheme. The petition was heard on 19 March 2009. By an order of the Honourable Mr. Justice Barma dated 19 March 2009, the New Scheme was sanctioned by the High Court of Hong Kong. The New Scheme has been approved by the Creditors and sanctioned by the High Court of Hong Kong. The New Scheme will replace the Scheme after a sealed copy of the order sanctioning the New Scheme is delivered to the Registrar of Companies in Hong Kong for registration. Successful implementation of the Scheme of Arrangement will enable the Company to discharge the indebtedness of the Company.

BUSINESS OUTLOOK

The Group is principally engaged in property investment, treasury and investment, securities trading. As disclosed in the last annual report, the Group intended to diversify into various other businesses, including property development, property management, real estate agency, industrial manufacturing, trading, oil and gas related businesses, utility projects, telecommunications, IT and internet related projects, to complement its ongoing operations.

Starting from 2007, the Group has gradually adjusted its strategy, with a view to transform the Company from an investor into an investor/developer.

Upon successful re-capitalization, the Group will have adequate resources to continue with sustainable business operations. The professional expertise of the current board is capable to bring the Company back on profitable track once the trading of the Company's shares is resumed.

APPRECIATION

I would like to express sincere thanks to all our management and staff for their commitment and contribution on behalf of the Board of Directors. I would also like to take this opportunity to thank our shareholders, investors and our consultants for their heartfelt encouragement and support.

By Order of the Board

Huang Shih Tsai
Chairman
Hong Kong, 15 April 2009

RESULTS

For the year ended 31 December 2008, the Group recorded a turnover of approximately HK$11,874,000 whereas there was no turnover incurred in the same period last year. The turnover was derived from the Group's securities trading business. Gross loss from such securities trading business was HK$393,000. During the period under review, loss attributable to the shareholders was HK$13,026,000, compared to a loss of HK$5,721,000 in year 2007. The increase in the loss for the year is mainly due to substantial amount of legal and professional fees of approximately HK$6,000,000 incurred in relation to several corporate finance activities undertaken by the Group during the period under review for the purpose of resumption of trading in the Company's shares.

BUSINESS REVIEW

Property Investment Business

The Jinan Property

The Jinan Property was written off in 2006. Legal action is still underway to apply for the recovery of the monies balance held by the PRC Court.

The Shanghai Property

The Shanghai Property was written off in 2007. Legal action is still underway to apply for the recovery of monies balance held by the PRC Court.

Treasury and Investment Business

Hennabun Capital Group Limited ("HCG")

HCG (formerly known as Hennabun Management International Limited) was incorporated in British Virgin Islands with limited liability. It is engaged in securities trading, investment holding and provision of brokerage and financial services. At 31 December 2008, the Group owned 0.65% (2007: 1.67%) equity interests in HCG. A full impairment loss was recognized on this investment in year 2005. At 31 December 2008, Directors conducted a review on the above investments and believed that any retrieval or cash inflow from this investment is remote.

Heze Century Energy Coalchem Industrial Co., Ltd ("Heze")

At the balance sheet date, the Group owned 11.2% (2007: 11.2%) equity interests in Heze which was incorporated in the PRC. Heze has not commenced business and full impairment loss of this investment was recognized in 2006. Directors believed any capital or income retrieval from this investment is remote.

Zhejiang Risesun Paper Co. Ltd. ("Risesun") and Wuhu Dongtai Paper Mfg. Co. Ltd. ("Dongtai")

At the balance sheet date, the Group owned 25% equity interests each in Risesun and Dongtai which were incorporated in the PRC. The operations had been suspended since 2004 and full provision was made in 2004. These investments were classified as associates prior to year 2006 and were reclassified as available-for-sale investments. At 31 December 2008, Directors conducted a review on these investments and considered the provision were not excessive.

Zerun Investment Consulting (Shanghai) Co., Ltd ("Zerun")

At the balance sheet date, the Group owned 100% in Zerun. The investment in Zerun was classified as available-for-sale investments due to the Company have neither representative in Zerun nor the ability to control the operating and financing polices in Zerun. A full impairment loss is recognized on this investment in year 2006. At 31 December 2008, Directors conducted a review on these investments and considered the provision were not excessive.

Securities Trading Business

During the period under review, the Group resumed its securities trading activities. Turnover from the trading of listed shares in Hong Kong by the company was approximately HK$11,874,000 as at 31 December 2008.

RESUMPTION PROPOSAL

On 20 November 2008, the Listing Committee agreed to allow the Company to proceed with the resumption proposal, subject to compliance with the resumption conditions to the satisfaction of the Listing Division within six months from 21 November 2008. As soon as practicable upon satisfaction of all the resumption conditions, trading in the shares will be resumed.

COMPLETION OF THE ACQUISITION

The circular in relation to the acquisition ("Acquisition") of the entire issued share capital of Gold Coast Tourism Development Limited and shareholders' loan pursuant to the sale and purchase agreement dated 8 April 2008 ("Sale and Purchase Agreement) has been dispatched to the shareholders on 12 November 2008. Acquisition was approved by the shareholders at the extraordinary general meeting of the Company held on 28 November 2008. On 3 December 2008 (the "Completion Date"), the purchaser, Mega Top Capital Resources Limited determined that the conditions precedent to the Sale and Purchase Agreement had not been fully satisfied and pursuant to the Sale and Purchase Agreement, the parties agreed that completion be deferred to a date not more than 28 days from the Completion Date (i.e. the completion was deferred to 31 December 2008) to allow the vendors extra time to fulfill the conditions which included the obtaining of the relevant business licenses and settling the outstanding PRC taxes of the PRC subsidiary of Gold Coast Tourism Development Limited by the vendors. Completion of the Acquisition took place on 31 December 2008, after the relevant business licenses were obtained. As the PRC taxes had not been fully settled by the vendors as at 31 December 2008, it was agreed by the parties to the Sale and Purchase Agreement that HK$19,305,295.95 of the remaining portion of the initial consideration would not be paid until all the outstanding taxes of the PRC subsidiary are settled by the vendors and the completion documents would be held by the vendors' solicitors until the remaining portion of the initial consideration in the amount of HK$19,305,295.95 is paid to the vendors. On 11 February 2009, the Company was provided by the vendors with document evidencing that all previously outstanding taxes of the PRC subsidiary have been settled by the vendors. The Company therefore paid to the vendors the remaining portion of the initial consideration in the amount of HK$19,305,295.95 on 12 February 2009. The completion documents held by the vendors' solicitors were delivered to the Company on 12 February 2009.

PROPOSED OPEN OFFER

The Company entered into a subscription agreement (the "Subscription Agreement") with Ms. Huang Wenxi ("Ms. Huang"), a director and substantial Shareholder of the Company, on 1 February 2008 as part of the restructuring plans under the resumption proposal of the Company; and a supplementary agreement with Ms. Huang on 31 October 2008 to extend the long-stop date of the Subscription Agreement to 31 March 2009. Subsequently, in order to allow all shareholders the opportunity to participate in the re-capitalization of the Company, the Company has in principal agreed with Ms. Huang to terminate the Subscription Agreement and proposes to raise the required funds by way of an open offer (the "Open Offer").

Due to the prolonged suspension of trading in the shares of the Company and the volatile market, the Company had difficulties in finding an underwriter to underwrite the Open Offer. The Company proposes to raise approximately HK$168,664,000 before expenses, by issuing 421,660,800 offer shares at the subscription price of HK$0.4 per offer share by way of the Open Offer on the basis of an assured allotment of six offer shares for every five shares of the Company held by the Company's existing shareholders, to be underwritten by Ms. Huang or her nominee (the "Underwriter"). At the date of this report, Ms. Huang held approximately 26.77% of the entire issued share capital of the Company. There has no underwriting agreement in respect of the Open Offer been signed at the date of this report. The Company and the Underwriter are still in the process of finalising the terms of the underwriting agreement.

BUSINESS OUTLOOK

Trading in the Company's shares has been suspended since 4 July 2006. On 20 November 2008, the Listing Committee agreed to allow the Company to proceed with the resumption proposal, subject to compliance with the resumption conditions to the satisfaction of the Listing Division within six months from 21 November 2008. As soon as practicable upon satisfaction of all the resumption conditions, trading in the shares will be resumed.

The Group is principally engaged in property investment, treasury and investment, securities trading. The Group intended to diversify into various other businesses, including property development, property management, real estate agency, industrial manufacturing, trading, oil and gas related businesses, utility projects, telecommunications, IT and internet related projects, to complement its ongoing operations.

Starting from 2007, the Group has gradually adjusted its strategy, with a view to transform the Company from an investor into an investor/developer. Upon successful re-capitalization, the Group will have adequate resources to continue with sustainable business operations. The professional expertise of the current board is capable to bring the Company back on profitable track once the trading of the Company's shares is resumed.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2008, Bank Balances and Cash held by the Group amounted to HK1,145,000, as compared to an amount of HK$55,000 in year 2007. Current assets of HK$2,767,000 of the Group for the year ended 31 December 2008 were comprised of Other Receivables, Held for Trading Investments and Bank Balances and Cash. Current liabilities of Group as at 31 December 2008 were HK$61,713,000 which mainly consisted of amounts due to the Company's substantial shareholders and executive directors, Ms. Huang of approximately HK$53,719,000 and Mr. Richard Cheung of HK$3,750,000 respectively. The Group finances its operation during the period under review principally from its shareholders. Apart from those shareholders loans, the Group has no borrowings from independent third parties.

CAPITAL COMMITMENT

As at 31 December 2008, the Group had a capital commitment of HK$41,298,000 in respect of the acquisition of subsidiaries contracted for but not provided in the financial statements.

CHARGES ON ASSETS

As at 31 December 2008, the Group had not charged any of its assets.

EMPLOYEES

As at 31 December 2008, the Group employed 6 employees and the staff cost amounted to HK$2,007,000. Staff remuneration packages are reviewed annually. The Group does not maintain a share option scheme.

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Beauforte Investors Corporation Limited (the "Company") has been committed to maintaining the high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange of Hong Kong Limited throughout the period for the year ended 31 December 2008.

DIRECTORS' SECURITIES TRANSACTIONS

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

THE BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalizing the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. It also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholder value. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts formal terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

Together with the balanced of skill and experience for business of the Group, a balance composition of executive, non-executive and independent non-executive director of the Board shall exercise effective independent judgment. Currently the Board is comprised of two executive directors, namely Mr. Cheung Chung Leung Richard and Ms. Huang Wenxi, two non-executive directors, namely Mr. Huang Shih Tsai and Ms. Chan I Siu, Fair and three independent non-executive directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. Each one of them has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

There is no nomination committee in the Group for the time being. Candidates to be nominated as directors are experienced, high calibre individuals and the appointment of all the new directors during the year was put to the full Board or the shareholders in general meeting for approval. Under the Company's Articles of Association, any director appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be subject to re-election by the shareholders. Apart from this, every director, including the non-executive director, is subject to retirement by rotation at least once every three years.

During the financial year ended 31 December 2008, inclusive of the quarterly regular meetings according to the CG Code, the Board held a total of 23 board meetings. The attendance of each director is set out on page 15.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 23 August 2007, Ms. Huang Wenxi was appointed as the Chief Executive Officer of the Company whereas Mr. Huang Shih Tsai was appointed as the Chairman of the Company on 29 June 2007. From 23 August 2007 onwards, the role of the Chairman and the Chief Executive Officer are segregated. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

NON-EXECUTIVE DIRECTORS

All the non-executive directors of the Company are appointed for a term of 1 year and are subject to retirement by rotation and re-election at the Company's annual general meetings at least once every three years.

REMUNERATION OF DIRECTORS

Under the CG Code Provision B.1, the issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties.

The Remuneration Committee currently comprises three members, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. All members are independent non-executive directors and is chaired by Mr. Cheng Hong Kei. It reviews and determines the policy for the remuneration of directors and senior management.

The Remuneration Committee is tasked to:

(i) conduct regular review of the remuneration policy of Group's directors and senior management;

(ii) make recommendations to the Board on the policy structure of the Company's directors and senior management and on establishment of a formal and transparent procedure for developing remuneration policy;

(iii) make recommendation to the Board on remuneration packages of the Company's directors;

(iv) determine remuneration packages of senior management proposed by the directors of the Company that will attract, motivate and retain the competent staff;

(v) review the proposals for the award of share options, if any, to executive directors and senior management based on their performance and contribution to the Company from time to time;

(vi) recommend the Board of the structure of long-term incentive plans for executive directors and certain senior management.

During the year, two remuneration Committee meeting were held to review and approve remuneration policies and directors' remuneration of the Company.

AUDITOR'S REMUNERATION

SHINEWING (HK) CPA Limited has been appointed by the shareholders annually as the Company's external auditors since 2005. During the year. the fees charged to the accounts of the Company and its subsidiaries for SHINEWING (HK) CPA Limited's statutory audit amounted to approximately HK$280,000 in addition approximately HK$800,000 was charged for non-audit related services. The non-audit related services mainly consist of special audits for the Company's very substantial acquisition transaction and events relating to resumption of the Company's shares.

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group is in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be in a timely manner and can provide a true and fair view of the business and financial information of our Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The audit committee comprises three members, three independent non-executive directors (the "Audit Committee") reports to the Board. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The Audit Committee is mainly responsible for:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the auditors and to approve the remuneration and terms of engagement of the auditors and any resignation and dismissal;

(ii) reviewing and monitoring the independence and objective of the auditors and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the interim and annual reports in particular on its accounting policies and practices and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharge its duty to have an effective internal control system;

(v) reviewing of the report and management letter submitted by external auditors; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

During the year, the Audit Committee reviewed the audited financial results of the Group for the year ended 31 December 2008 and the accounting principles and practices adopted by the Group. The Audit Committee also reviewed the adequacy and effectiveness of the Company's internal control systems.

INTERNAL CONTROL

The Board, through the Audit Committee, has reviews the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management functions. Areas for improvement have been identified and appropriate measures taken so as to safeguard the shareholders' investment and the company's assets.

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staffs that are responsible for different aspects of the operations of the Group.

COMMUNICATION WITH SHAREHOLDER

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholder understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (http://www.00021.com.hk) on which comprehensive information about the Company's major businesses, financial information and announcements, annual and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholder. The chairman of the Board and members of the Audit Committee should attend the annual general meeting to answer questions.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at meetings of the Board and Committees during the year ended 31 December 2008:

	Board Meeting	Attendance Rate	Audit Committee	Remuneration Committee
Executive Directors				
Cheung Chung Leung, Richard *(Appointed on 8 June 2006)*	22/23	96%	N/A	N/A
Huang Wenxi *(Appointed on 29 June 2007)*	22/23	96%	N/A	N/A
Non-Executive Directors				
Huang Shih Tsai *(Appointed on 29 June 2007)*	20/23	87%	N/A	N/A
Chan I Siu Fair *(Appointed on 29 June 2007)*	19/23	83%	N/A	N/A
Independent Non-Executive Directors				
Cheng Hong Kei *(Appointed on 8 June 2006)*	19/23	83%	2/2	2/2
Leung Kwan, Hermann *(Appointed on 8 June 2006)*	20/23	87%	2/2	2/2
Lum Pak Sum *(Appointed on 21 August 2007)*	21/23	91%	2/2	2/2

The Board is pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34 to the financial statements.

RESULTS

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

DIVIDENDS

The Board did not recommend the payment of dividend during the year.

FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 68 of the annual report.

PLANT AND EQUIPMENT

Details of movements during the year in plant and equipment of the Group are set out in note 16 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2008 are set out in note 34 to the financial statements.

SHARE CAPITAL

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

RESERVES

Details of movement in reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DIRECTORS

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

Executive Directors

Huang Wenxi
Cheung Chung Leung Richard

Non-Executive Directors

Huang Shih Tsai
Chan I Siu, Fair

Independent Non-Executive Directors

Cheng Hong Kei
Leung Kwan, Hermann
Lum Pak Sum

In accordance with clause 103(A) of the Company's Articles of Association, Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum will retire by rotation and be eligible for re-election at the forthcoming annual general meeting.

Save as prescribed in the Listing Rules and the respective service contracts, the term of office of each independent non-executive director is the period from the date of appointment up to his retirement by rotation as required by the Company's Articles of Association.

SERVICE CONTRACTS OF DIRECTORS

The non-executive Directors, namely Mr. Huang Shih Tsai and Ms. Chan I Siu, Fair; the independent non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann, and Mr. Lum Pak Sum had entered into service contracts with the Company for a term up to the forthcoming annual general meeting. The executive Director, namely Ms. Huang Wenxi has entered into a service contract with the Company at 2 June 2008 for a period of two years with a total service fees amounting to HK$360,000 per annum while the other executive Director, namely Mr. Cheung Chung Leung Richard are in negotiation with the Company in relation to his service agreement with the Company. Each and every Director is entitled to receive a director's fee of HK$150,000 per annum.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2008, the interests and short positions of the Directors and their respective associated in the shares, underlying shares and convertible notes of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Name of Directors	Type of interests	Total number of shares held	% of total issued shares
Mr. Cheung Chung Leung Richard	Corporate *(Note)*	98,000,000	27.89
Ms. Huang Wenxi	Personal	94,079,000	26.77

Note:

The interest disclosed represents the 98,000,000 shares held by Smartmax Holdings Limited which is 90% owned by Ms. Sun Bo. The other 10% was held by Mr. Cheung Chung Leung Richard, a Director of the Company.

All the interests stated above represented long positions in the shares of the Company as at 31 December 2008, there were no short positions recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company or its subsidiaries or jointly controlled entity a party to any arrangement that enabled any Director to acquire benefits by means of the acquisition of shares in the Company or of any other body corporate.

None of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, so far as is known to the Directors, save as for the interest of the directors which had been disclosed in the foregoing paragraph on Directors' and Chief Executive's Interests in Securities, there was no interest or short positions of the persons, other than the directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed in note 32 to the financial statements.

COMPETITION AND CONFLICTS OF INTEREST

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year 2008.

REMUNERATION POLICY

The remuneration policy of the Group for its employees takes into account of the individuals' merit, qualifications and competence .

The emoluments of the directors of the Company are decided by the Remuneration Committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. Details of the directors' emoluments for the year ended 31 December 2008 are set out in note 12 to the consolidated financial statements.

The Group does not maintain a Share Option Scheme.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme for the year ended 31 December 2008 are set out in note 29 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The Group has none major suppliers nor any major customers, as defined under the Listing Rules of the Stock Exchange of Hong Kong Limited.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on pro-rata basis to the existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

The information set out in pages 11 to 15 and information incorporated by reference constitute the Corporate Governance Report of the Company.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely, Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. Mr. Cheng Hong Kei is the Chairman of the Committee. During the year, the audit committee has held two meetings. The committee has reviewed the Group's final results for the year ended 31 December 2008.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint SHINEWING (HK) CPA Limited as auditor of the Company.

On behalf of the Board

Huang Shih Tsai
Chairman

Hong Kong, 15 April 2009

NOTICE IS HEREBY GIVEN that the annual general meeting of Beauforte Investors Corporation Limited ("**Company**") will be held on Monday 15 June 2009 at 10:30 a.m. at Salon 6, JW Marriott Ballroom Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and the independent auditor for the year ended 31 December 2008;

2. To re-elect directors and to authorize the board of directors to fix the remuneration of directors;

3. To re-appoint SHINEWING (HK) CPA Limited as the auditors and to authorise the board of directors to fix their remuneration;

   and, as special businesses, to consider and, if thought fit, pass the following resolutions, with or without modifications, as ordinary resolutions:

ORDINARY RESOLUTIONS

4. "**THAT**:

   (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") ("**Listing Rules**"), the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the additional shares in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which may require the exercise of such powers be and are hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as defined below) to make or grant offers, agreements and options which may require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares in the Company, shall not exceed the aggregate of:

(i) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(ii) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

"**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable law of Hong Kong to be held; and

(iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"**Rights Issue**" means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares in the Company open for a period fixed by the directors of the Company to the shareholders of the Company whose names appear on the Company's register of members on a fixed record date in proportion to their then holdings of shares in the Company (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong)."

5. "**THAT**:

(a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of HK$0.40 each in the capital of the Company on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and all other applicable laws in this regard, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of the shares of the Company which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as defined below) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution, "**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable law of Hong Kong to be held; and

(iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

6. "**THAT** conditional on the passing of resolutions set out in the notice convening this meeting as Resolutions Nos. 4 and 5, the general mandate granted to the directors of the Company pursuant to the approval granted under the resolution set out in the notice convening this meeting as Resolution No. 4 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company which has been purchased by the Company since the granting of such general mandate pursuant to the exercise by the directors of the Company of the powers of the Company to purchase such shares pursuant to or in accordance with the authority granted under the resolution set out in the notice convening this meeting as Resolution No. 5, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution."

By order of the Board
Cheung Kei Yim
Company secretary

Hong Kong, 30 April 2009

Registered office:
Suite 6308, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

Notes:

(1) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll vote on his behalf and such proxy need not be a member of the Company.

(2) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.

信永中和
ShineWing

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

TO THE SHAREHOLDERS OF BEAUFORTE INVESTORS CORPORATION LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Beauforte Investors Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 67, which comprise the consolidated and Company balance sheets as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards 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 the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates that the Group had net current liabilities of approximately HK$58,946,000 and capital deficiency of approximately HK$20,488,000 as at 31 December 2008. The Group had incurred loss for the year ended 31 December 2008 amounted to approximately HK$13,026,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
15 April 2009

Consolidated Income Statement

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	8	**11,874**	–
Net loss on disposal of held for trading investments		**(393)**	–
Fair value change on held for trading investments		**(329)**	–
Other operating income		**27**	599
Administrative expenses		**(12,331)**	(6,172)
Allowance for bad and doubtful debts		**–**	(148)
Loss before tax	10	**(13,026)**	(5,721)
Income tax expense	11	**–**	–
Loss for the year		**(13,026)**	(5,721)
Dividend	14	**–**	–
Loss per share			
Basic	15	**(3.7) cents**	(1.6) cents
Diluted		**N/A**	N/A

Consolidated Balance Sheet

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Plant and equipment	16	**458**	103
Available-for-sale investments	17	**–**	–
Prepayment for acquisition of subsidiaries	18	**38,000**	5,000
Prepayment for acquisition of plant and equipment		**–**	326
		38,458	5,429
Current assets			
Other receivables	19	**888**	613
Deposit refundable	20	**–**	–
Deposits in an assets management company	21	**–**	–
Held for trading investments	22	**734**	–
Bank balances and cash	23	**1,145**	55
		2,767	668
Current liabilities			
Other payables, deposit received and accrued charges		**4,244**	3,049
Amounts due to directors	25	**57,469**	10,510
		61,713	13,559
Net current liabilities		**(58,946)**	(12,891)
		(20,488)	(7,462)
Capital and reserves			
Share capital	26	**140,553**	140,553
Share premium and reserves		**(161,041)**	(148,015)
		(20,488)	(7,462)

The financial statements on pages 27 to 67 were approved and authorised for issue by the Board of Directors on 15 April 2009 and are signed on its behalf by:

Cheung Chung Leung Richard
Director

Huang Wenxi
Director

Balance Sheet

As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Plant and equipment	16	**457**	25
Interests in subsidiaries	27	**–**	–
Prepayment for acquisition of subsidiaries	18	**38,000**	5,000
Prepayment for acquisition of plant and equipment		**–**	326
		38,457	5,351
Current assets			
Other receivables	19	**887**	457
Held for trading investments	22	**734**	–
Bank balances and cash	23	**1,137**	45
		2,758	502
Current liabilities			
Other payables and accrued charges		**2,528**	2,334
Amount due to a subsidiary	24	**1,000**	–
Amounts due to directors	25	**57,469**	10,510
		60,997	12,844
Net current liabilities		**(58,239)**	(12,342)
		(19,782)	(6,991)
Capital and reserves			
Share capital	26	**140,553**	140,553
Share premium and reserves	28	**(160,335)**	(147,544)
		(19,782)	(6,991)

The financial statements on pages 27 to 67 were approved and authorised for issue by the Board of Directors on 15 April 2009 and are signed on its behalf by:

Cheung Chung Leung Richard
Director

Huang Wenxi
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital *HK$'000*	Share premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Balance at 1 January 2007	140,553	37,978	(180,542)	(2,011)
Loss for the year and total recognised income and expense for the year	–	–	(5,721)	(5,721)
Forfeiture of unclaimed dividend *(note)*	–	–	270	270
Balance at 31 December 2007	140,553	37,978	(185,993)	(7,462)
Loss for the year and total recognised income and expense for the year	–	–	(13,026)	(13,026)
Balance at 31 December 2008	140,553	37,978	(199,019)	(20,488)

Note: The amount represented the unclaimed dividend which was declared on or before the year ended 31 December 2000. Pursuant to the Article 159 of the Article of Association of the Company, the Board of Directors forfeited all dividend unclaimed for six years after having been declared and reverted the amount to the Company.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	2008 *HK$'000*	2007 *HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	**(13,026)**	(5,721)
Adjustments for:		
Allowance for bad and doubtful debts	**–**	148
Fair value change on held for trading investments	**329**	–
Depreciation	**179**	27
Interest income	**–**	(2)
Loss (gain) on disposal of plant and equipment	**27**	(4)
Waiver of amount due to a former director	**–**	(584)
Operating cash flows before movements in working capital	**(12,491)**	(6,136)
Increase in other receivables	**(275)**	(455)
Increase in other payables, deposit received and accrued charges	**1,195**	1,263
Increase in held for trading investments	**(1,063)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(12,634)**	(5,328)
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(239)**	–
Increase in prepayment for acquisition of subsidiaries	**(33,000)**	(5,000)
Increase in prepayment for acquisition of plant and equipment	**–**	(326)
Proceeds from disposal of plant and equipment	**4**	4
Interest received	**–**	2
NET CASH USED IN INVESTING ACTIVITIES	**(33,235)**	(5,320)
NET CASH FROM FINANCING ACTIVITY		
Increase in amounts due to directors	**46,959**	10,510
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,090**	(138)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**55**	193
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**1,145**	55

1. GENERAL

Beauforte Investors Corporation Limited (the "Company") is a public limited company incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The trading of the Company's shares has been suspended since 4 July 2006. According to the announcement of the Company dated 22 January 2009, the Listing Committee of the Stock Exchange has agreed to allow the Company to proceed with the resumption proposal of the Company within six months from 21 November 2008. Details of the resumption conditions were set out in the announcement of the Company dated 22 January 2009.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporation Information" section to the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are investment holding, security investment and property investment. There were no significant changes in the nature of the Group's principal activities during the year.

The financial statements are presented in Hong Kong Dollars which is the functional currency of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

As at 31 December 2008, the Group had net current liabilities of approximately HK$58,946,000 and capital deficiency of approximately HK$20,488,000. The Group had incurred loss for the year ended 31 December 2008 amounted to approximately HK$13,026,000. Nevertheless, these financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration the following arrangements which include, but are not limited to, the followings:

(i) Subsequent to 31 December 2008, the Group had completed the acquisition of Gold Coast Tourism Development Limited ("Gold Coast"). The Group has leased out the resort held by the wholly-owned subsidiary of Gold Coast to an independent third party with a minimum monthly rental income of approximately RMB1,083,000 since April 2009 for six years. The directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration the positive profits forecast to be generated from the Group's businesses based on the financial budgets approved by the board of directors of the Company covering three years; and

(ii) According to the announcements of the Company dated 10 November 2008 and 22 December 2008, the Company has proposed to raise approximately HK$168,664,000 before expenses, by issuing 421,660,800 offer shares at the subscription price of HK$0.4 per offer share by way of an open offer on the basis of an assured allotment of six offer shares for every five existing shares of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

The directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group fail to continue as a going concern.

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation ("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.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective at 31 December 2008.

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

HKFRSs (Amendments)	Improvement 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 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[3]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives[7]
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 Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

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

2 Effective for annual periods beginning on or after 1 January 2009.

3 Effective for annual periods beginning on or after 1 July 2009.

4 Effective for annual periods beginning on or after 1 July 2008.

5 Effective for annual periods beginning on or after 1 October 2008.

6 Effective for transfers of assets from customers received on or after 1 July 2009.

7 Effective for annual periods ending on or after 30 June 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The 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 financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the 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 controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Interests in subsidiaries

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment losses, unless the investments are classified as held for sale.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business on the following basis:

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.

Sale of trading securities is recognised when the significant risks and rewards have been passed and is on trade date basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered 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. Impairment loss is recognised as an expense immediately.

Where 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 impairment loss is recognised as income immediately.

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

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

Leasing

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair values 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 retranslation of monetary items, are recognised in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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

Taxation

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

Retirement benefits scheme

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered services entitling them to the contributions.

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 values. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instrument other than those financial assets designated as at fair value through profit or loss, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss have two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

4. 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 other receivables, deposit refundable, deposits in an assets management company, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at 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 on impairment loss on financial assets below).

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

Impairment loss on 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. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

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

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

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

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

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

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 loss is 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.

Financial liabilities and equity

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including other payables, deposit received, accrued charges, amount due to a subsidiary and amounts due to directors are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimated impairment of available-for-sale investments

The Group follows the guidance of HKAS 39 on determining when an investment is other than temporarily impaired. This determination requires significant estimation. In working this estimation, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its costs, and the financial health of and near-term business and look for the investee, including factors such as industry and sector performance, and operational and financing cash flow.

Allowance for bad and doubtful debts

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

6. CAPITAL RISK MANAGEMENT

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

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

In order to maintain or adjust the capital structure, the Group may issue new shares.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investments	**–**	–
Loans and receivables (including cash and cash equivalents)	**2,033**	668
Financial assets at fair value through profit or loss		
Held for trading investments	**734**	–
Financial liabilities		
Amortised cost	**61,713**	13,559

	The Company	
	2008	2007
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,024**	502
Financial assets at fair value through profit or loss		
Held for trading investments	**734**	–
Financial liabilities		
Amortised cost	**60,997**	12,844

7. FINANCIAL INSTRUMENTS (Continued)

7b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include other receivables, deposit refundable, deposits in an assets management company, held for trading investments, bank balances and cash, other payables, deposit received, accrued charges, amount due to a subsidiary and amounts due to directors. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group's and the Company's exposure to interest rate risk is minimal as the Group and the Company do not have any long-term interest bearing financial assets and liabilities.

Foreign currency risk

The Group's and the Company's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

Liquidity risk

The Group is exposed to liquidity risk as the Group recorded net current liabilities of approximately HK$58,946,000 and capital deficiency of approximately HK$20,488,000 at the balance sheet date and had incurred loss for the year ended 31 December 2008 amounted to approximately HK$13,026,000.

The directors of the Company have given careful consideration on the measures currently undertaking in respect of the Group's liquidity position. As detailed in note 2, the Directors believe that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future.

The maturity of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay, was within one year.

Fair value

The fair values of the Group's financial assets and liabilities are not materially different from the carrying amounts because of the immediate or short-term maturity of these financial instruments.

Other price risk

The Group and the Company are exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange. In addition, the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

8. TURNOVER

Turnover represents the proceeds from sale of held for trading investments for the year ended 31 December 2008.

There was no turnover for the year ended 31 December 2007.

9. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group organised into three operating divisions – property investment, treasury and investment and securities trading. These divisions are the bases on which the Group reports its primary segment information.

Principal activities are as follows:

Property investment:

Investment in property to generate rental income.

Treasury and investment:

The placing of deposits and investment in securities to generate income from interest, dividends and capital appreciation.

Funds are also advanced as loans to other parties on a secured or unsecured basis where suitable opportunities are identified to earn enhanced returns.

Securities trading:

Investment in listed securities to generate profit from short-term fluctuation in price.

9. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

For the year ended 31 December 2008:

	Property investment 2008 HK$'000	Treasury and investment 2008 HK$'000	Securities trading 2008 HK$'000	Total 2008 HK$'000
TURNOVER				
Interest income from deposits	–	–	–	–
Rental income	–	–	–	–
Proceeds from trading of securities	–	–	11,874	11,874
Total turnover	–	–	11,874	11,874
RESULTS				
Segment results	–	–	(722)	(722)
Unallocated expenses				(12,304)
Loss for the year				(13,026)

For the year ended 31 December 2007:

	Property investment 2007 HK$'000	Treasury and investment 2007 HK$'000	Securities trading 2007 HK$'000	Total 2007 HK$'000
TURNOVER				
Interest income from deposits	–	–	–	–
Rental income	–	–	–	–
Proceeds from trading of securities	–	–	–	–
Total turnover	–	–	–	–
RESULTS				
Segment results	(251)	(78)	(8)	(337)
Unallocated expenses				(5,384)
Loss for the year				(5,721)

9. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Balance sheet
As at 31 December 2008

	Property investment 2008 *HK$'000*	Treasury and investment 2008 *HK$'000*	Securities trading 2008 *HK$'000*	Total 2008 *HK$'000*
ASSETS				
Segment assets	**–**	**–**	**734**	**734**
Unallocated corporate assets				**40,491**
				41,225
LIABILITIES				
Segment liabilities	**1,704**	**–**	**–**	**1,704**
Unallocated corporate liabilities				**60,009**
				61,713

As at 31 December 2007

	Property investment 2007 *HK$'000*	Treasury and investment 2007 *HK$'000*	Securities trading 2007 *HK$'000*	Total 2007 *HK$'000*
ASSETS				
Segment assets	–	–	–	–
Unallocated corporate assets				6,097
				6,097
LIABILITIES				
Segment liabilities	704	6	–	710
Unallocated corporate liabilities				12,849
				13,559

9. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Other information
For the year ended 31 December 2008

	Property investment 2008 *HK$'000*	**Treasury and investment 2008** *HK$'000*	**Securities trading 2008** *HK$'000*	**Unallocated 2008** *HK$'000*	**Total 2008** *HK$'000*
Addition of plant and equipment	**–**	**–**	**–**	**565**	**565**
Depreciation	**–**	**–**	**–**	**179**	**179**
Loss on disposal of plant and equipment	**–**	**–**	**–**	**27**	**27**

For the year ended 31 December 2007

	Property investment 2007 *HK$'000*	Treasury and investment 2007 *HK$'000*	Securities trading 2007 *HK$'000*	Unallocated 2007 *HK$'000*	Total 2007 *HK$'000*
Depreciation	–	–	–	27	27
Gain on disposal of plant and equipment	–	–	–	(4)	(4)
Allowance for bad and doubtful debts	–	–	–	148	148

(b) Geographical segments

The Group's turnover are generated from Hong Kong, its assets and addition of plant and equipment are located in Hong Kong. No geographical segment is presented.

10. LOSS BEFORE TAX

	2008	2007
	HK$'000	*HK$'000*
Loss before tax has been arrived at after charging (crediting):		
Directors' remuneration *(note 12)*	**1,206**	1,168
Other staff costs	**1,859**	737
Retirement benefit scheme contributions (excluding those of directors)	**39**	30
Total staff costs	**3,104**	1,935
Auditor's remuneration	**280**	306
Depreciation	**179**	27
Minimum lease rentals in respect of rented premises	**1,452**	686
Waiver of amount due to a former director	**–**	(584)
Loss (gain) on disposal of plant and equipment	**27**	(4)
Interest income	**–**	(2)

11. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for both years.

No provision for tax in other jurisdictions has been made as the Group did not have any assessable profits in the respective jurisdictions.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

11. INCOME TAX EXPENSE (Continued)

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

	2008	2007
	HK$'000	*HK$'000*
Loss before tax	**(13,026)**	(5,721)
Tax at domestic rate of 16.5% (2007: 17.5%)	**(2,149)**	(1,001)
Tax effect of expenses not deductible for tax purpose	**999**	972
Tax effect of tax losses not recognised	**1,150**	29
Tax for the year	**–**	–

At the balance sheet date, the Group had unused unrecognised tax losses of approximately HK$19,032,000 (2007: HK$12,061,000) available to offset against future profits. No deferred taxation assets have been recognised due to the unpredictability of future profits streams. Tax losses may be carried forward indefinitely.

12. DIRECTORS' REMUNERATION

	2008	2007
	HK$'000	*HK$'000*
Directors' fee		
Executive directors	**300**	396
Non-executive directors	**300**	289
Independent non-executive directors	**450**	473
Other emoluments:		
Salaries and other benefits	**148**	–
Retirement benefit scheme contributions	**8**	10
Total emoluments	**1,206**	1,168

There was no arrangement under which directors waived or agreed to waive any emoluments in the two years ended 31 December 2008 and 2007. No emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office in both years.

12. DIRECTORS' REMUNERATION (Continued)

The emoluments of each director of the Company for the year are set out as follows:

Directors' fee

	2008 **HK$'000**	2007 HK$'000
Executive directors:		
Cheung Chung Leung Richard *(note a)*	**150**	150
Sun Bo *(note b)*	**–**	75
Christian Emil Toggenburger *(note c)*	**–**	63
Beat Rene Saxer *(note d)*	**–**	33
Huang Wenxi *(note e)*	**150**	75
	300	396
Non-executive directors:		
Hans-Peter Adelrich Josef Hess *(note f)*	**–**	75
Young Mai-San *(note g)*	**–**	45
Simon Gondon Littmann *(note h)*	**–**	19
Chan I Siu, Fair *(note e)*	**150**	75
Huang Shih Tsai *(note e)*	**150**	75
	300	289
Independent non-executive directors:		
Cheng Hong Kei *(note a)*	**150**	150
Tang Ka Siu, Johnny *(note i)*	**–**	39
Leung Kwan, Hermann *(note a)*	**150**	150
William Montgomerie Courtauld *(note g)*	**–**	49
Frank Yu *(note j)*	**–**	30
Lum Pak Sum *(note k)*	**150**	55
	450	473
Salaries and other benefits of executive director:		
Huang Wenxi *(note e)*	**148**	–
Retirement benefit scheme contributions of executive directors:		
Cheung Chung Leung Richard	**8**	8
Christian Emil Toggenburger	**–**	2
	8	10
	1,206	1,168

12. DIRECTORS' REMUNERATION (Continued)

Notes:

a. Appointed on 8 June 2006
b. Appointed on 8 June 2006 and retired on 29 June 2007
c. Appointed on 12 June 2006 and resigned on 1 June 2007
d. Appointed on 12 June 2006 and removed on 21 March 2007
e. Appointed on 29 June 2007
f. Appointed on 12 June 2006 and retired on 29 June 2007
g. Appointed on 12 June 2006 and resigned on 19 April 2007
h. Appointed on 16 April 2007 and resigned on 1 June 2007
i. Appointed on 8 June 2006 and resigned on 4 April 2007
j. Appointed on 19 April 2007 and retired on 29 June 2007
k. Appointed on 21 August 2007

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2007: three) were directors, whose emoluments are set out in note 12.

The emoluments of the remaining three (2007: two) highest paid individuals were as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries allowances and benefit in kind	**1,649**	609
Retirement benefit scheme contributions	**25**	16
	1,674	625

Their emoluments were within the band ranging from nil to HK$1 million. No emoluments were paid to the employees as inducement to join or upon joining the Group or as compensation for loss of office in both years.

14. DIVIDEND

No dividend was paid or proposed during 2008, nor has any dividend been proposed since the balance sheet date (2007: Nil).

15. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year	**13,026**	5,721
	'000	*'000*
Weighted average number of ordinary shares	**351,384**	351,384

There were no dilutive potential ordinary shares in existence during both years, accordingly, no diluted loss per share figures are presented.

16. PLANT AND EQUIPMENT

	Furniture and fixtures	**Computer equipment**	**Leasehold improvement**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
COST				
At 1 January 2007	100	370	35	505
Disposals	–	(4)	–	(4)
At 31 December 2007 and 1 January 2008	100	366	35	501
Additions	129	31	405	565
Disposals	(40)	(324)	(35)	(399)
At 31 December 2008	**189**	**73**	**405**	**667**
ACCUMULATED DEPRECIATION				
At 1 January 2007	2	369	4	375
Provided for the year	20	1	6	27
Eliminated on disposals	–	(4)	–	(4)
At 31 December 2007 and 1 January 2008	22	366	10	398
Provided for the year	95	10	74	179
Eliminated on disposals	(34)	(324)	(10)	(368)
At 31 December 2008	**83**	**52**	**74**	**209**
CARRYING VALUES				
At 31 December 2008	**106**	**21**	**331**	**458**
At 31 December 2007	78	–	25	103

16. PLANT AND EQUIPMENT (Continued)

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Leasehold improvement HK$'000	Total HK$'000
THE COMPANY				
COST				
At 1 January 2007, 31 December 2007 and 1 January 2008	–	–	35	35
Additions	129	31	405	565
Disposals	–	–	(35)	(35)
At 31 December 2008	**129**	**31**	**405**	**565**
ACCUMULATED DEPRECIATION				
At 1 January 2007	–	–	4	4
Provided for the year	–	–	6	6
At 31 December 2007 and 1 January 2008	–	–	10	10
Provided for the year	24	10	74	108
Eliminated on disposals	–	–	(10)	(10)
At 31 December 2008	**24**	**10**	**74**	**108**
CARRYING VALUES				
At 31 December 2008	**105**	**21**	**331**	**457**
At 31 December 2007	–	–	25	25

The above items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives after taking into account their estimated residual values as below:

Furniture and fixtures	20%
Leasehold improvement	20%
Computer equipment	33.33%

17. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares overseas		
Hennabun Capital Group Limited (Formerly known as Hennabun Management International Limited) ("HCG") *(note a)*		
At cost	**59,000**	59,000
Impairment losses recognised	**(59,000)**	(59,000)
	–	–
Unlisted shares in PRC		
Heze Century Energy Coalchem Industrial Co. Ltd. ("Heze") *(note b)*		
At cost	**12,000**	12,000
Impairment losses recognised	**(12,000)**	(12,000)
	–	–
Zhejiang Risesun Paper Co. Ltd. ("Risesun") *(note c)*		
At cost	**7,098**	7,098
Impairment losses recognised	**(7,098)**	(7,098)
	–	–
Wuhu Dongtai Paper Mfg. Co. Ltd. ("Dongtai") *(note c)*		
At cost	**70,970**	70,970
Impairment losses recognised	**(70,970)**	(70,970)
	–	–
澤潤投資諮詢(上海)有限公司 ("Zerun") *(note d)*		
Reclassified from investment in a subsidiary	**919**	919
Impairment losses recognised	**(919)**	(919)
	–	–
	–	–

17. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

The above investments represent unlisted equity securities issued by private companies. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Notes:

(a) HCG was incorporated in British Virgin Islands with limited liability. It is engaged in securities trading, investment holding and provision of brokerage and financial services. At 31 December 2008, the Group owned 0.65% (2007: 1.67%) equity interests in HCG. The decrease in percentage of the equity interest held by the Group was due to the dilution effect of additional shares issued by HCG during the year. Full impairment loss was recognised on this investment in year 2005.

(b) At the balance sheet date, the Group owned 11.2% (2007: 11.2%) equity interests in Heze. Heze was incorporated in the PRC with limited liability. Full impairment loss was recognised on this investment in 2006.

(c) At the balance sheet date, the Group owned 25% equity interests each in Risesun and Dongtai which are limited company incorporated in the PRC. They were classified as associates before year 2006. Their operations have been suspended since 2004. Full provision was made for these investments in 2004. After the changes in management of the Company in June 2006, the present management has no representative in the management body nor participation in the daily operating and financing activities in Risesun and Dongtai. Accordingly, the investments in these companies were then classified as available-for-sale investments.

(d) At the balance sheet date, the Group owned 100% in Zerun. After the changes in management of the Company in June 2006, the present management appointed legal advisors to locate the previous management and staff of Zerun. However, as informed by the legal advisors, they were unable to contact them. Consequently, the present management of the Company have neither representative in the management body nor the ability to govern the operating and financing policies in Zerun. Accordingly, the investment in Zerun was classified as available-for-sale investments. Full impairment loss was recognised on this investment.

18. PREPAYMENT FOR ACQUISITION OF SUBSIDIARIES

The amount is the prepayment for acquisition of the entire equity interest of Gold Coast and its wholly-owned subsidiary. The acquisition was completed on 12 February 2009. Details of the acquisition are stated in note 33 to the financial statements.

19. OTHER RECEIVABLES

THE GROUP

	2008	2007
	HK$'000	*HK$'000*
Other receivables	**4,608**	4,333
Less: Allowance for bad and doubtful debts	**(3,720)**	(3,720)
	888	613

Movement in the allowance for bad and doubtful debts

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**(3,720)**	(3,572)
Impairment loss recognised	**–**	(148)
Balance at end of the year	**(3,720)**	(3,720)

THE COMPANY

	2008	2007
	HK$'000	*HK$'000*
Other receivables	**922**	492
Less: Allowance for bad and doubtful debts	**(35)**	(35)
	887	457

There was no movement in the allowance for bad and doubtful debts for both years.

All allowance for bad and doubtful debts of the Group and the Company are individually impaired as the counterparties are in the financial difficulties. The Group and the Company do not hold any collateral over these balances.

20. DEPOSIT REFUNDABLE

THE GROUP

On 12 April 2005, the Group entered into a share transfer agreement with a third party to acquire 80% equity interests in Daoqin Hospital Management Company Limited (上海道勤醫院投資管理有限公司) ("Daoqin Hospital") at a consideration of HK$30,200,000 (the "Acquisition"). Daoqin Hospital is a company established in the PRC with limited liability and was established for the purpose of provision of hospital management services. During the year ended 31 December 2005, the Group made partial payment of HK$13,780,000.

According to the agreement, if the Acquisition was not completed in December 2005, the Acquisition would be cancelled and the Group would entitle to recover the payment made.

The Acquisition had not been completed on 27 April 2006, the Group entered into another agreement to cancel the Acquisition and the counterparty was required to refund the payment to the Group within fifteen days from the date of the agreement. The Group has not received the payment up to the report date of these financial statements.

The Company had attempted to take legal action to recover the amount. However, as advised by the legal advisor, they were unable to contact the parties concerned. A full provision was made for the year ended 31 December 2006. At 31 December 2008 and 2007, the Directors reviewed the situation. Having considered the likelihood of the recoverability was very remote, the Directors considered the recognised impairment loss is adequate but not excessive.

21. DEPOSITS IN AN ASSETS MANAGEMENT COMPANY

THE GROUP

The amount of approximately HK$32,586,000 represented the deposits placed in an assets management company (the "Manager") which was a limited company incorporated in the PRC. The Manager was engaged in investment advisory, asset management and other related business. The deposit was contracted for the period from 1 July 2004 to 1 July 2005. The amount was overdue and no repayment schedule was made.

The Company was informed that the Manager was in the process of liquidation in the PRC. Based on this information, the directors considered the likelihood of the recoverability of the amount was very remote and a full provision was made for the year ended 31 December 2006.

The ex-director, Li Zhaohui has equity interests in the Manager. Mr Li Zhaohui was appointed as a director of the Company on 19 October 2004 and was removed on 8 June 2006.

During the years ended 31 December 2008 and 2007, no interest income was received from the Manager. The maximum balance outstanding was HK$32,586,000 during the years ended 31 December 2008 and 2007.

At 31 December 2008, the Directors reviewed the situation and considered the recognised impairment loss is adequate but not excessive.

22. HELD FOR TRADING INVESTMENTS

THE GROUP AND THE COMPANY

	2008	2007
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	**734**	–

23. BANK BALANCES AND CASH

Bank balances carry interest at market rate at 2.25% per annum during 2007 (2008: nil).

24. AMOUNT DUE TO A SUBSIDIARY

THE COMPANY

The amount is unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE TO DIRECTORS

THE GROUP AND THE COMPANY

	2008	2007
	HK$'000	*HK$'000*
Cheung Chung Leung Richard	**3,750**	3,270
Huang Wenxi	**53,719**	7,240
	57,469	10,510

The amounts are unsecured, interest-free and repayable on demand.

26. SHARE CAPITAL

	Number of ordinary shares of HK$0.4 each *'000*	Nominal value *HK$'000*
Authorised:		
At 1 January 2007, 31 December 2007 and 31 December 2008	1,000,000	400,000
Issued and fully paid:		
At 1 January 2007, 31 December 2007 and 31 December 2008	351,384	140,553

There was no movement in the Company's share capital during the years ended 31 December 2008 and 2007.

27. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries	**544,093**	544,138
	544,094	544,139
Impairment losses recognised	**(544,094)**	(544,139)
	–	–

The amounts due from subsidiaries are unsecured and interest-free. In the opinion of the directors, demand for repayment for the amounts due from subsidiaries will not be made within the next twelve months from the balance sheet date. Accordingly, the amounts are classified as non-current.

In view of the operating loss position of certain subsidiaries, impairment losses were recognised with reference to their recoverable amounts.

Details of the Company's subsidiaries at 31 December 2008 are set out in note 34.

28. SHARE PREMIUM AND RESERVES

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
THE COMPANY			
At 1 January 2007	37,978	(180,326)	(142,348)
Loss for the year	–	(5,466)	(5,466)
Forfeiture of unclaimed dividend *(note)*	–	270	270
At 31 December 2007	37,978	(185,522)	(147,544)
Loss for the year	–	(12,791)	(12,791)
At 31 December 2008	**37,978**	**(198,313)**	**(160,335)**

The Company has no reserves available for distribution for both years.

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

Note: The amount represented the unclaimed dividend which was declared on or before the year ended 31 December 2000. Pursuant to the Article 159 of the Article of Association of the Company, the Board of Directors forfeited all dividend unclaimed for six years after having been declared and reverted the amount to the Company.

29. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group and the employees are required to contribute 5% of the salaries to the MPF Scheme. During the year, the Group made contribution of approximately HK$47,000 (2007: HK$40,000) to the MPF Scheme.

30. OPERATING LEASE COMMITMENTS

THE GROUP AND THE COMPANY

The Group and the Company as lessee

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

	2008	2007
	HK$'000	*HK$'000*
Within one year	**812**	1,252
In the second to fifth year inclusive	**–**	812
	812	2,064

Operating lease payments represent rentals payable by the Group for its office premises. Lease is negotiated for a term of two years and rentals are fixed for two years.

31. CAPITAL COMMITMENTS

THE GROUP AND THE COMPANY

	2008	2007
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the financial statements	**–**	159
Capital expenditure in respect of the acquisition of subsidiaries		
– Authorised but not contracted for	**–**	65,000
– Contracted for but not provided for in the financial statements	**41,298**	–

32. RELATED PARTY TRANSACTIONS

(a) During the year of 2007, a former director of the Company waived the amount of approximately HK$584,000 due to him.

(b) Compensation of key management personnel

The details of the remuneration of directors and other members of key management during the two years ended 31 December 2008 and 2007 were disclosed in notes 12 and 13 respectively.

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

33. POST BALANCE SHEET EVENT

Subsequent to 31 December 2008, the Group completed its negotiations with the independent third parties, Mr. Wong Siu Kam and Ms. Cheung Chau Ying, for the acquisition of entire equity interest in Gold Coast. The transaction was completed on 12 February 2009 and the acquisition cost of RMB60,000,000 (approximately to HK$67,970,000), which is subject to adjustment according to the conditional payment specified in the circular of the Company dated 12 November 2008, was satisfied in cash.

33. POST BALANCE SHEET EVENT (Continued)

Details of the acquisition are set out in the Company's circular dated 12 November 2008 and announcement dated 13 February 2009.

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

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Net assets acquired			
Property, plant and equipment	28,313	50,876	79,189
Amounts due to shareholders	(32,741)	–	(32,741)
Deferred tax liability	–	(12,719)	(12,719)
	(4,428)	38,157	33,729
Goodwill			1,500
			35,229
Amounts due to shareholders acquired			32,741
			67,970
Satisfied by:			
Cash			67,970
Net cash outflow arising on acquisition:			
Cash consideration paid			(67,970)

34. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ operation	Issued share capital/registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Direct %	Indirect %	Principal activities
Mega Top Capital Resources Limited	Hong Kong	1 ordinary share of HK$1 each	100	–	Property investment
Noble Congress Limited	British Virgin Islands*	1 ordinary share of US$1 each	100	–	Investment holding
Waytung Group Limited	Hong Kong	1 ordinary share of HK$1 each	100	–	Investment holding
Accurate City Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Active Chance Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Asiawell Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Best Energy International Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Investment holding
China Eastern Energy Holdings Limited	Samoa/PRC	1 ordinary share of US$1 each	–	100	Investment holding
Digital Faith Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Eastern Good Limited	British Virgin Islands/ PRC	1 ordinary share of US$1 each	–	100	Inactive
Elite City Investment Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive

34. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued share capital/registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Direct %	Indirect %	Principal activities
Max Margin Group Limited	British Virgin Islands/ PRC	1 ordinary share of US$1 each	–	100	Property investment
Ocean Pearl Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Profit Guidance Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Rosedale Investments Trading Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Sincere Leader Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
True Leader International Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Inactive
Toprich International Investments Limited	Hong Kong	6,160,000 ordinary shares of US$1 each	–	100	Investment holding
Up Global Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100	Inactive
Grand Noble Group Limited	British Virgin Islands/ PRC	2 ordinary shares of US$1 each	–	100	Property investment

* These companies have no specific principal place of operation.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

	Year ended 31 December				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
TURNOVER	**11,874**	–	126,137	41,199	18,232
LOSS FOR THE YEAR	**(13,026)**	(5,721)	(326,802)	(78,755)	(249,708)

	As at 31 December				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
TOTAL ASSETS	**41,225**	6,097	629	359,860	384,621
TOTAL LIABILITIES	**(61,713)**	(13,559)	(2,640)	(35,068)	(3,168)
NET (LIABILITIES) ASSETS	**(20,488)**	(7,462)	(2,011)	324,792	381,453