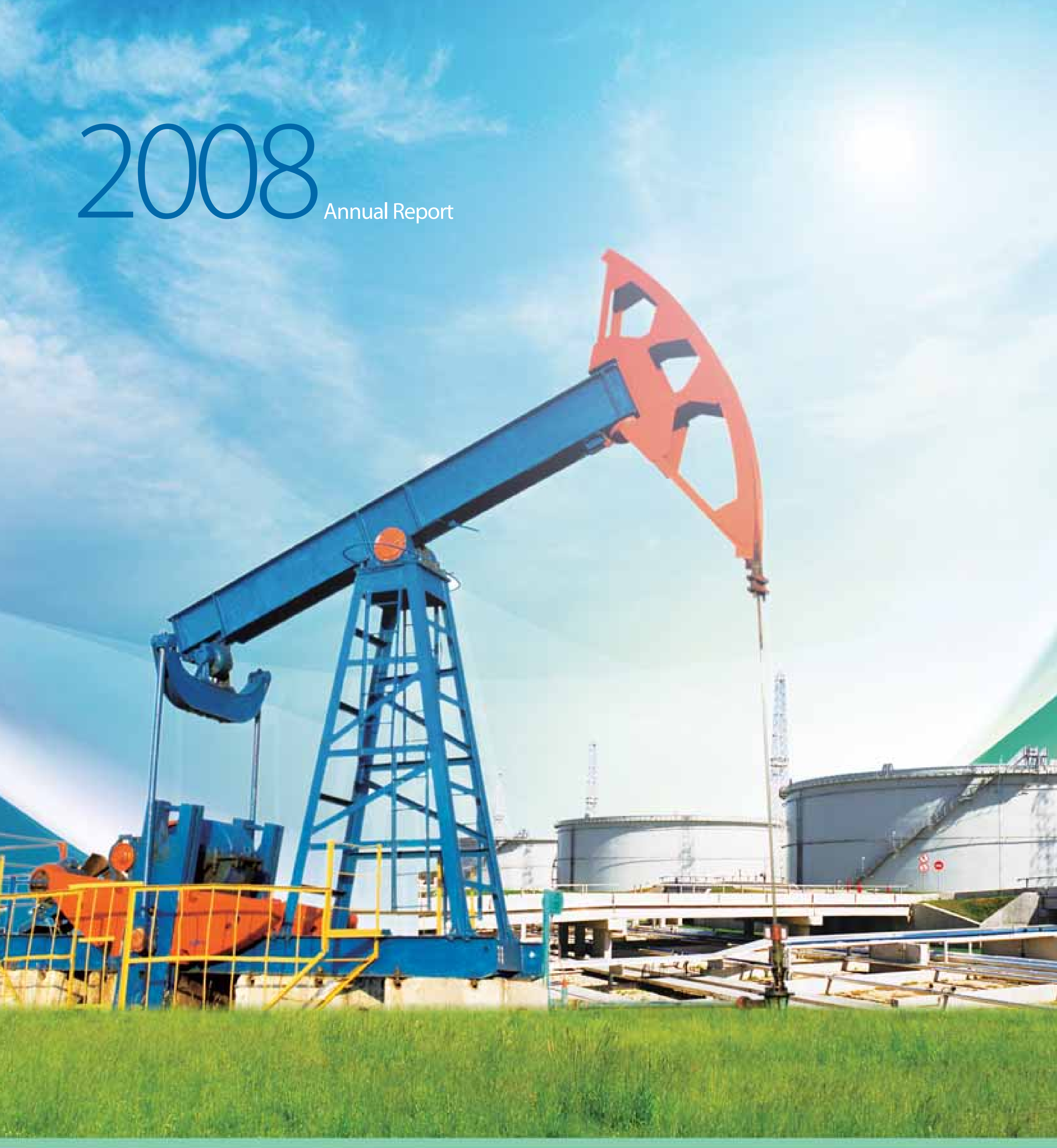
2008 Annual Report



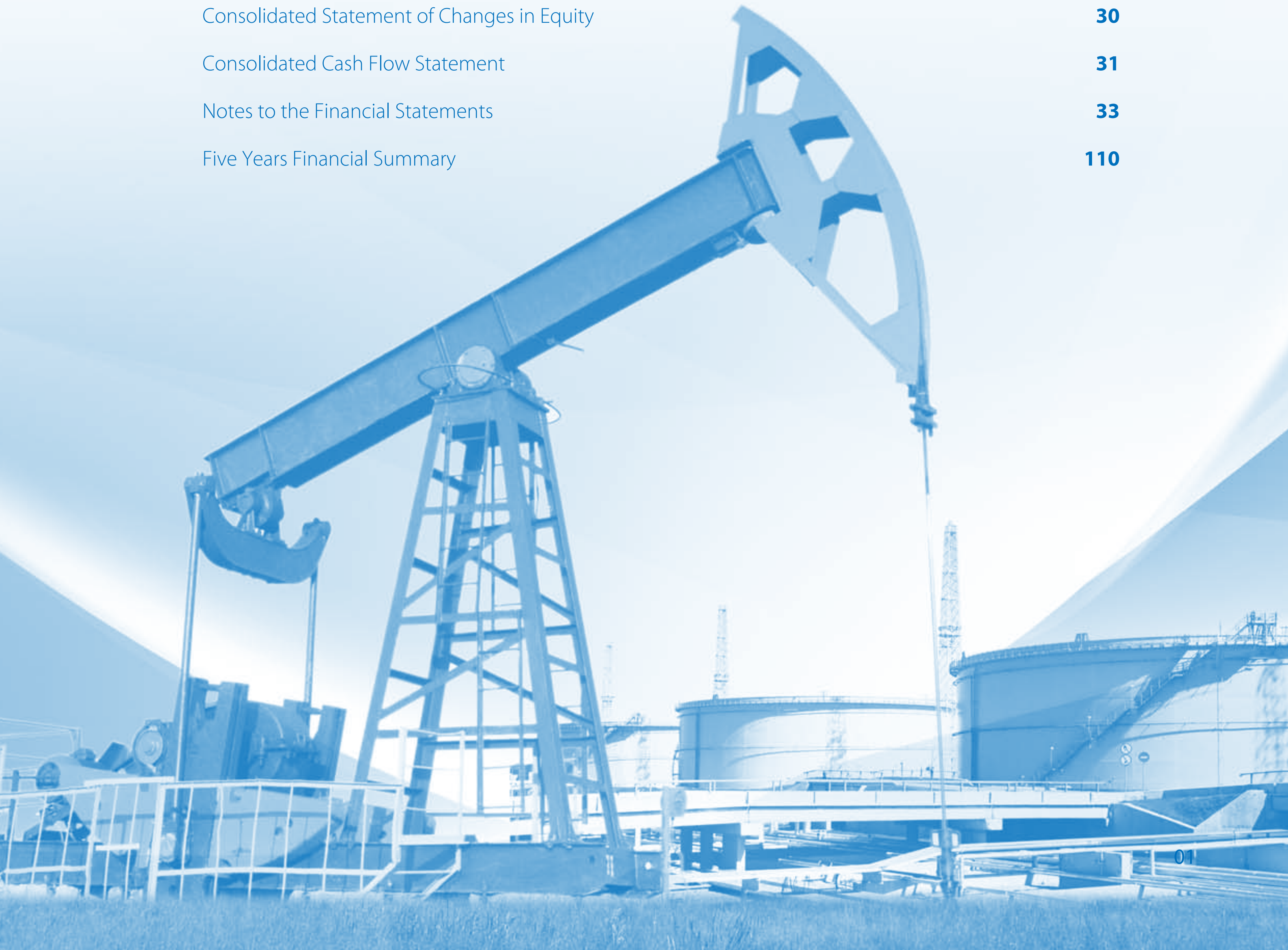
New Times Group Holdings Limited

新時代集團控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 166

Contents



Corporation Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Kam Chiu, Stewart
Mr. Cheng Chi Him
Mr. Tse On Kin

Non-executive Directors

Mr. Wong Man Kong, Peter
Mr. Pei Cheng Ming, Michael
Mr. Chan Chi Yuen

Independent non-executive Directors

Mr. Fung Chi Kin
Mr. Fung Siu To, Clement
Mr. Chiu Wai On

AUDIT COMMITTEE

Mr. Chiu Wai On *(Chairman)*
Mr. Fung Chi Kin
Mr. Fung Siu To, Clement

REMUNERATION COMMITTEE

Mr. Fung Chi Kin *(Chairman)*
Mr. Fung Siu To, Clement
Mr. Chiu Wai On

COMPANY SECRETARY

Mr. Yu Wing Cheung

AUDITOR

CCIF CPA Limited

LEGAL ADVISER

On Hong Kong law

Cheng, Tong & Rosa

On Bermuda law

Conyers Dill & Perman

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2003–06 Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

http://166hk.etnet.com.hk

STOCK CODE

166

Chairman's Statement

On behalf of the Board of Directors (the "Board") of New Times Group Holdings Limited (the "Company"), I present herein the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008.

The year 2008 was a special and a difficult year for the Company. Subprime mortgage crisis in U.S. caused the global financial tsunami in late 2008 and critically affected the worldwide economy. The global economic downtown influenced price of non-ferrous metal. Copper price in London Metal Exchange experienced a drop from historical high of approximately US$8,940 per tonne in 2008. Under such difficulties and an unfavourable business environment, the Group recorded sales of HK$33.02 million, representing a decrease of 78.6% as compared to previous year. Loss attributable to equity holders of the Company for the period under review reduced by 29.4% to HK$42.15 million compared to HK$59.74 million of the same period in 2007.

The acquisition 60% of interest of the exploration and potential exploitation concessions of oil and natural gas granted by the Government of Argentina located in Tartagal and Morillo area (approximately 7,065 and 3,518 square kilometers respectively) in the province of Salta in northern Argentina was approved by the Company's shareholders in the special general meeting on 18 March 2009 and will be completed shortly. The Board of Directors expects that the acquisition will bring desirable return to the shareholders.

The management of the Company believes that consumption in petroleum and natural gas has been a global trend and for which there is a shortage of this irreplaceable form of energy, hence, prices for petroleum and its related products, in spite of fall from historical high in 2008, have been rising over years. In the long run, the global economic will continue growth and accelerate industrialization and urbanization in certain parts of the world as well as the development of global economy, petroleum and other natural resources will have its sustained demand. The Group will continue to seek investment opportunities that can benefit the Group in the long term.

Management Discussion and Analysis

GENERAL REVIEW

Turnover of the Group for the year ended 31 December 2008 was about HK$33.02 million (31 December 2007: HK$155.45 million). The Group recorded a loss attributable to equity holders of the Company of approximately HK$42.15 million. (31 December 2007: HK$59.74 million). Reduction in loss was mainly due to decrease in (i) impairment for written down of inventory (31 December 2007: HK$15.91 million); (ii) provision for equity settled share-based payment expenses for options granted by the Company (31 December 2007: HK$12.84 million); and (iii) impairment for goodwill during the year under review (31 December 2007: HK$10.2 million).

Administrative expenses of the Group for the year amounted to approximately HK$25.29 million (31 December 2007: HK$17.48 million) representing an increase of approximately HK$7.81 million. The increase was mainly due to increase in directors' remuneration, staff's salaries and rental expenses in 2008.

Loss per share for the year from continuing and discontinued operations was HK5.40 cents (31 December 2007: HK9.32 cents) and from continuing operations was HK3.48 cents (31 December 2007: HK$4.81 cents). The Board does not recommend any final dividends for this financial year (31 December 2007: Nil).

REVIEW OF BUSINESS OPERATIONS

Trading business

During the year under review, sales of trading business amounted to approximately HK$33.02 million (31 December 2007: HK$154.26 million) with a gross profit of approximately HK$1.01 million compared with a gross loss of HK$2.07 million for the year ended 31 December 2007. In 2008, non-ferrous metal trading business was deeply influenced by the economic environment. Market price of non-ferrous metals was hugely volatile. Price of grade A copper and high grade zinc in London Metal Exchange declined after an upsurge in early 2008. Impact of the subprime mortgage crisis in U.S. has caused the global financial tsunami and the economic slowdown in late 2008. During the year under review, the Company diversified its trading business to other consumable goods. Management of the Company will continue to explore new business in various commodities to widen the Group's income.

Discontinued Operations

The Group's provision of financial service operations, property investments and development business were disappointed. Loss from these operations in the year under review was approximately HK$15.02 million (31 December 2007: HK$28.92 million). Accordingly, management of the Group decided to cease these operations and save further resources to focus on the Group's investments in natural resources business.

Significant Disposal

In June 2008, the Group disposed the entire equity interest in Smart Wave Limited and its subsidiary, which engaged in property development business, to an independent third party and recorded a gain of approximately HK$4.80 million. Details were disclosed in circular of the Company dated 29 May 2008.

In December 2008, the Group disposed the entire equity interest in Elegant Pool Limited ("Elegant Pool"), which engaged property investment business, to an independent third party and recorded a gain of approximately HK$1.23 million. The only asset of Elegant Pool is two portions of shop spaces in a commercial podium of a 13-storey commercial and residential development. Details were disclosed in the circular of the Company dated 19 January 2009.

Management Discussion and Analysis

PROSPECTS

The Group's strategy is to focus its business development in natural resources industry and is seeking investment opportunities to broaden the Group's sources of income.

In October 2007 and November 2007, the Company entered into an intended contact and a supplemental agreement respectively to acquire 60% interest of the exploration and potential exploitation concessions of oil and natural gas granted by the Government of Argentina located in Tartagal and Morillo area (approximately 7,065 and 3,518 square kilometers respectively) in the province of Salta in northern Argentina. Netherland, Sewell & Associates, Inc, the Company's independent technical adviser, after due care and taking into account of information and data from various sources, reported to the Company, in accordance with international recognized standards, the unrisked gross (100%) prospective resources of approximately 76.2 million tons of oil equivalent or 558.4 million barrels of oil equivalent for the Tartagal and Morillo Concessions (the "Concession"). A draft valuation of the Concession in the amount of approximately US$1.5 billion (equivalent to approximately HK$11.7 billion) received from the Company's independent valuer. The Company re-negotiate the terms for the acquisitions with the vendors. The revised consideration of the Concession reduced to HK$2,100 million with a contingent consideration after completion. The acquisition was approved by the Company's shareholders in the special general meeting on 18 March 2009 and will be completed shortly. The Company has begun the discussion with certain petroleum companies to pursue the exploration and exploitation and expects to contribute income for the Company in the near future.

In the coming year the Group will continue to seek for opportunity in natural resources business and exploitation projects to generate best possible return for our investors.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure, liquidity and financial resources

As at 31 December 2008, the total equity of the Group was HK$311.70 million (31 December 2007: HK$355.01 million) and the net asset value per share was HK$0.40 (31 December 2007: HK$0.46). The debt ratio, calculated by total liabilities divided by total assets, was 1.93% as at 31 December, 2008 (As at 31 December 2007: 32.58%).

As at 31 December 2008, the total asset value of the Group is approximately HK$317.84 million (31 December 2007: HK$526.55 million) and the total cash and bank balances is approximately HK$154.09 million (31 December 2007: HK$160.20 million).

As at 31 December 2008, working capital, calculated by current assets minus current liabilities, was HK$239.69 million (As at 31 December 2007: HK$226.36 million).

As at 31 December 2008, the gearing ratio, calculated on the basis of interest bearing borrowings to total equity, was zero (31 December 2007: 0.03).

Capital expenditure

The Group's capital expenditure during the year amounted to approximately HK$4,062,000 (31 December 2007: HK$1,857,000).

Charge on assets

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

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Contingent liability

Details of contingent liabilities of the Group as at 31 December 2008 are set out in note 34 to the financial statements.

Capital commitments

Details of capital commitments of the Group as at 31 December 2008 are set out in note 33(a) to the financial statements.

Foreign exchange and interest rate exposure

Certain bank balances, trade and other receivables, trade and other payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Details of the Group's exposure to interest rate risk and currency risk are set out in note 30(c) and 30(d) to the financial statements.

Employees

As at 31 December 2008, the Group had 9 employees in Hong Kong and 1 employee in the PRC. The cost of employees (including directors' emoluments and benefits) amounted to HK$8.27 million (2007: HK$16.52 million). The Group provides its employees with competitive remuneration packages which were determined by their personal performance, qualifications, experience and relevant market trend.

Share Option Scheme

Details movements of share option scheme in the year is set out in pages 22 to 23 of this report.

ACKNOWLEDGEMENT

Finally, on behalf of the Board of Directors, I would like to take this opportunity to extend my gratitude and appreciation to our shareholders and staff for their continued supports and valuable contributions during the year.

Cheng Kam Chiu
Executive Director

Hong Kong, 24 April 2009

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Cheng Kam Chiu, Stewart joined the Group in February 2008 as an executive director. Mr. Cheng holds a Bachelor's Degree in Civil and Environmental Engineering from the University of Wisconsin-Madison; a Master's Degree in Civil Engineering from the University of California, Berkeley, United States; and a degree in Master of Business Administration from the Chinese University of Hong Kong. Being a member of the Hong Kong Institution of Engineers, Mr. Cheng is a professional engineer with extensive experience in property development and construction management. Mr. Cheng is a Member of the Shunde District, Foshan City Committee of the Chinese People's Political Consultative Conference since November 2006. In 1984, Mr. Cheng joined Hip Hing Construction Company Limited as project manager and had subsequently become a director. From 1993 to 1997, Mr. Cheng was transferred to New World Development (China) Limited as director and assistant general manager overseeing the property development in the People's Republic of China (the "PRC"). Mr. Cheng was a director of NWS Service Management Limited (formerly known as New World Services Limited) from 1997 to 2006, and was mainly responsible for the construction and the E & M engineering businesses, and pursuing business opportunities in the PRC. Mr. Cheng is an executive director of Grand T G Gold Holdings Limited (stock code: 8299) and International Entertainment Corporation (stock code: 8118) whose shares are listed on GEM Board of the Stock Exchange. He is also the managing director of Cheung Hung Development (Holdings) Limited, a director for the Hip Hing Construction group of companies and Palm Island Resort Limited. Mr. Cheng is the nephew of Dato' Dr. Cheng Yu-Tung, DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) the ultimate beneficiary of the single largest shareholder of the Company and the uncle of Mr. Cheng Chi Him.

Mr. Cheng Chi Him joined the Group in February 2008 as an executive director. Mr. Cheng is an executive director of International Entertainment Corporation (stock code: 8118) whose shares are listed on GEM Board of the Stock Exchange. Mr. Cheng is the grandson of Dato' Dr. Cheng Yu-Tung, DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) the ultimate beneficiary of the single largest shareholder of the Company and the nephew of Mr. Cheng Kam Chiu, Stewart.

Mr. Tse On Kin was appointed as the Chairman and an executive director of the Company since May 2007. Mr. Tse has over 20 years of experience in corporate planning, restructure, business development, project injection, merger and acquisition. Mr. Tse has a Bachelor Degree in Public Policy and Administration from York University in Canada. He is currently the chairman and an executive director of Kong Sun Holdings Limited (stock code: 295) and a non-executive director of China Sciences Conservational Power Limited (stock code: 351). Mr. Tse was also the former Chairman of China Sciences Conservational Power Limited (stock code: 351) from March 2006 to March 2007, an executive director of Mexan Limited (stock code: 22) from March 2005 to July 2007, an executive director of China National Resources Development Holdings Limited (stock code: 661) from April 2004 to October 2004 and the vice-chairman and chief executive officer of Great Wall Cybertech Limited (stock code: 689) from August 2001 to September 2006 and a non-executive director of Climax International Company Limited (stock code: 439) from September 2007 to August 2008.

NON-EXECUTIVE DIRECTORS

Mr. Pei Cheng Ming Michael was appointed as a non-executive director of the Company in February 2008. Mr. Pei is the Assistant to Managing Director of New World Development Company Limited ("New World Group"). He holds a BA degree and DBA from the University of Toronto, Canada. He has been with New World Group for more than 20 years. Prior to that, he was a senior officer with the Canadian Imperial Bank of Commerce in Toronto, Canada.

Mr. Wong Man Kong, Peter, *BBS, JP*, was appointed as a non-executive director of the Company in February 2008. Mr. Wong graduated from the University of California at Berkeley in the United States with a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture) and was awarded the Bronze Bauhinia Star by the Hong Kong Government, an awardee of the "Young Industrialist Award of Hong Kong". Mr. Wong is a Deputy of the 8th, 9th, 10th and 11th National People's Congress. He is also the Executive Vice Chairman of Hong Kong Pei Hua Education Association, a Vice Chairman of Chamber of Tourism, All-China Federation of Industry & Commerce and a director of Ji Nan University, Honorary Professor in Lanzhou University and The Central University for Nationalities. Mr. Wong is a non-executive director of Hong Kong Ferry (Holdings) Company Limited (stock code: 50) and an independent non-executive director of Glorious Sun Enterprises Limited (stock code: 393), China Travel International Investment Hong Kong Limited (stock code: 308), Sun Hung Kai & Company Limited (stock code: 86), Sino Hotels (Holdings) Limited (stock code: 1221), Chinney Investments Limited (stock code: 216) and Far East Consortium International Limited (stock code: 35) all being companies listed on the Main Board of the Stock Exchange. He is also Chairman of the M.K. Corporation Limited, and North West Development Limited.

Mr. Chan Chi Yuen joined the Group in May 2006 as the Chairman and an executive director of the Group and re-designated as a non-executive director in October 2006. Mr. Chan holds a bachelor degree with honours in Business Administration and a Master of Science degree in Corporate Governance and Directorship. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and is an associate member of The Institute of Chartered Accountants in England and Wales. He is currently an executive director of Kong Sun Holdings Limited (stock code: 295) and an independent non-executive director of China Sciences Conservational Power Limited (stock code: 351), Hong Kong Health Check and Laboratory Holdings Company Limited (stock code: 397), Premium Land Limited (stock code: 164), Superb Summit International Timber Company Limited (stock code: 1228) and Dickson Group Holdings Limited (stock code: 313), companies whose shares are listed in Hong Kong. Mr. Chan was also an executive director of Amax Entertainment Holdings Limited (formerly known as A-Max Holdings Limited) (stock code: 959) from August 2005 to January 2009 and China E-Learning Group Limited (formerly known as Prosticks International Holdings Limited) (stock code: 8055) from July 2007 to September 2008.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fung Chi Kin was appointed as an independent non-executive director in October 2006. Mr. Fung is the Permanent Honorary President of The Chinese Gold & Silver Exchange Society, the International Advisor of Shanghai Gold Exchange. He is also an independent non-executive director of Chaoda Modern Agriculture (Holdings) Limited (stock code: 682) and Emperor Capital Group Limited (stock code: 717). Mr. Fung has over 30 years of experience in banking and finance business. Prior to his retirement, he was the Director and Deputy General Manager of Po Sang Bank Limited (now merged into Bank of China (Hong Kong) Limited), the Managing Director of BOCI Securities Limited and Chief Administration Officer of BOC International Holdings Limited. From October 1998 to June 2000, he served as the Council Member of First Legislative Council of the HKSAR. He also held important office in various public organizations, namely President of the Chinese Gold and Silver Exchange Society, Vice Chairman of The Stock Exchange of Hong Kong Limited, Director of the Hong Kong Futures Exchanges Limited and Hong Kong Securities Clearing Company Limited, Hong Kong Affairs Advisor.

Mr. Chiu Wai On was appointed as an independent non-executive director in November 2006. Mr. Chiu is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chiu possesses 12 years of professional experience in accounting and auditing services.

Mr. Fung Siu To, Clement was appointed as an independent non-executive director in December 2008. Mr. Fung has over 25 years of experience in project management and construction. He is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. Mr. Fung is currently the chairman and executive director of Asia Orient Holdings Limited (stock code: 214) and Asia Standard International Group Limited (stock code: 129) and is an executive director of Asia Standard Hotel Group Limited (stock code: 292). Mr. Fung was an executive director of China Bio Cassava Holdings Limited (formerly known as "Q9 Technology Holdings Limited") (stock code: 8129) from November 2000 to September 2006.

Corporate Governance Report

The Board of Directors (the "Board") of believes that good governance is essential to maintain the Group's competitiveness and lead to its healthy growth. The Company has adopted practices which meet the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. This report describes the Group's corporate governance practices, explains the applications of the principles of the CG Code and deviations, if any.

In respect of the year ended 31 December 2008, save as disclosed below, all code provisions set out in the CG Code were met by the Company.

Code Provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the role of Chairman and Managing Director (or chief executive officer ("CEO")) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company does not presently have any officer with the title of "Managing Director" or "CEO". In the period under review, Mr. Tse On Kin, being the Chairman and an Executive Director of the company, is assuming the role of the CEO of the Company and is responsible for the strategic planning and corporate policy of the Group. The Board considers that the current structure facilitates the execution of the Group business strategies and maximizes effectiveness of its organization. The Board shall nevertheless review the structure from time to time to ensure appropriate move being taken should suitable circumstances arise.

Code provisions A.3

Pursuant to note 1 to code provision A.3 of the CG Code and as required under Rule 3.10(1) and 3.21 of the Listing Rules, every board of directors of a listed issuer must include at least 3 independent non-executive directors and a listed issuer's audit committee must comprise a minimum three members who should all be non-executive directors. Due to the resignation of Mr. Qian Zhi Hui as an independent non-executive director and member of audit committee on 1 October 2008, the total number of independent non-executive directors and member of audit committee fell below the minimum number under Rules 3.10(1) and 3.21 of the Listing Rules. Subsequently, Mr. Fung Siu To, Clement was appointed as an independent non-executive director and member of audit committee effect from 5 December 2008 such that the requirement under note 1 to code provision A.3 of the CG Code and Rule 3.10(1) and 3.21 of the Listing Rules had been fulfilled.

Code Provision A.4.1

Pursuant to code provision A.2.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. All non-executive and independent non-executive directors of the Company are not appointed for a specific term but are subject to the requirement of retirement and re-election at the next general meeting and the requirement of retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the code provisions of the CG Code.

Corporate Governance Report

THE BOARD OF DIRECTORS

Composition

The Board currently comprises three executive directors, three non-executive directors and three independent non-executive directors from different business and professional fields. The directors, including non-executive directors and independent non-executive directors, have brought a wide spectrum of valuable business and professional expertise, experiences and independent judgement to the Board for its efficient and effective delivery of the Board function.

The Board of the Company comprises the following directors:

Executive Directors:
Mr. Tse On Kin
Mr. Cheng Kam Chiu, Stewart
Mr. Cheng Chi Him

Non-executive Directors:
Mr. Wong Man Kong, Peter
Mr. Pei Cheng Ming, Michael
Mr. Chan Chi Yuen

Independent non-executive Directors:
Mr. Fung Chi Kin *(Member of Audit and Chairman of Remuneration Committee)*
Mr. Fung Siu To, Clement *(Member of Audit and Remuneration Committee)*
Mr. Chiu Wai On *(Chairman of Audit and member of Remuneration Committee)*

The profiles of each director are set out in the "Biographical Details of Directors" section in this Annual Report.

Chairman and Chief Executive Officer

As mentioned above, Mr. Tse On Kin performs both roles of the Chairman and CEO. The Directors consider that vesting the roles the Chairman and CEO in Mr. Tse is presently the most beneficial structure and is in the best of the Company and the shareholders of the Company.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive directors, of whom Mr. Chiu Wai On has appropriate professional qualifications and experience in financial matters,

The Company has received written annual confirmation from each independent non-executive director of their independence pursuant to the requirements of Rules 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independence guidelines set out in the Listing Rules.

THE BOARD OF DIRECTORS *(Continued)*

Appointment and Re-election of Directors

The Board retains the functions for the selection and approval of candidates to become Board members. Directors who are appointed by the Board are subject to retirement by rotation in accordance with the Company's Bye-laws. In accordance with the Bye-law of the Company, any director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. At each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

Responsibilities of directors

The Board is responsible for the leadership and control of the Company and collectively responsible for promoting success of the Company by directly and supervising the Company's affairs. The Board also formulates objectives, overall corporate strategies and business plans and oversees the financial and management performance of the Group. The day-to-day function and authorities are delegated to the management including implementation of objective, strategies and plans adopted by the Board and the day-to-day management of the Group's business.

All directors have full and timely access to all relevant information in relation to the Company as well as the advice and services of the Company Secretary, if and when required, with a view ensuring that the Board procedures and all applicable rules and regulations are followed.

There are established procedures for directors upon reasonable request, to seek independent advice in appropriate circumstances, at the Company's expenses.

The Company has arranged for appropriate liability insurance for the Directors and the senior management of the Group for indemnifying their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the Company's accounts. The financial statements for the year ended 31 December 2008 have been prepared in accordance with Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standards and applicable Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and the applicable disclosure requirements of the Listing Rules and other applicable regulatory requirements

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquires, they are not aware of any material uncertainty relating to events of conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The reporting responsibilities of the external auditors, CCIF CPA Limited, are set out in the Independent Auditor's Report on page 26.

MODEL CODE FOR SECURITIES TRANSACTIONS

The company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2008.

The Company also has adopted a code of conduct governing securities transactions by employees who may possess or have access to price sensitive information.

BOARD AND COMMITTEE MEETINGS

Number of Meetings and Directors' Attendance

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings. For committee meetings, notices are served in accordance with the required notice period stated in the relevant terms of reference.

Agenda and Board papers together with all appropriate, complete and reliable information are normally sent to all directors before each Board meeting to keep the directors apprised to the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given the opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to senior management whenever necessary.

Apart from the regular board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

Minutes of all Board meetings sufficient details of matters considered and decisions reached are kept by the secretary of the meetings are open for inspection by the directors.

BOARD AND COMMITTEE MEETINGS *(Continued)*

Number of Meetings and Directors' Attendance *(Continued)*

During the year, twenty six board meetings (of which four were regular quarterly meetings) were held and the individual attendance of each director is set out below:

Director Name	Attendance
Executive directors	
Mr. Tse On Kin	17/26
Mr. Cheng Kam Chiu, Stewart (Appointed on 5 February 2008)	21/26
Mr. Cheng Chi Him (Appointed on 5 February 2008)	16/26
Mr. Li Guoping (Resigned on 2 March 2009)	1/26
Mr. Wu Jian Feng (Resigned on 5 February 2008)	0/26
Mr. Zhang Cheng Jie (Resigned on 5 February 2008)	0/26
Non-executive directors	
Mr. Pei Cheng Ming, Michael (Appointed on 5 February 2008)	3/26
Mr. Wong Man Kong, Peter (Appointed on 5 February 2008)	1/26
Mr. Chan Chi Yuen	5/26
Mr. Chan Chung Yin, Victor (Resigned on 5 February 2008)	0/26
Mr. Tsang Kwong Fook, Andrew (Resigned on 1 September 2008)	0/26
Independent non-executive directors	
Mr. Fung Chi Kin	7/26
Mr. Chiu Wai On	14/26
Mr. Fung Siu To, Clement (Appointed on 5 December 2008)	0/26
Mr. Qian Zhi Hui (Resigned on 1 October 2008)	1/26

Board Committees

The Board has established 3 committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference.

The majority of the members of each Board committees are independent non-executive directors. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

BOARD AND COMMITTEE MEETINGS *(Continued)*

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On. Mr. Fung Chi Kin is the Chairman of the Remuneration Committee.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/ her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

In 2008, the remuneration committee convened one meeting. Members and their attendance are as follows:

Director Name	Attendance
Mr. Fung Chi Kin *(Chairman of the remuneration committee)*	1/1
Mr. Chui Wai On	1/1
Mr. Fung Siu To, Clement (Appointed on 5 December 2008)	1/1
Mr. Qian Zhi Hui (Resigned on 1 October 2008)	0/1

Audit Committee

The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On. Mr. Chiu Wai On is the Chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the followings:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any), internal auditor (if any) or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of management, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

In 2008, the audit committee convened two meetings. Members and their attendance are as follows:

Director Name	Attendance
Mr. Fung Chi Kin *(Chairman of the remuneration committee)*	2/2
Mr. Chui Wai On	2/2
Mr. Fung Siu To, Clement (Appointed on 5 December 2008)	0/2
Mr. Qian Zhi Hui (Resigned on 1 October 2008)	1/2

BOARD AND COMMITTEE MEETINGS *(Continued)*

Nomination Committee

The Nomination Committee comprises three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On. Mr. Fung Chi Kin is the chairman of the Nomination Committee.

The main duties of the Nomination Committee include the followings:

(a) To review the criteria and procedures of selection of directors and senior management members, and provide suggestions;

(b) To conduct extensive search for qualified candidates of directors and senior management members; and

(c) To access the candidates for directors and senior management members and provide the relevant recommendations.

The Nomination Committee did not hold any committee meeting during the year 2008.

AUDITORS' REMUNERATION

CCIF CPA Limited ("CCIF") has been appointed as the Company's external auditors since 2005. The Audit Committee has been notified of the nature and the service charges of non-audit services to be performed by CCIF and considered they have not adverse effect on the independence of their audit works.

A summary of audit and non-audit services provided by the external auditor for the year ended 31 December 2008 and their corresponding remuneration is as follows:

Nature of services	**Amount** (HK$)
Audit services for the year ended 31 December 2008	500,000
Review of interim result	290,000
Services relating to the Company's circular of disposal of a subsidiary	80,000
Tax review	10,000
Service relating to the Company's circular of Acquisition of Jade Honest Ltd.	1,000,000

INTERNAL CONTROL

The Board, recognizing its overall responsibility in ensuring the system of internal controls of the Company and for reviewing its effectiveness, is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Group. Procedures have been designed for safeguard assets against unauthorized used or disposition ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable law, rules and regulations. The procedures provide a reasonable but not absolute assurance and prevention of material untrue statements or losses, as well as management on the interruption of the Group's management system and risks existing in the course of arriving at the Group's objectives.

In the year under review, the Company appointed an independent auditor to conduct an overall review of the Group's internal control system and give recommendation to the Company to improve the internal control procedures. The independent auditor assessed the enhancement procedures adopted by the Group and is generally satisfy with the enhancement procedures adopted and implemented.

COMMUNICATIONS WITH SHAREHOLDERS

The Board recognized the importance of continuing communications with the Company's shareholders and investors and maintains ongoing dialogues with them through various channels. The primary communication channel between the Company and its shareholders is through the publication of its interim and annual reports. The Company's Registrars serve the shareholders with respect to all share registration matters. The Company's annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Board members of the Company and management are available to answer shareholders' questions and an explanation of the procedures for demanding and conducting a poll and other relevant information on the proposed resolutions were sent to all shareholders at least 21 days before the annual general meeting.

Report of the Directors

The directors present their annual report together with the audited financial statements of New Times Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in the note 17(d) to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 27 to 29.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five financial years/periods are set out on page 110.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 15(a) to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2008 are set out in note 17(d) to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 29(c) to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29(b) and 29(a) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2008, the Company had no retained profits available for cash distribution and/or distribution in specie, under the Company Act 1981 of Bermuda (as amended) the Company's contribution surplus of approximately HK$122,864,000 is currently not available for distribution. In addition, the Company's share premium account of HK$356,452,000 as at 31 December 2008, may be distributed in form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 100% and the largest customer accounted for approximately 78% of the Group's total turnover for the year. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 100% and the largest suppliers accounted for approximately 78% of the Group's total purchases for the year.

At no time during the year have the directors, their associates or any shareholders of the Company (which to the best knowledge of the directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the material related party transactions for the year are set out in note 32 to the financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Report of the Directors

DIRECTORS

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

Executive directors

Mr. Tse On Kin	
Mr. Cheng Kam Chiu, Stewart	(Appointed on 5 February 2008)
Mr. Cheng Chi Him	(Appointed on 5 February 2008)
Mr. Li Guoping	(Resigned on 2 March 2009)
Mr. Wu Jian Feng	(Resigned on 5 February 2008)
Mr. Zhang Cheng Jie	(Resigned on 5 February 2008)

Non-executive director

Mr. Chan Chi Yuen	
Mr. Wong Man Kong, Peter	(Appointed on 5 February 2008)
Mr. Pei Cheng Ming, Michael	(Appointed on 5 February 2008)
Mr. Tsang Kwong Fook, Andrew	(Resigned on 1 September 2008)
Mr. Chan Chung Yin, Victor	(Resigned on 5 February 2008)

Independent non-executive directors

Mr. Fung Chi Kin	
Mr. Chiu Wai On	
Mr. Fung Siu To, Clement	(Appointed on 5 December 2008)
Mr. Qian Zhi Hui	(Resigned on 1 October 2008)

In accordance with the Company's bye-law no. 87(1), Mr. Chan Chi Yuen, Mr. Fung Chi Kin, Mr. Chiu Wai On and Mr. Fung Siu To, Clement shall retire by rotation from office at the forthcoming annual general meeting and, being eligible offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the directors of the Company of the Group are set out on pages 7 to 9 of this report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTOR INTEREST IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2008, the interests and short positions of the directors and or their associates in the shares, underlying shares and debentures 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 under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies were as follows:

Long positions of Directors' interests in shares of the Company

Name of Directors	Nature of interest	Number of ordinary shares of the Company helds	Approximate percentage of the total issued share capital
Mr. Tse On Kin	Beneficial owner	4,333,000	0.55%
Mr. Fung Siu To, Clement	Beneficial owner	600,000	0.08%

Save as disclosed above, as at 31 December 2008, none of the directors nor chief executives of the Company and their associates had any personal, family, corporate or other interests had registered an interest or short position in the shares underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed under the section "Share Option Scheme", at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors or the initial management shareholders is interest in any business that competes with or is likely to compete with the business of the Group.

DIRECTORS' REMUNERATION AND HIGHEST PAID INDIVIDUAL'S EMOLUMENTS

Particulars of the directors' remuneration and highest paid individual's emoluments are set out in notes 10 and 11 to the consolidated financial statements.

RETIREMENT SCHEME

The Group operates a Mandatory Provident Fund (the "MPF") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for the employees under the jurisdiction of the Hong Kong Employment Ordnance. The MPF scheme is defined contribution retirement plan administrated by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contribution to the plan vest immediately.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include any director, or proposed director, including independent non-executive director, employee or proposed employee, secondee, any holder of securities issued by any member of the Group, any business or joint venture partner, contractor, agent or representative, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to the Group, any supplier, producer or licensor of goods or services to the Group, any customer, licensee or distributor of goods or services of the Group, or any landlord or tenant of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Scheme became effective on 30 August 2002 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

Pursuant to the Scheme, the maximum number of share options may be granted under the scheme and any other share option schemes of the Company is an amount equivalent to, upon their exercise, in aggregate not exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. As at 31 December 2008, the number of share issuable under the Scheme was 43,330,200. The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit is subject to shareholders' approval in a general meeting.

Pursuant to the Scheme, Share options granted to a director chief executive or substantial shareholder of the Company, or any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive director, or any of their associates, will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the New Scheme and any other share option schemes of the Company, including options exercised, cancelled and outstanding, in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company shares at each date of grant, in excess of $5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules.

SHARE OPTION SCHEME *(Continued)*

The offer of a grant of share options under the Scheme may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of $1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier. The exercise price of the share options under the Scheme is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the shares.

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

The following share options were outstanding under the Scheme during the year:

				Number of share options					
Category of grantees	**Date of grant**	**Exercisable period**	**Exercise price**	**Outstanding as at 1 January 2008**	**Granted during the year**	**Exercised during the year[1]**	**Transfer (to)/ from other category during the year[2]**	**Lapsed during the year**	**Outstanding as at 31 December 2008**
Directors –									
Mr. Tse On Kin	8.5.2007	8.5.2007– 7.5.2012	HK$0.60	4,333,000	–	(4,333,000)	–	–	–
Mr. Wu Jian Feng	8.5.2007	8.5.2007–7.5.2012	HK$0.60	4,333,000	–	–	(4,333,000)	–	–
Mr. Zhang Cheng Jie	8.5.2007	8.5.2007–7.5.2012	HK$0.60	4,333,000	–	–	(4,333,000)	–	–
				12,999,000	**–**	**(4,333,000)**	**(8,666,000)**	**–**	**–**
Other employees in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK$0.60	8,666,000	–	–	–	–	8,666,000
Consultants participants in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK$0.60	17,332,000	–	–	8,666,000	–	25,998,000
				38,997,000	**–**	**(4,333,000)**	**–**	**–**	**34,664,000**

Note:

(1) During the year, 4,333,000 options were exercised by Mr. Tse On Kin. The average closing price of the Shares on the five trading days immediately before the date on which Share Options were exercised was HK$1.33.

(2) 8,666,000 options were granted to Mr. Wu Jian Feng and Mr. Zhang Cheng Jie of 4,333,000 each on 8 May 2007. Mr. Wu and Mr. Zhang resigned as executive director on 5 February 2008 and the outstanding options of 8,666,000 are classified under the category of consultants.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 December 2008, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any directors of chief executive of the Company, the following persons had, or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long positions:

Name of shareholder	Notes	Capacity and Nature of Interest	Number of ordinary share held	Percentage of the Company's issued share capital
Max Sun Enterprises Limited	(i)	Directly beneficially owned	165,259,530	21.13%
Chow Tai Fook Nominee Limited	(ii)	In-directly beneficially owned	165,259,530	21.13%
Dato' Dr. Cheng Yu Tung	(ii)	In-directly beneficially owned	165,259,530	21.13%
Kistefos Investment A.S.	(iii)	Directly beneficially owned	62,400,000	7.98%

Notes:

(i) 165,259,530 ordinary shares in the Company were held by Max Sun Enterprises Limited, a company which is wholly owned by Chow Tai Fook Nominee Limited.

(ii) So far is known to the Directors, Chow Tai Fook Nominee Limited is in turn controlled by Dato' Dr. Cheng Yu Tung.

(iii) So far is known to the Directors, Kistefos Investment A.S. is wholly-owned by A.S. Kistefos Traesliberi, in which Mr. Christen Sveaas has an 85% beneficial interest.

Save as disclosed above, the directors are not aware of any person had or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float throughout the year ended 31 December 2008.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year except under the Code Provision A.2.1, A.3 and A.4.1. The full details of corporate governance practices adopted by the Company during the year ended 31 December 2008, or where applicable, up to the date of this report, are set out in pages 10 to 17 of this report.

AUDITORS

The financial statements for the year ended 31 December 2008 were audited by CCIF CPA Limited who retire and, being eligible, shall offer themselves for reappointment at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Cheng Kam Chiu, Stewart
Executive Director

Hong Kong, 24 April 2009

Independent Auditor's Report

CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW TIMES GROUP HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of New Times Group Holdings Limited (the "Company") set out on pages 27 to 109, which comprise the consolidated and Company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of 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. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group 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 disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 24 April 2009

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

Consolidated Income Statement

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000 (Restated)
CONTINUING OPERATION			
Turnover	4 & 14	**33,020**	154,259
Cost of sales		**(32,010)**	(156,325)
Gross profit/(loss)		**1,010**	(2,066)
Other revenue	5	**2,977**	1,528
Other net income	5	**256**	–
Equity settled share-based payment expenses		**–**	(12,838)
Administrative expenses		**(24,698)**	(16,445)
Other operating expenses		**(2,225)**	(1,000)
Loss from operations		**(22,680)**	(30,821)
Finance costs	6(a)	**(1)**	(1)
		(22,681)	(30,822)
Gain on disposal of subsidiaries	31(b)(iii)	**80**	–
Share of losses of jointly controlled entity	7	**(4,372)**	–
Loss before taxation		**(26,973)**	(30,822)
Income tax	8(a)	**(154)**	–
Loss for the year from continuing operations		**(27,127)**	(30,822)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	9(d)	**(15,024)**	(28,915)
Loss for the year	6	**(42,151)**	(59,737)
Loss attributable to equity shareholders of the Company	12 & 29(b)	**(42,151)**	(59,737)
Dividends		**–**	–
Loss per share	13		
From continuing and discontinued operations – Basic and diluted		**(HK5.40 cents)**	(HK9.32 cents)
From continuing operation – Basic and diluted		**(HK3.48 cents)**	(HK4.81 cents)
From discontinued operations – Basic and diluted		**(HK1.92 cents)**	(HK4.51 cents)

The notes on pages 33 to 109 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Fixed assets	15(a)		
– Other property, plant and equipment		**2,309**	1,785
– Investment properties		**–**	73,585
Goodwill	16	**–**	–
Deposit paid for potential investment	18	**54,600**	54,600
Interest in jointly controlled entity	19	**15,128**	–
		72,037	129,970
CURRENT ASSETS			
Inventories	20	**–**	162,598
Trade and other receivables	21	**91,715**	73,788
Loan receivables, unsecured	22	**–**	–
Cash and cash equivalents	23	**154,085**	160,195
		245,800	396,581
CURRENT LIABILITIES			
Trade and other payables	24	**6,084**	156,573
Other borrowing	25	**–**	10,700
Obligation under finance leases	26	**12**	13
Current taxation	27(a)	**18**	2,936
		(6,114)	(170,222)
NET CURRENT ASSETS		**239,686**	226,359
TOTAL ASSETS LESS CURRENT LIABILITIES		**311,723**	356,329
NON-CURRENT LIABILITIES			
Obligation under finance leases	26	**25**	35
Deferred tax liabilities	27(b)	**–**	1,286
		(25)	(1,321)
NET ASSETS		**311,698**	355,008
CAPITAL AND RESERVES	29(a)		
Share capital		**78,197**	77,764
Reserves		**233,501**	277,244
TOTAL EQUITY		**311,698**	355,008

Approved and authorised for issue by the board of directors on 24 April 2009

Cheng Kam Chiu, Stewart
Director

Cheng Chi Him
Director

The notes on pages 33 to 109 form part of these financial statements.

Balance Sheet

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15(b)	**1,079**	17
Investment in subsidiaries	17	**–**	–
Deposit paid for potential investment	18	**54,600**	54,600
		55,679	54,617
CURRENT ASSETS			
Other receivables	21	**34,597**	3,294
Amounts due from subsidiaries	17	**120,044**	251,554
Cash and cash equivalents	23	**128,813**	82,949
		283,454	337,797
CURRENT LIABILITIES			
Other payables	24	**3,567**	28,002
Current taxation	27(a)	**18**	–
		(3,585)	(28,002)
NET CURRENT ASSETS		**279,869**	309,795
NET ASSETS		**335,548**	364,412
CAPITAL AND RESERVES	29(b)		
Share capital		**78,197**	77,764
Reserves		**257,351**	286,648
TOTAL EQUITY		**335,548**	364,412

Approved and authorised for issue by the board of directors on 24 April 2009

Cheng Kam Chiu, Stewart
Director

Cheng Chi Him
Director

The notes on pages 33 to 109 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000	Total equity HK$'000
At 1 January 2007	55,631	119,078	–	9,585	903	(40,918)	88,648	144,279
Equity settled share-based transactions	–	–	12,838	–	–	–	12,838	12,838
Shares issued under placement, net of issuance costs (note 29(c)(iii))	21,700	230,472	–	–	–	–	230,472	252,172
Shares issued under share option scheme (note 29(c)(iv))	433	3,451	(1,284)	–	–	–	2,167	2,600
Exchange difference on translation of financial statements of a subsidiary	–	–	–	–	2,856	–	2,856	2,856
Loss for the year	–	–	–	–	–	(59,737)	(59,737)	(59,737)
At 31 December 2007	77,764	353,001	11,554	9,585	3,759	(100,655)	277,244	355,008
At 1 January 2008	77,764	353,001	11,554	9,585	3,759	(100,655)	277,244	355,008
Shares issued under share option scheme (note 29(c)(iv))	433	3,451	(1,284)	–	–	–	2,167	2,600
Exchange difference on translation of financial statements of a subsidiary	–	–	–	–	845	–	845	845
Disposal of subsidiaries attributable to discontinued operations (note 31(a)(iv))	–	–	–	–	(4,604)	–	(4,604)	(4,604)
Loss for the year	–	–	–	–	–	(42,151)	(42,151)	(42,151)
At 31 December 2008	**78,197**	**356,452**	**10,270**	**9,585**	**–**	**(142,806)**	**233,501**	**311,698**

The notes on pages 33 to 109 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
Loss before taxation from continuing and discontinued operations		**(41,997)**	(59,498)
Adjustments for:			
Depreciation		**1,274**	76
Valuation loss on investment properties		**22,224**	7,901
Write down of inventories		**–**	15,912
Finance costs		**854**	430
Interest income		**(2,293)**	(1,531)
Equity settled share-based payment expenses		**–**	12,838
Net loss on disposal of property, plant and equipment		**2,224**	–
Impairment loss on goodwill		**–**	10,200
Impairment loss on trade and other receivables		**–**	1,000
Recovery of debts on loan receivables		**–**	(400)
Reversal of impairment loss on trade and other receivables		**–**	(2,991)
Share of losses of jointly controlled entity		**4,372**	–
Gain on disposal of subsidiaries	31(b)(iii)	**(80)**	–
Gain on disposal of subsidiaries attributable to discontinued operations	9(d)	**(7,556)**	–
Foreign exchange loss/(gain)		**845**	(4,188)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL		**(20,133)**	(20,251)
Decrease/(increase) in inventories		**19,540**	(116,687)
Increase in trade and other receivables		**(11,875)**	(15,189)
Decrease in loan receivables, unsecured		**–**	400
Increase in trade and other payables		**4,494**	94,113
CASH USED IN OPERATIONS		**(7,974)**	(57,614)
Interest paid		**(854)**	(430)
Interest received		**2,293**	1,531
Income tax paid			
– Hong Kong		**(1,643)**	–
– PRC		**(136)**	–
Income tax refunded – Hong Kong		**970**	–
NET CASH USED IN OPERATING ACTIVITIES		**(7,344)**	(56,513)

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
INVESTING ACTIVITIES			
Payment for the purchase of fixed assets		**(4,062)**	(1,799)
Payment for the deposit of potential investment		**–**	(54,600)
Payment for the investment in a jointly controlled entity		**(19,500)**	–
Proceeds from disposal of subsidiaries attributable to discontinued operations, net of cash disposed of	31(a)(iv)	**22,206**	–
Proceeds from disposal of subsidiaries	31(b)(iii)	**1**	–
NET CASH USED IN INVESTING ACTIVITIES		**(1,355)**	(56,399)
FINANCING ACTIVITIES			
Loans borrowed		**–**	10,700
Repayment of bank and other borrowings		**–**	(9,965)
Capital element of finance lease rental payments		**(11)**	(10)
Proceeds from shares issued under share option scheme		**2,600**	2,600
Issue of new shares		**–**	255,250
Payment for the expenses of issuing new shares		**–**	(3,078)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**2,589**	255,497
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(6,110)**	142,585
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**160,195**	14,754
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**–**	2,856
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	23	**154,085**	160,195

Note:

Major non-cash transaction

For the disposal of Elegant Pool Limited, the deferred consideration of HK$39,880,000 was recorded as trade and other receivables as at the balance sheet date. (see note 31(a)(ii)).

The notes on pages 33 to 109 form part of these financial statements.

1. BACKGROUND INFORMATION

The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries and the Group's interest in a jointly controlled entity.

The measurement basis used in the preparation of the financial statements is the historical cost convention except for the revaluation of certain assets and liabilities as explained in the accounting policies set out below.

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

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 38.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 2(j)(ii)), unless the investment is classified as held for sale.

(d) Jointly Controlled Entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the jointly controlled entity's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the jointly controlled entity for the year, including any impairment loss on goodwill relating to the investment in jointly controlled entity recognised for the year (see notes 2(e) and (j)(ii)).

When the Group's share of losses exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of the joint controlled entity. For this purpose, the Group's interest in the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(j)(ii)). In respect of jointly controlled entity, the carrying amount of goodwill is included in the carrying amount of the interest in the jointly controlled entity.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in a jointly controlled entity is recognised immediately in profit or loss.

On disposal of a cash generating unit or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other Investments in Equity Securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and jointly controlled entity, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(s)(iv) and (v).

Investments in equity securities that do not have a listed market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(j)(i)).

Other investments in securities are classified as available-for-sale equity securities and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(s)(iv) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(s)(v). When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Other Investments in Equity Securities *(Continued)*

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/ sell the investments or when they expire.

(g) Investment Property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undertermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(iii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(i).

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

(h) Other Property, Plant and Equipment

Other property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture, fixtures and office equipment	20%
Motor vehicles	20% – 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leased Assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(g)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset or, if lower, the present value of the minimum lease payments of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance lease. Deprecation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 2(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of Assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries and jointly controlled entity) (see note 2(j)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(j) Impairment of Assets *(Continued)*

(i) Impairment of investments in equity securities and other receivables (Continued)

– For available-for-sale securities, which are stated at fair value when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– investments in subsidiaries and jointly controlled entity (except for those classified as held for sale); and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of Assets *(Continued)*

(ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversal of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior year. Reversals of impairment losses are credited to profits or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see note 2(j) (i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Inventories

(i) General trading

Inventories are carried at the lower of cost and net realisable value.

Costs is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Inventories *(Continued)*

(i) General trading (Continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by an apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(l) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are carried at cost less allowance for impairment of doubtful debts (see note 2(j)(i)).

(m) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interests and fees payables, using the effective interest method.

(n) Trade and Other Payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with 2(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are carried at cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee Benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in an employee share-based compensation reserve within equity. The fair value is measured at grant date using the Black-Scholes – Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expenses is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the employee share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the employee share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income Tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provide that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income Tax *(Continued)*

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(r) Financial Guarantees Issued, Provisions and Contingent Liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e., the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, that is the amount initially recognised, less accumulated amortisation.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Financial Guarantees Issued, Provisions and Contingent Liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

(ii) Sale of properties

Revenue arising from the sale of properties held for sale is recognised upon the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under deposits received.

(iii) Rental Income from operating lease

Rental income receivable under operating lease is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investments goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Service income

Service income is recognised when services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Translation of Foreign Currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(u) Borrowing Costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flow of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Discontinued Operations *(Continued)*

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(w) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Segment Reporting *(Continued)*

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has where applicable applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

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

The application 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 year adjustment is required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2008.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(Continued)

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

[1] Effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS
[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 on or after 1 July 2009

HKAS 1 Revised affects certain disclosures of the financial statements. Under the revised standard, the Profit and Loss Account is renamed as the "Income Statement", the Balance Sheet is renamed as the "Statement of Financial Position" and the Cash Flow Statement is renamed as the "Statement of Cash Flows". All income and expenses arising from transactions with non-owners (i.e., the non-owner movements of equity) are presented under the "Income Statement" and "Statement of Comprehensive Income", and the total carried to the "Statement of Changes in Equity", while the owner changes in equity are presented in the "Statement of Changes in Equity".

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

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Company's directors 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. TURNOVER

The principal activities of the Group are general trading, property investment and development and provision of financial services. During the year, the Group's property investment and development operation and provision of financial services operation were discontinued.

Turnover represents the sales value of goods supplied to customers and rental income. The amount of each significant category of revenue recognised in turnover during the year, for both continuing and discontinued operations, is as follows:

	2008 **HK$'000**	2007 HK$'000 (Restated)
Continuing operation		
Trading of non-ferrous metals	**26,046**	154,259
Trading of frozen food	**6,974**	–
	33,020	154,259
Discontinued operations (note 9(d))		
Gross rentals from investment properties	**–**	1,194
	33,020	155,453

5. OTHER REVENUE, NET INCOME AND OPERATING INCOME

	Continuing operation		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
(a) Other revenue						
Bank interest income	**1,945**	1,335	**–**	8	**1,945**	1,343
Other interest income	**348**	188	**–**	–	**348**	188
Total interest income from financial assets not at fair value through profit or loss	**2,293**	1,523	**–**	8	**2,293**	1,531
Commission income	**684**	–	**–**	–	**684**	–
Sundry income	**–**	5	**–**	–	**–**	5
	2,977	1,528	**–**	8	**2,977**	1,536
(b) Other net income						
Net realised gain on trading securities	**194**	–	**–**	–	**194**	–
Net foreign exchange gain	**62**	–	**2,453**	4,082	**2,515**	4,082
	256	–	**2,453**	4,082	**2,709**	4,082
(c) Other operating income						
Reversal of impairment loss on trade and other receivables	**–**	–	**–**	2,991	**–**	2,991
Recovery of debts on loan receivables	**–**	–	**–**	400	**–**	400
	–	–	**–**	3,391	**–**	3,391

6. LOSS FOR THE YEAR

Loss for the year is arrived at after charging/(crediting) the following:

	Continuing operation		Discontinued operations		Consolidated	
	2008 HK$'000	2007 HK$'000 (Restated)	**2008 HK$'000**	2007 HK$'000 (Restated)	**2008 HK$'000**	2007 HK$'000 (Restated)
(a) Finance cost						
Interest on bank borrowings wholly repayable within five years	**–**	–	**–**	251	**–**	251
Interest on other borrowings wholly repayable within five years	**–**	–	**700**	–	**700**	–
Interest on amount due to a securities dealer	**–**	–	**153**	178	**153**	178
Finance charges on obligation under finance leases	**1**	1	**–**	–	**1**	1
Total interest expenses on financial liabilities not at fair value through profit or loss	**1**	1	**853**	429	**854**	430
(b) Staff costs (including directors' emoluments)						
Salaries, allowances and benefits in kind	**8,039**	3,341	**147**	283	**8,186**	3,624
Retirement scheme contributions	**79**	62	**–**	–	**79**	62
Equity settled share-based payment expenses	**–**	12,838	**–**	–	**–**	12,838
	8,118	16,241	**147**	283	**8,265**	16,524
(c) Other items						
Cost of inventories	**32,010**	156,325	**–**	–	**32,010**	156,325
Depreciation for fixed assets	**1,268**	72	**6**	4	**1,274**	76
Valuation loss on investment properties	**–**	–	**22,224**	7,901	**22,224**	7,901
Write down of inventories	**–**	–	**–**	15,912	**–**	15,912
Net foreign exchange loss	**–**	5	**–**	–	**–**	5
Impairment loss on trade and other receivables	**–**	1,000	**–**	–	**–**	1,000
Impairment loss on goodwill	**–**	–	**–**	10,200	**–**	10,200
Net loss on disposal of property, plant and equipment	**2,224**	–	**–**	–	**2,224**	–
Minimum lease payments under operating leases on leasehold land and buildings	**4,758**	1,091	**–**	64	**4,758**	1,155
Auditor's remuneration	**500**	500	**80**	–	**580**	500
Gross rental income from investment properties less direct outgoings of HK$nil (2007: HK$208,000)	**–**	–	**–**	(986)	**–**	(986)

7. SHARE OF LOSSES OF JOINTLY CONTROLLED ENTITY

	2008 HK$'000	2007 HK$'000 (Restated)
Share of losses of jointly controlled entity before taxation	(4,372)	–
Share of jointly controlled entity's taxation	–	–
	(4,372)	–

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	Continuing operation		Discontinued operations		Consolidated	
	2008 HK$'000	2007 HK$'000 (Restated)	2008 HK$'000	2007 HK$'000 (Restated)	2008 HK$'000	2007 HK$'000 (Restated)
Current tax						
– Hong Kong	–	–	–	–	–	–
– PRC Enterprise Income Tax	154	–	–	239	154	239
	154	–	–	239	154	239
Deferred income tax	–	–	–	–	–	–
	154	–	–	239	154	239

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the current and prior years.

Provision for Foreign Enterprise Income Tax in the People's Republic of China ("PRC") has been calculated based on total operating expenses of the PRC representative office in accordance with the provisions of the Circular of the State Administration of Taxation Concerning the Related Matters about Reinforcing the Collection and Administration of Taxes of Permanent Establishments of Foreign Enterprises (Guo Shui Fa [1996] No. 165) and the Circular of the State Administration of Taxation Concerning the Related Matters about the Tax Administration of the Permanent Establishments of Foreign Enterprises (Guo Shui Fa [2003] No. 28, issued by the State of Administration of Taxation of the PRC on 13 September 1996 and 12 March 2003 respectively.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate from 15% to 18% for a subsidiary from 1 January 2008. In 2007, the deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(b) Reconciliation between tax expense and accounting loss at the applicable tax rates:

	2008 **HK$'000**	2007 HK$'000 (Restated)
Loss before taxation		
Continuing operation	**(26,973)**	(30,822)
Discontinued operations	**(15,024)**	(28,676)
	(41,997)	(59,498)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the tax jurisdictions concerned	**3,730**	(9,860)
Tax effect of non-taxable income	**(8,274)**	(461)
Tax effect of non-deductible expenses	**3,622**	5,462
Tax effect of unused tax losses not recognised	**857**	5,101
Tax effect of deductible temporary differences not recognised	**65**	(3)
Tax effect of PRC income tax on representative office	**154**	–
Actual tax expense	**154**	239

9. DISCONTINUED OPERATIONS

(a) Smart Wave Limited

On 21 April 2008, the Company entered into a conditional sale and purchase agreement with an independent third party, Rich Fast Holdings Limited ("Rich Fast"), for the disposal of the entire issued share capital together with shareholders' loan of Smart Wave Limited for an aggregate consideration of HK$12,250,000 (the "Smart Wave Disposal"). Smart Wave Limited holds through a wholly-owned subsidiary, Weiqiu Industrial (Shenzhen) Company Limited ("Weiqiu"), the completed property held for sale located in Shenzhen, PRC, which constitutes the Group's property development operation.

Upon signing of the agreement, the Company received a deposit of HK$2,000,000 from Rich Fast. The remaining consideration was received on 30 June 2008.

The Smart Wave Disposal constituted, under the Listing Rules, a major disposal, the details of which were set out in the circular issued by the Company on 29 May 2008. The Smart Wave Disposal had been approved in the special general meeting of the shareholders held on 16 June 2008 and became effective on 30 June 2008.

9. DISCONTINUED OPERATIONS *(Continued)*

(a) Smart Wave Limited *(Continued)*

The profit for the year from the discontinued operation of Smart Wave Limited is analysed as follows:

	2008 **HK$'000**	2007 HK$'000 (Restated)
Loss from operation of Smart Wave Limited for the period/year	**(2,782)**	(29,133)
Gain on disposal of Smart Wave Limited (note 31(a)(i))	**4,800**	–
	2,018	(29,133)

The results of Smart Wave Limited for the period from 1 January 2008 to 30 June 2008, which have been included in the consolidated income statement, were as follows:

	Period ended 30 June 2008 **HK$'000**	Year ended 31 December 2007 HK$'000 (Restated)
Other revenue	**–**	8
Other net income	**(139)**	(143)
Write down of inventories	**–**	(15,912)
Impairment loss on goodwill	**–**	(10,200)
Administrative expenses	**(581)**	(759)
Other operating expenses	**(1,362)**	(1,876)
Loss from operations	**(2,082)**	(28,882)
Finance costs	**(700)**	(251)
Loss before taxation	**(2,782)**	(29,133)
Income tax	**–**	–
Loss for the period/year	**(2,782)**	(29,133)

No tax charge or credit arose on the disposal of Smart Wave Limited.

During the year, Smart Wave Limited used HK$269,000 (2007: HK$1,255,000) of the Group's net operating cashflow, and paid HK$nil (2007: HK$46,000) in respect of investing activities and received HK$nil (2007: HK$735,000) in respect of financing activities.

The carrying amounts of the assets and liabilities of Smart Wave Limited at the date of disposal are disclosed in note 31(a)(i).

9. DISCONTINUED OPERATIONS *(Continued)*

(b) Elegant Pool Limited

On 24 December 2008, the Group entered into a sale and purchase agreement with an independent third party, Flame High Limited ("Flame High"), for the disposal of the entire issued share capital together with shareholder's loan of Elegant Pool Limited for an aggregate consideration of HK$49,880,000 ("Elegant Pool Disposal"). Elegant Pool Limited holds investment properties located in Beijing, which constitutes the Group's property investment operation.

Upon signing of the agreement, the Group received a deposit of HK$10,000,000 from Flame High. The balance of the consideration will be payable by Flame High within the nine months from 24 December 2008 with interest at 5% per annum.

The Elegant Pool Disposal was completed on 24 December 2008.

The profit/(loss) for the year from the discontinued operation of Elegant Pool Limited is analysed as follows:

	2008 **HK$'000**	2007 HK$'000 (Restated)
(Loss)/profit of from operation of Elegant Pool Limited for the period/year	**(19,637)**	54
Gain on disposal of Elegant Pool Limited (note 31(a)(ii))	**1,232**	–
	(18,405)	54

9. DISCONTINUED OPERATIONS *(Continued)*

(b) Elegant Pool Limited *(Continued)*

The results of Elegant Pool Limited for the period from 1 January 2008 to 24 December 2008, which have been included in the consolidated income statement, were as follows:

	Period ended 24 December 2008 HK$'000	Year ended 31 December 2007 HK$'000 (Restated)
Turnover	**–**	1,194
Other net income	**2,592**	4,225
Other operating income	**–**	2,991
Valuation loss on investment properties	**(22,224)**	(7,901)
Administrative expenses	**(5)**	(216)
Other operating expenses	**–**	–
(Loss)/profit from operations	**(19,637)**	293
Finance costs	**–**	–
(Loss)/profit before taxation	**(19,637)**	293
Income tax	**–**	(239)
(Loss)/profit for the period/year	**(19,637)**	54

No tax charge or credit arose on the disposal of Elegant Pool Limited.

During the year, Elegant Pool Limited contributed HK$nil (2007: HK$nil) to the Group's net operating cashflow, and paid HK$nil (2007: HK$nil) in respect of investing activities and financial activities respectively.

The carrying amounts of the assets and liabilities of Elegant Pool Limited at the date of disposal are disclosed in note 31(a)(ii).

9. DISCONTINUED OPERATIONS *(Continued)*

(c) New Times Finance Limited and Jefta Holdings Limited

On 1 December 2008, the Company disposed of its entire issued share capital together with shareholder's loan of New Times Holdings Limited ("NTHL") to an independent third party for an aggregate consideration of HK$500 ("NTHL Disposal"). NTHL was an investment holding company and its principal investments are two wholly-owned subsidiaries, New Times Finance Limited and Jefta Holdings Limited, which were engaged in the provision of financial services.

The NTHL Disposal was completed on 1 December 2008.

The profit for the year from the discontinued operation of provision of financial services is analysed as follows:

	2008 **HK$'000**	2007 HK$'000 (Restated)
(Loss)/profit of provision of financial service operation for the period/year	**(161)**	164
Gain on disposal of provision of financial service operation (note 31(a)(iii))	**1,524**	–
	1,363	164

The results of the provision of financial service operation for the period from 1 January 2008 to 1 December 2008, which have been included in the consolidated income statement, were as follows:

	Period ended **1 December** **2008** **HK$'000**	Year ended 31 December 2007 HK$'000 (Restated)
Other operating income	**–**	400
Administrative expenses	**(8)**	(58)
(Loss)/profit from operations	**(8)**	342
Finance costs	**(153)**	(178)
(Loss)/profit before taxation	**(161)**	164
Income tax	**–**	–
(Loss)/profit for the period/year	**(161)**	164

9. DISCONTINUED OPERATIONS *(Continued)*

(c) New Times Finance Limited and Jefta Holdings Limited *(Continued)*

No charge or credit arose on loss on discontinuance of the provision of financial service operations.

During the year, New Times Finance Limited and Jefta Holdings Limited used HK$134,000 (2007: HK$3,000) of the Group's net operating cashflow. and paid HK$nil (2007: HK$nil) in respect of investing activities and financing activities respectively.

The carrying amounts of the assets and liabilities of New Times Finance Limited and Jefta Holdings Limited at the date of disposal are disclosed in note 31(a)(iii).

(d) Summary of the discontinued operations

The loss for the year from the discontinued operations are summarised as follows:

	2008 HK$'000	2007 HK$'000 (Restated)
Loss of discontinued operations for the year	**(22,580)**	(28,915)
Gain on disposal of discontinued operations (note 31(a)(iv))	**7,556**	–
	(15,024)	(28,915)

The results of the discontinued operations from 1 January 2007 to the respective dates of discontinued operation, which have been included in the consolidated income statement, were summarised as follows:

	2008 HK$'000	2007 HK$'000 (Restated)
Turnover	**–**	1,194
Other revenue	**–**	8
Other net income	**2,453**	4,082
Other operating income	**–**	3,391
Impairment loss on goodwill	**–**	(10,200)
Write down of inventories	**–**	(15,912)
Valuation loss on investment properties	**(22,224)**	(7,901)
Administrative expenses	**(594)**	(1,033)
Other operating expenses	**(1,362)**	(1,876)
Loss from operations	**(21,727)**	(28,247)
Finance costs	**(853)**	(429)
Loss before taxation	**(22,580)**	(28,676)
Income tax	**–**	(239)
Loss for the year	**(22,580)**	(28,915)

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Note	Year ended 31 December 2008						
		Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Equity settled share-based payment expenses HK$'000	Total HK$'000
Chairman								
Mr. Tse On Kin	(i)	–	1,420	79	12	1,511	–	1,511
Executive directors								
Mr. Wu Jian Feng	(iii)	6	–	–	–	6	–	6
Mr. Zhang Cheng Jie	(iii)	6	–	–	–	6	–	6
Mr. Li Guoping	(i) & (iv)	–	1,800	–	12	1,812	–	1,812
Mr. Cheng Kam Chiu, Stewart	(ii)	–	–	–	–	–	–	–
Mr. Cheng Chi Him	(ii)	–	–	–	–	–	–	–
Non-executive directors								
Mr. Chan Chi Yuen		100	–	–	–	100	–	100
Mr. Chan Chung Yin, Victor	(iii)	10	–	–	–	10	–	10
Mr. Tsang Kwong Fook, Andrew	(i) & (iii)	67	–	–	–	67	–	67
Mr. Wong Man Kong, Peter	(ii)	90	–	–	–	90	–	90
Mr. Pei Cheng Ming, Michael	(ii)	90	–	–	–	90	–	90
Independent non-executive directors								
Mr. Fung Chi Kin		100	–	–	–	100	–	100
Mr. Qian Zhi Hui	(iii)	45	–	–	–	45	–	45
Mr. Chiu Wai On		100	–	–	–	100	–	100
Mr. Fung Siu To	(ii)	7	–	–	–	7	–	7
		621	3,220	79	24	3,944	–	3,944

10. DIRECTORS' EMOLUMENTS *(Continued)*

		Year ended 31 December 2007 (Restated)						
	Note	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Equity settled share-based payment expenses HK$'000	Total HK$'000
Chairman								
Mr. Tse On Kin	(i)	–	937	–	8	945	1,284	2,229
Executive directors								
Mr. Wu Jian Feng	(iii)	60	–	–	–	60	1,284	1,344
Mr. Zhang Cheng Jie	(iii)	60	–	–	–	60	1,284	1,344
Mr. Li Guoping	(i) & (iv)	–	348	–	3	351	–	351
Non-executive directors								
Mr. Chan Chi Yuen		100	–	–	–	100	–	100
Mr. Chan Chung Yin, Victor	(iii)	100	–	–	–	100	–	100
Mr. Tsang Kwong Fook, Andrew	(i) & (iii)	15	–	–	–	15	–	15
Independent non-executive directors								
Mr. Fung Chi Kin		100	–	–	–	100	–	100
Mr. Qian Zhi Hui	(iii)	60	–	–	–	60	–	60
Mr. Chiu Wai On		100	–	–	–	100	–	100
		595	1,285	–	11	1,891	3,852	5,743

Note:

(i) Appointed during the year ended 31 December 2007.

(ii) Appointed during the year ended 31 December 2008.

(iii) Resigned during the year ended 31 December 2008.

(iv) Resigned on 2 March 2009.

The above emoluments include the fair value of share options granted to certain directors under the Company's share option scheme as estimated at the date of grant. As at 31 December 2008, none of the directors held any share options under the Company's share option scheme. The details of the share option are disclosed under the paragraph "share option scheme" in the report of the directors and note 28.

During the year, no emoluments or incentive payments were paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2007: three) were directors of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining three (2007: two) individuals were as follows:

	2008 **HK$'000**	2007 HK$'000
Salaries, allowances and benefits in kind	**1,998**	720
Discretionary bonuses	**–**	–
Retirement scheme contributions	**24**	18
Equity settled share-based payment expenses	**–**	2,568
	2,022	3,306

Analysis of the emoluments of the remaining three (2007: two) individuals with the highest emoluments by the number of individuals and remuneration range is as follows:

	Number of individuals	
Band	**2008**	2007
Nil – HK$1,000,000	**3**	–
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**–**	1

During the year, no emoluments or incentive payments were paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

12. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$31,464,000 (2007: profit of HK$28,173,000) which has been dealt with in the financial statements of the Company.

13. LOSS PER SHARE

(a) Basic loss per share

(i) For continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$42,151,000 (2007: HK$59,737,000) and the weighted average number of 780,110,626 ordinary shares (2007: 641,144,646 ordinary shares) in issue during the year as follows:

Weighted average number of ordinary shares

	2008	2007
Issued ordinary shares at 1 January	**777,638,030**	556,305,030
Effect of shares issued under placement (note 29(c)(iii))	**–**	84,104,109
Effect of share options exercised (note 29(c)(iv))	**2,472,596**	735,507
Weighted average number of ordinary shares at 31 December	**780,110,626**	641,144,646

(ii) From continuing operation

The calculation of basic loss per share from continuing operation attributable to ordinary equity shareholders of the Company is based on the loss for the year from continuing operation of HK$27,127,000 (2007: HK$30,822,000 (restated)) and the weighted average number of 780,110,626 ordinary shares (2007: 641,144,646 ordinary shares) in issue during the year.

(iii) From discontinued operations

The calculation of basic loss per share from discontinued operations attributable to ordinary equity shareholders of the Company is based on the loss for the year from discontinued operations of HK$15,024,000 (2007: HK$28,915,000 (restated)) and the weighted average number of 780,110,626 ordinary shares (2007: 641,144,646 ordinary shares) in issue during the year.

(b) Diluted loss per share

Diluted loss per share for both years ended 31 December 2007 and 2008 were the same as the basic loss per share as the potential ordinary shares outstanding during the years had an anti-dilutive effect on the basic loss per share for the years.

14. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Property investment and development:	the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term; the development and sale of office premises.
Financial services:	provision of financial services.
General trading:	trading of non-ferrous metal and frozen foods

Further details of the discontinued operation under the segments of property investment and development and financial services are set out in note 9 to the financial statements.

There were no inter-segment sales and transfer during the current and prior years.

14. SEGMENT REPORTING *(Continued)*

Business segments *(Continued)*

For the year ended 31 December 2008

	Continuing operation		Discontinued operations			
	General trading HK$'000	Sub-total HK$'000	Property investment and development HK$'000	Financial services HK$'000	Sub-total HK$'000	Total HK$'000
Revenue						
External sales	33,020	33,020	–	–	–	33,020
Segment result	(3,011)	(3,011)	(21,574)	(8)	(21,582)	(24,593)
Unallocated corporate expenses						(22,107)
Interest income						2,293
Loss from operations						(44,407)
Interest expenses						(854)
Gain on disposal of subsidiaries						80
Gain on disposal of subsidiaries attributable to discontinued operations			6,032	1,524	7,556	7,556
Share of losses of jointly controlled entity						(4,372)
Loss before taxation						(41,997)
Income tax						(154)
Loss for the year						(42,151)

14. SEGMENT REPORTING *(Continued)*

Business segments *(Continued)*

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

	Continuing operation		Discontinued operations			
	General trading HK$'000	Sub-total HK$'000	Property investment and development HK$'000	Financial services HK$'000	Sub-total HK$'000	Total HK$'000
Other information:						
Capital expenditure						
– segment	7	7	–	–	–	7
– unallocated						4,055
Depreciation						
– segment	498	498	5	–	5	503
– unallocated						771
Net realised gain on trading securities						
– segment	194	–	–	–	–	194
Net loss on disposal of property, plant and equipment						
– unallocated						2,224
Valuation loss on investment properties						
– segment	–	–	22,224	–	22,224	22,224
Assets						
Segment assets	43,739	43,739	–	–	–	43,739
Investments in equity method jointly controlled entity						15,128
Unallocated corporate assets						258,970
Total assets						317,837
Liabilities						
Segment liabilities	(2,554)	(2,554)	–	–	–	(2,554)
Unallocated corporate liabilities						(3,585)
Total liabilities						(6,139)

14. SEGMENT REPORTING *(Continued)*

Business segments *(Continued)*

For the year ended 31 December 2007 (Restated)

	Continuing operation		Discontinued operations			
	General trading HK$'000	Sub-total HK$'000	Property investment and development HK$'000	Financial services HK$'000	Sub-total HK$'000	Total HK$'000
Revenue						
External sales	154,259	154,259	1,194	–	1,194	155,453
Segment result	(8,610)	(8,610)	(28,447)	342	(28,105)	(36,715)
Unallocated corporate expenses						(23,884)
Interest income						1,531
Loss from operations						(59,068)
Interest expenses						(430)
Loss before taxation						(59,498)
Income tax						(239)
Loss for the year						(59,737)

14. SEGMENT REPORTING *(Continued)*

Business segments *(Continued)*

For the year ended 31 December 2007 (Restated) *(Continued)*

	Continuing operation		Discontinued operations			
	General trading HK$'000	Sub-total HK$'000	Property investment and development HK$'000	Financial services HK$'000	Sub-total HK$'000	Total HK$'000
Other information:						
Capital expenditure						
– segment	1,794	1,794	46	–	46	1,840
– unallocated						17
Depreciation						
– segment	72	72	3	–	3	75
– unallocated						1
Impairment loss on trade and other receivables						
– segment	1,000	1,000	–	–	–	1,000
Reversals of impairment loss on trade and other receivables						
– segment	–	–	(2,991)	–	(2,991)	(2,991)
Recovery of debts on loan receivables						
– segment	–	–	–	(400)	–	(400)
Impairment loss on goodwill						
– segment	–	–	10,200	–	10,200	10,200
Valuation loss on investment properties						
– segment	–	–	7,901	–	7,901	7,901
Write down of inventories						
– segment	–	–	15,912	–	15,912	15,912
Equity settled share-based payment expenses						
– unallocated						12,838
Assets						
Segment assets	136,339	136,339	249,050	297	249,347	385,686
Unallocated corporate assets						140,865
Total assets						526,551
Liabilities						
Segment liabilities	(1,101)	(1,101)	(164,649)	(1,530)	(166,179)	(167,280)
Unallocated corporate liabilities						(4,263)
Total liabilities						(171,543)

14. SEGMENT REPORTING *(Continued)*

Geographical segment

The Group participates in two principal economic environments: Hong Kong and Mainland China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Continuing operation		**Discontinued operations**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Revenue from external customers						
Hong Kong	**6,974**	154,259	**26,046**	–	**33,020**	154,259
Mainland China	**–**	–	**–**	1,194	**–**	1,194
	6,974	154,259	**26,046**	1,194	**33,020**	155,453
Carrying amount of segment assets						
Hong Kong	**317,837**	277,204	**–**	297	**317,837**	277,501
Mainland China	**–**	–	**–**	249,050	**–**	249,050
	317,837	277,204	**–**	249,347	**317,837**	526,551
Capital expenditure incurred during the year						
Hong Kong	**4,062**	1,811	**–**	–	**4,062**	1,811
Mainland China	**–**	–	**–**	46	**–**	46
	4,062	1,811	**–**	46	**4,062**	1,857

15. FIXED ASSETS

(a) The Group

	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Sub-Total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Cost or valuation					
At 1 January 2007	46	–	46	77,300	77,346
Exchange adjustments	2	–	2	4,186	4,188
Additions	277	1,580	1,857	–	1,857
Fair value adjustment	–	–	–	(7,901)	(7,901)
At 31 December 2007	325	1,580	1,905	73,585	75,490
Representing					
Cost	325	1,580	1,905	–	1,905
Valuation – 2007	–	–	–	73,585	73,585
	325	1,580	1,905	73,585	75,490
At 1 January 2008	325	1,580	1,905	73,585	75,490
Exchange adjustments	2	–	2	2,591	2,593
Additions	2,713	1,349	4,062	–	4,062
Disposals	(2,724)	–	(2,724)	–	(2,724)
Fair value adjustment	–	–	–	(22,224)	(22,224)
Disposal of subsidiaries attributable to discontinued operations (note 31(a)(iv))	(96)	–	(96)	(53,952)	(54,048)
At 31 December 2008	**220**	**2,929**	**3,149**	**–**	**3,149**
Representing					
Cost	220	2,929	3,149	–	3,149
Valuation – 2008	–	–	–	–	–
	220	2,929	3,149	–	3,149
Accumulated depreciation					
At 1 January 2007	44	–	44	–	44
Charge for the year	23	53	76	–	76
At 31 December 2007	67	53	120	–	120
At 1 January 2008	67	53	120	–	120
Charge for the year	550	724	1,274	–	1,274
Written back on disposals	(500)	–	(500)	–	(500)
Disposal of subsidiaries attributable to discontinued operations (note 31(a)(iv))	(54)	–	(54)	–	(54)
At 31 December 2008	**63**	**777**	**840**	**–**	**840**
Net book value					
At 31 December 2008	**157**	**2,152**	**2,309**	**–**	**2,309**
At 31 December 2007	258	1,527	1,785	73,585	75,370

15. FIXED ASSETS *(Continued)*

(b) The Company

	Furniture, Fixtures and office equipment HK$'000	Motor vehicle HK$'000	Total fixed assets HK$'000
Cost			
At 1 January 2007	–	–	–
Additions	18	–	18
At 31 December 2007 and 1 January 2008	18	–	18
Additions	2,706	1,349	4,055
Disposals	(2,724)	–	(2,724)
At 31 December 2008	**–**	**1,349**	**1,349**
Accumulated depreciation			
At 1 January 2007	–	–	–
Charge for the year	1	–	1
At 31 December 2007 and 1 January 2008	1	–	1
Charge for the year	499	270	769
Written back on disposals	(500)	–	(500)
At 31 December 2008	**–**	**270**	**270**
Net book value			
At 31 December 2008	**–**	**1,079**	**1,079**
At 31 December 2007	17	–	17

(c) At 31 December 2007, investment properties with a total carrying amount of HK$73,585,000 were situated outside Hong Kong under medium-term leases.

(d) The Group leases certain furniture, fixtures and office equipment under finance leases expiring within 5 years. At the end of the lease term, the Group has the option to purchase the leased equipment at a price deemed to be a bargain purchase option. None of the leases includes contingent rental.

At the balance sheet date, the net book value of the furniture, fixtures and office equipment held under finance leases of the Group was approximately HK$38,000 (2007: HK$50,000).

16. GOODWILL

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 January	**–**	10,200
Impairment loss	**–**	(10,200)
At 31 December	**–**	–

Goodwill was acquired through acquisition of Smart Wave Limited in prior years. Upon the disposal of Smart Wave Limited on 30 June 2008 as set out in note 31(a)(i), the Group had derecognised the goodwill during the year.

The impairment loss recognised during the prior year related to the Group's property development activities in PRC. As the recoverable amount of the cash-generating unit ("CGU") based on value-in-use calculations was less than its carrying amount, the carrying amount of the CGU reduced to its recoverable amount.

17. INTEREST IN SUBSIDIARIES

	The Company	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	153,153
Less: Impairment loss	**–**	(153,153)
	–	–
Due from subsidiaries	**120,044**	299,700
Less: allowance for doubtful debts (note (a))	**–**	(48,146)
	120,044	251,554
	120,044	251,554

17. INTEREST IN SUBSIDIARIES *(Continued)*

Notes:

(a) Movement in the allowance for doubtful debts

	The Company 2008 HK$'000	2007 HK$'000
At 1 January	**48,146**	120,101
Impairment losses recognised	**–**	22,045
Amounts reserved during the year	**–**	(94,000)
Disposal of subsidiaries	**(48,146)**	–
At 31 December	**–**	48,146

(b) The amounts due from subsidiaries are unsecured, interest-free and expected to be repaid within one year.

(c) The directors consider that in light of recurring operating loss of certain subsidiaries, the recoverable amount of these subsidiaries has been reduced to the estimated net realisable value of their identifiable net assets. Accordingly, impairment loss of approximately HK$nil (2007: HK$153,153,000) and HK$nil (2007: HK$48,146,000) in respect of the Company's interest in subsidiaries and amounts due from subsidiaries were recognised.

(d) The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	Place of establishment/ incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
New Times Holdings Limited *	British Virgin Islands/ Hong Kong	1,000 shares of HK$1 each	100%	100%	–	Investment holding
Total Belief Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
Elegant Pool Limited *	British Virgin Islands/ Mainland China	100 shares of US$1 each	100%	–	100%	Property investment
Jefta Holdings Limited *	British Virgin Islands/ Hong Kong	100 shares of US$1 each	100%	–	100%	Investment holding/ provision of financial services
New Times Finance Limited *	Hong Kong	2 shares of HK$10 each	100%	–	100%	Provision of financial services
Smart Wave Limited *	British Virgin Islands/ Hong Kong	100 shares of US$1 each	100%	100%	–	Investment holding
Weiqiu Industrial (Shenzhen) Company Limited #*	PRC	RMB10,000,000	100%	–	100%	Property development
Jumbo Hope Group Limited	Hong Kong	1 share of HK$1	100%	–	100%	Trading of non-ferrous metal
Rich Result Limited	Hong Kong	1 share of HK$1	100%	–	100%	Trading of frozen food/ provision of financial services
Cheer Profit Group Limited	British Virgin Islands	1 share of US$1	100%	–	100%	Investment holding

Registered under the laws of the PRC as a foreign investment enterprise.

* Disposed of during the year.

18. DEPOSIT PAID FOR POTENTIAL INVESTMENT

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
At 31 December	**54,600**	54,600

The Tartagal Concession and Morillo Concession (collectively the "Concessions") are defined as the concessions of the exploration permits and potential exploitation permits for oil and developments of hydrocarbons in the province of Salta in northern Argentina covering a total surface area of approximately 7,065 and 3,518 square kilometers respectively. The Tartagal Concession was granted under the Provincial Government Decree N°3391/2006 dated 29 December 2006; and the Morillo Concession was granted under the Provincial Government Decree N°3388/2006 dated 29 December 2006 to JHP International Petroleum Engineering Limited ("JHP") and Maxipetrol – Petroleros de Occidente S.A. ("Maxipetrol") (formerly known as "Oxipetrol – Petroleros de Occidente S.A.") respectively (collectively the "Consortium"). Pursuant to legal opinion obtained, the directors consider that the aforesaid decrees are legal, valid and enforceable. The exploration permits granted are valid for an initial period of four years and an additional extension of aggregate nine years may be obtained. The holder for an exploration permit has the right to obtain an exploitation permit.

On 28 August 2007, Corporation, Technical Assistance and Investment Agreement agreement was executed by the Consortium agreeing to distribute the interest in the Concessions as to 70% by JHP. A joint venture company ("UTE") is to be created to take up the interest to be distributed which will finally be the title owner of the concession of exploration permits to the Concessions. The UTE was registered in the Public Register of Commerce on 14 March 2008.

On 20 September 2007, High Luck Group Limited ("High Luck") and the Consortium entered into an assignment agreement pursuant to which, the Consortium has agreed to assign 60% interests in the Concessions to High Luck subject to the notification to the Argentina government requesting authorization of the assignment to High Luck. Pursuant to legal opinion obtained, the directors do not foresee any major difficulties in respect of the transfer of ownership from the Consortium to High Luck and the renewal of the Concessions in the future. On 10 October 2007, the Company entered into a conditional framework agreement with two independent third parties (the "Vendors"), under which the Company agreed to acquire from the Vendors the entire issued share capital of Jade Honest Limited (the "Target") for a consideration of HK$10 billion. The Target beneficially owned 51% of the entire issued share capital of High Luck which in turn, at completion of the acquisition by the Company, will become the beneficial and registered owner of 60% interest of the Concessions. The effective interest in the Concessions to be acquired by the Group will be 30.6%.

Under this conditional framework agreement, the consideration of HK$10 billion is to be satisfied at completion by (i) as to a total of HK$408,229,000 by way of the issue and allotment of 272,152,758 of the Company's shares at an issue price of HK$1.50 per share to the Vendors or their nominees; (ii) as to a total of HK$9,361,771,000 by the issue of convertible notes by the Company to the Vendors or their nominees; and (iii) as to a total of HK$230,000,000 by the issue of a promissory note by the Company to the Vendors or their nominees.

18. DEPOSIT PAID FOR POTENTIAL INVESTMENT *(Continued)*

On 11 November 2007, the Target entered into an unconditional sale and purchase agreement to acquire an additional 49% equity interest in High Luck. As a result, the Target's interest in the issued share capital of High Luck will be increased to 100%. On 12 November 2007, the Company entered into a supplementary agreement with the Vendors agreeing to increase the consideration for the acquisition to HK$10,312 million. The effective interest in the Concessions to be acquired by the Group will increase from 30.6% to 60%.

Under the supplementary agreement, the additional consideration of HK$312 million is to be satisfied by: (i) HK$54,600,000 payable to the Vendors in cash upon signing of the supplemental agreement (of the amount, HK$39,000,000 is designated as non-refundable); (ii) HK$234,000,000 payable to the Vendors upon completion and to be satisfied by the Company issuing additional convertible notes; and (iii) HK$23,400,000 payable to Vendors in cash upon completion.

The balance of HK$54,600,000 (2007: HK$54,600,000) as at the balance sheet date represents the deposit money paid by the Group in relation to the acquisition of the Concessions.

According to the legal opinion issued by the Argentina legal advisers dated 18 October 2007, it is the obligation of the Consortium to fulfill the investment commitment for the exploration work in Tartagal and Morillo up to a total amount of US$35,990,000 and US$13,000,000 respectively (the "Investment Commitment") within the initial four-year period of the Concessions. The amount not spent in the exploration work at the end of the initial four-year period must be paid to the government of Salta Province of Argentina. The Consortium is obliged to obtain a performance bond as guarantee for the benefit of the government of Salta Province of Argentina for an amount equal to the Investment Commitment (the "Guarantee").

Pursuant to the second supplementary agreement on 26 March 2008, the Company has agreed to bear the costs of approximately US$784,000 (equivalent to approximately HK$6,000,000), representing the total insurance premium payable to the insurance company for issuing an insurance policy to the government of Salta Province of Argentina for the initial four-year period, to be incurred by the Vendors. On 28 April 2008, the Company has further agreed to bear the additional costs of approximately US$169,344 (equivalent to approximately HK$1,320,000), representing the 21% value added tax imposed on insurance policy.

Pursuant to the third supplementary agreement on 30 August 2008, the Company and the Vendors have agreed to extend the deadline for the fulfillment of the conditions to the Acquisitions from 30 August 2008 to 28 November 2008.

18. DEPOSIT PAID FOR POTENTIAL INVESTMENT *(Continued)*

The Company and the Vendors entered into the forth supplementary agreement on 28 November 2008 to extend the deadline for the fulfillment of the conditions to the Acquisitions from 28 November 2008 to 12 December 2008 for obtaining additional time to re-negotiate the terms and conditions of the original agreement.

Pursuant to the fifth supplementary agreement on 12 December 2008, the Company agreed to acquire the entire issued share capital of the Target and the shareholders' loan of HK$817,909,000 at a revised consideration of HK$2,100 million, and to revise certain other related terms and conditions for the acquisition. In addition, a contingent consideration of HK$780,000,000 will be paid by the Company to the Vendors upon satisfactorily obtaining a technical report issued by a firm of independent technical consultants to be appointed by the Company and agreed by the Vendors.

Under the fifth supplementary agreement, the revised consideration of HK$2,100 million is to be satisfied by: (i) HK$54,600,000 payable to the Vendors in cash upon signing of the supplemental agreement (of the amount, HK$39,000,000 is designated as non-refundable); (ii) HK$90,000,000 payable to the Vendors upon completion and to be satisfied by the Company by way of issue and allotment of a total of 281,250,000 revised consideration shares at the issue price of HK$0.32 per share in three equal tranches (the first tranche to be issued at completion; the second tranche to be issued 3 months after completion; and the third tranche to be issued 6 months after completion); (iii) HK$123,000,000 payable to the Vendors upon completion and to be satisfied by the Company issuing the revised promissory notes; and (iv) HK$1,832,400,000 payable to the Vendors upon completion and to be satisfied by the Company issuing the revised convertible notes. The contingent consideration of HK$780 million will be satisfied at the choice of the Company by way of (i) cash; (ii) issue of new shares; or (iii) a combination of cash and issue of new shares.

On 6 January 2009, the Company entered into the sixth supplementary agreement with the Vendors to amend the payment mechanism of the contingent consideration. Pursuant to the sixth supplementary agreement, no new shares shall be issued to the extent that such issue will result in a change in control of the Company.

The acquisition of the Target had been approved in the special general meeting of the shareholders held on 18 March 2009.

On 31 March 2009, the Company entered into the seventh supplementary agreement with the Vendors to extend the deadline for the fulfillment of the conditions to the Acquisition from 31 March 2009 to 30 April 2009.

19. INTEREST IN JOINTLY CONTROLLED ENTITY

	The Group 2008 HK$'000	2007 HK$'000
Share of net assets	**15,128**	–

Details of the Group's interest in the jointly controlled entity are as follows:

Name of joint venture	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Smart Win International Limited ("Smart Win")	British Virgin Islands/Hong Kong	200 shares of US$1 each	50%	–	50%	Investment holdings

Summary financial information of the jointly controlled entity – Group's effective interest:

	2008 HK$'000	2007 HK$'000
Current assets	**15,201**	–
Current liabilities	**(73)**	–
Net assets	**15,128**	–
Income	**–**	–
Expenses	**(4,372)**	–
Loss for the period	**(4,372)**	–

19. INTEREST IN JOINTLY CONTROLLED ENTITY *(Continued)*

On 17 July 2008, Smart Win entered into a legally binding memorandum of understanding ("MOU") with Empire Energy International Corporation ("Empire Energy"), Great South Land Minerals Ltd ("GSLM") and Mr. Malcolm Bendall, a major shareholder and president of Empire Energy, in respect of the formation of a proposed joint venture (the "Joint Venture") to be principally engaged in oil and gas exploration business.

The MOU sets out the terms under which, in consideration of Smart Win granting Empire Energy a loan of up to AUD5,000,000 (equivalent to approximately HK$38,000,000) (the "Loan"), Empire Energy will grant to Smart Win an option to enter into a joint venture agreement (the "JV agreement") with GSLM for the exploration and development of any oil and gas resources within special exploration license 13/98 ("SEL 13/98") located in Tasmania, Australia. GSLM holds SEL 13/98 until September 2009 and will proceed with an application for a further extension of the licence period. If entered into, GSLM will contribute the exploration and development rights in relation to SEL 13/98 as its investment in the Joint Venture.

Smart Win holds the irrevocable options and may (i) enter into a JV Agreement with a funding commitment of AUD$40,000,000 (equivalent to approximately HK$304,000,000) and the Loan will be converted as part of the issued share capital of the Joint Venture or (ii) opt out the JV Agreement and request Empire Energy, Mr. Malcolm Bendall and GSLM jointly and serverally repay the Loan.

Empire Energy's obligation to repay the Loan is secured by (i) a deposit of the pledge (the "Pledge") under a pledge and security agreement into a collateral account for the benefit of Smart Win; and (ii) a guarantee from Mr. Malcolm Bendall. The Pledge represents the 32,000,000 issued and outstanding shares of Class A common stock with a par value of US$0.01 per share, of Empire Energy to be held by the trustees for the benefit of Smart Win in accordance with the pledge and the security agreement.

The pledge and security agreement was entered into on 7 August 2008 between Smart Win and Empire Energy with Mr. Malcolm Bendall and Zions First National Bank. Zions First National Bank appointed as the trustees.

As at the balance sheet date, approximately AUD3,886,000 (equivalent to approximately HK$20,803,000) of the Loan was advanced to Empire Energy.

20. INVENTORIES

(a) Inventories in the balance sheet comprise:

	The Group	
	2008	2007
	HK$'000	HK$'000
General trading		
Finished goods	**–**	19,540
Property investment and development		
Completed property held for sale (note b)	**–**	143,058
	–	162,598

(b) The analysis of carrying value of land and properties held by the Group is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Outside Hong Kong		
– medium-term lease	**–**	143,058

(c) The analysis of the amount of inventories recognised as an expense is as follows:

	2008	2007
	HK$'000	HK$'000
Carrying amount of inventories sold	**32,010**	156,325
Write down of inventories	**–**	15,912

The write down of inventories made during the prior year arose due to a decrease in the estimated net realisable value of the completed property held for sale based on the latest market transaction made in similar location.

All inventories were expected to be recovered within one year.

(d) Upon the disposal of Smart Wave Limited on 30 June 2008 as set out in note 31(a)(i), the Group had no completed property held for sale as at 31 December 2008.

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (note a)	**5,212**	42,443	**–**	–
Other receivables (note d)	**51,718**	36,348	**236**	9
Less: allowance for doubtful debts (note b)	**–**	(8,722)	**–**	–
Loan and receivables	**56,930**	70,069	**236**	9
Prepayment and deposits	**34,785**	3,719	**34,361**	3,285
	91,715	73,788	**34,597**	3,294

All of the trade and other receivables are expected to be recovered within one year.

Notes:

(a) Aging analysis

Trade receivables are net of allowance for doubtful debts of HK$nil (2007: HK$4,651,000) with the following age analysis as of the balance sheet date:

	The Group	
	2008	2007
	HK$'000	HK$'000
Less than 90 days	**5,212**	37,792

Trade receivables are due within 90 days from the date of billing. Further details on the Group's credit policy are set out in note 30(a).

21. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(j)(i)).

Movement in the allowance for doubtful debts

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 January	**8,722**	11,751
Impairment losses recognised	**–**	1,000
Uncollectible amounts written off	**(1,000)**	(1,038)
Amounts reversed during the year	**–**	(2,991)
Disposal of subsidiaries attributable to discontinued operations	**(7,722)**	–
At 31 December	**–**	8,722

As at the balance sheet date, the trade receivables of HK$nil (2007: HK$8,722,000) were individually determined to be impaired and full allowance for impairment loss had been made. These individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables could be recovered. Consequently, specific allowances for doubtful debts of HK$nil (2007: HK$1,000,000) were recognised. The Group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**5,212**	37,792
Past due but not impaired	**–**	–
	5,212	37,792

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

(d) The balance as at 31 December 2008 mainly represents:

(i) the remaining consideration receivable of HK$39,880,000 on disposal of Elegant Pool Limited and as disclosed in note 31(a)(ii). The balance bears interest at 5% per annum, repayable on 24 September 2009 and secured by the equity share of Elegant Pool Limited; and

(ii) the consideration receivable of HK$11,600,000 for the disposal of the sub-underwriting shares. The balance is unsecured, bearing interest at 6% per annum and repayable on 1 July 2009.

The balance as at 31 December 2007 mainly represents the advances by the PRC subsidiary, Weiqiu to Wandi Estate Development Company Limited ("Wandi Estate Development"), Shenzhen Wandi Property Company Limited ("Shenzhen Wandi") and Shenzhen Wei Jian Da Investment and Development Company Limited ("Wei Jian Da") totalling HK$31,746,000. All these companies are long-term business partners with Weiqiu and principally engaged in property development and investment in PRC. Wandi Estate Development, Shenzhen Wandi and Wei Jian Da are companies related to each other and the advances were unsecured, interest-free and have no fixed terms of repayment.

Upon disposal of Smart Wave Limited on 30 June 2008 as set out in note 31(a)(i), the Group had derecognized these receivables.

22. LOAN RECEIVABLES, UNSECURED

	The Group	
	2008	2007
	HK$'000	HK$'000
Loan receivables, unsecured	**–**	6,750
Less: allowance for doubtful debts (Note (a))	**–**	(6,750)
	–	–

Notes:

(a) Movement in the allowance for doubtful debts

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 January	**6,750**	12,642
Uncollectible amounts written off	**–**	(5,492)
Amounts recovered during the year	**–**	(400)
Disposal of subsidiaries attributable to discontinued operations	**(6,750)**	–
At 31 December	**–**	6,750

At the balance sheet date, the loan receivables of HK$nil (2007: HK$6,750,000) were individually determined to be impaired and full allowance for impairment loss had been made. These individually impaired receivables related to debtors that were in financial difficulties and management assessed that the amounts are unlikely to be recovered. Special allowances of HK$6,750,000 for the doubtful debts which have been brought forward from 2006 had been made in the previous year. The Group does not hold any collateral over these balances.

Upon the disposal of Jefta Holdings Limited on 1 December 2008 as set out in note 31(a)(iii), the Group had derecognised these receivables.

(b) The balances as at 31 December 2007 were unsecured, bearing interest at Hong Kong Dollar Prime Rate and repayable within one year from the dates on which the loans were granted. As at 31 December 2007, the loan receivables were already past due and default interest was calculated at 2% over Hong Kong Dollar Prime Rate per month.

23. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks	**107,607**	–	**107,607**	–
Cash at bank and on hand	**46,478**	160,195	**21,206**	82,949
Cash and cash equivalents in the balance sheet and cash flow statement	**154,085**	160,195	**128,813**	82,949

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (note a)	**2,504**	61,061	**–**	–
Other payables and accruals	**2,942**	18,248	**2,929**	1,599
Deposit received (note b)	**–**	76,814	**–**	–
Amounts due to directors	**638**	450	**638**	450
Amount due to a subsidiary	**–**	–	**–**	25,953
Financial liabilities measured at amortised cost	**6,084**	156,573	**3,567**	28,002

All of the trade and other payables (including amounts due to directors and a subsidiary) are expected to be settled within one year or are repayable on demand.

Notes:

(a) The following is an ageing analysis of the trade payables as at the balance sheet date:

	The Group	
	2008	2007
	HK$'000	HK$'000
Less than 90 days	**2,504**	61,061

(b) The balance represented deposits received on properties sold prior to the date of revenue recognition. Upon the disposal of Smart Wave Limited on 30 June 2008 as set out in note 31(a)(i), the Group had no deposits received as at 31 December 2008.

25. OTHER BORROWING

	The Group 2008 HK$'000	The Group 2007 HK$'000
Other borrowing, unsecured	–	10,700

The other borrowing as at 31 December 2007 was expected to be settled within one year.

The other borrowing was obtained from an independent third party and bear interest at 5.85% per annum and was repayable on 31 December 2007.

Upon the disposal of Smart Wave Limited on 30 June 2008 as set out in note 31(a)(i), the Group had no other borrowings as at 31 December 2008. Up to the date of disposal, the balance remains outstanding and compound interest was charged at 7.61% to 8.78% per annum on the outstanding balance.

26. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2008, the Group had obligations under finance leases repayable as follows:

	The Group			
	2008		2007	
	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	12	13	13	15
After 1 year but within 2 years	12	13	12	13
After 2 years but within 5 years	13	13	23	23
	25	26	35	36
	37	39	48	51
Less: total future finance charge		(2)		(3)
Present value of lease obligations		37		48

27. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the balance sheet represents:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Provision for the year				
– Hong Kong Profits Tax	**–**	–	**–**	–
– PRC Enterprise Income Tax	**154**	239	**154**	–
Provision for prior years				
– Hong Kong Profits Tax	**–**	673	**–**	–
– PRC Enterprise Income Tax	**–**	2,024	**–**	–
Provision tax paid				
– Hong Kong Profits Tax	**–**	–	**–**	–
– PRC Enterprise Income Tax	**(136)**	–	**(136)**	–
	18	2,936	**18**	–

(b) Deferred tax liabilities recognised:

The component of deferred tax liability recognised in the consolidated balance sheet and the movements during the current and prior year is as follows:

	Revaluation of investment properties HK$'000
The Group	
At 1 January 2007	1,286
Charged to income statement	–
At 31 December 2007 and 1 January 2008	1,286
Charged to income statement	–
Disposal of subsidiaries attributable to discontinued operation (note 31(a)(iv))	(1,286)
At 31 December 2008	**–**

(c) Deferred tax assets not recognised:

At the balance sheet date, the Group has unused tax losses of HK$15,721,000 (2007: HK$24,195,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 30 August 2002 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options for a nominal consideration to subscribe for shares of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on the adoption date of the scheme (i.e., 433,302,000 shares). As at the date of this report, 781,971,000 shares of the Company were in issue.

Under the scheme, the total number of shares to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. The exercise price (subscription price) shall be such price as determined by the board of directors in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

The options vest from the date of grant and are exercisable within a period of five years.

(a) The terms and conditions of the grants that existed during the year are as follows, whereby all options are settled by physical delivery of shares:

	Number of shares issuable under options	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 8 May 2007	12,999,000	From date of grant	5 years
Options granted to employees:			
– on 8 May 2007	12,999,000	From date of grant	5 years
Options granted to consultants:			
– on 8 May 2007	17,332,000	From date of grant	5 years
Total option shares	43,330,000		

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(b) The number and the weighted average exercise prices of share options are as follows:

	2008		2007	
	Weighted average exercise price	**Number of shares issuable under options granted**	Weighted average exercise price	Number of shares issuable under options granted
Outstanding at the beginning of the year	**HK$0.6**	**38,997,000**	–	–
Granted during the year	**HK$0.6**	**–**	HK$0.6	43,330,000
Exercised during the year	**HK$0.6**	**(4,333,000)**	HK$0.6	(4,333,000)
Outstanding at the end of the year	**HK$0.6**	**34,664,000**	HK$0.6	38,997,000
Exercisable at the end of the year	**HK$0.6**	**34,664,000**	HK$0.6	38,997,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.17 (2007: HK$0.89).

The share options outstanding at 31 December 2008 had an exercise price of HK$0.60 (2007: HK$0.60) (note 29(c)(v)) and a weighted average remaining contractual life of 3 years (2007: 4 years).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share option granted. The estimate of fair value of the share options granted is based on the Black-Scholes Options Pricing Model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The Model is used to calculate a theoretical call price using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate. Dilution effect was considered in applying the Model. The variables and assumptions used in computing fair value of the share options are based on the management's best estimate. The fair value of an option varies with different variables of certain subjective assumptions. Any change in the variable so adopted may materially affect the estimation of the fair value of an option.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(c) Fair value of share options and assumptions *(Continued)*

Fair value of share options and assumptions:

Fair value at measurement date	HK$0.2963
Closing share price on the date of grant	HK$0.56
Exercise price	HK$0.60
Expected volatility	101.42%
Assumed life of option from the date of valuation	2 years
Risk-free interest rate	3.953%
Expected dividend yield	0%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were no service conditions or market conditions associated with the share options granted.

29. CAPITAL AND RESERVES

(a) The Group

	Share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000	Total equity HK$'000
At 1 January 2007	55,631	119,078	–	9,585	903	(40,918)	88,648	144,279
Equity settled share-based transactions	–	–	12,838	–	–	–	12,838	12,838
Shares issued under placement, net of issuance costs (note 29(c)(iii))	21,700	230,472	–	–	–	–	230,472	252,172
Shares issued under share option scheme (note 29(c)(iv))	433	3,451	(1,284)	–	–	–	2,167	2,600
Exchange difference on translation of financial statements of a subsidiary	–	–	–	–	2,856	–	2,856	2,856
Loss for the year	–	–	–	–	–	(59,737)	(59,737)	(59,737)
At 31 December 2007	77,764	353,001	11,554	9,585	3,759	(100,655)	277,244	355,008
At 1 January 2008	77,764	353,001	11,554	9,585	3,759	(100,655)	277,244	355,008
Shares issued under share option scheme (note 29(c)(iv))	433	3,451	(1,284)	–	–	–	2,167	2,600
Exchange difference on translation of financial statements of a subsidiary	–	–	–	–	845	–	845	845
Disposal of subsidiaries attributable to discontinued operations (note 31(a)(iv))	–	–	–	–	(4,604)	–	(4,604)	(4,604)
Loss for the year	–	–	–	–	–	(42,151)	(42,151)	(42,151)
At 31 December 2008	**78,197**	**356,452**	**10,270**	**9,585**	**–**	**(142,806)**	**233,501**	**311,698**

29. CAPITAL AND RESERVES *(Continued)*

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total reserves HK$'000	Total equity HK$'000
At 1 January 2007	55,631	119,078	–	122,864	(228,944)	12,998	68,629
Equity settled share-based transactions	–	–	12,838	–	–	12,838	12,838
Shares issued under placement, net of issuance costs (note 29(c)(iii))	21,700	230,472	–	–	–	230,472	252,172
Shares issued under share option scheme (note 29(c)(iv))	433	3,451	(1,284)	–	–	2,167	2,600
Profit for the year	–	–	–	–	28,173	28,173	28,173
At 31 December 2007	77,764	353,001	11,554	122,864	(200,771)	286,648	364,412
At 1 January 2008	77,764	353,001	11,554	122,864	(200,771)	286,648	364,412
Shares issued under share option scheme (note 29(c)(iv))	433	3,451	(1,284)	–	–	2,167	2,600
Loss for the year	–	–	–	–	(31,464)	(31,464)	(31,464)
At 31 December 2008	**78,197**	**356,452**	**10,270**	**122,864**	**(232,235)**	**257,351**	**335,548**

29. CAPITAL AND RESERVES *(Continued)*

(c) Share capital

(i) Authorised and issued share capital

	Note	2008 Number of shares '000	2008 HK$'000	2007 Number of shares '000	2007 HK$'000
Authorised:					
Ordinary shares of HK$0.10 each	(ii)	**20,000,000**	**2,000,000**	20,000,000	2,000,000
Ordinary shares, issued and fully paid:					
At 1 January		**777,638**	**77,764**	556,305	55,631
Shares issued under placement	(iii)	**–**	**–**	217,000	21,700
Shares issued under share option scheme	(iv)	**4,333**	**433**	4,333	433
At 31 December		**781,971**	**78,197**	777,638	77,764

The holders of ordinary shares are entitled to received dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Increase in authorised share capital

By an ordinary resolution passed at the special general meeting held on 29 June 2007, the Company's authorized share capital was increased to HK$300,000,000 by the creation of an additional 2,100,000,000 ordinary shares of HK$0.1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

Further on 12 December 2007, an ordinary resolution was passed at the special general meeting to increase the authorised share capital of the Company to HK$2,000,000,000 by the creation of an additional 17,000,000,000 ordinary shares of HK$0.1 each, ranking pari passu with the existing shares of the Company in all respects.

29. CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

(iii) Shares issued under placement

- On 14 May 2007, Good Power International Limited ("Good Power"), the former ultimate holding company of the Company, placed 70,000,000 existing ordinary shares of HK$0.1 each of the Company to independent investors at a price of HK$0.78 per share. On the same date, Good Power entered into a top-up subscription agreement with the Company to subscribe for 70,000,000 new ordinary shares of HK$0.1 each of the Company at HK$0.78 per share. The new ordinary shares of HK$0.1 each were issued on 18 May 2007.

- On 16 May 2007, Good Power placed 30,000,000 existing ordinary shares of HK$0.1 each of the Company to independent investors at a price of HK$0.87 per share. On the same date, Good Power entered into a conditionally top-up subscription agreement with the Company to subscribe for 30,000,000 new ordinary shares of HK$0.1 each of the Company at HK$0.87 per share. On the same date, the Company entered into share subscription agreements with two independent investors to allot and issue 10,000,000 new ordinary shares of HK$0.1 each of the Company at HK$0.87 per share. The new ordinary shares of HK$0.1 each were issued on 22 May 2007.

- On 29 October 2007, Good Power entered into sale and purchase agreements with ten independent investors to sell 107,000,000 existing ordinary shares of the Company at a price of HK$1.55 per share. On the same date, Good Power entered into a conditionally top-up subscription agreement with the Company to subscribe for 107,000,000 new ordinary shares of HK$0.1 each of the Company at HK$1.55 per share. The new ordinary shares of HK$0.1 each were issued on 8 November 2007.

(iv) Shares issued under share option scheme

On 6 June 2008, options were exercised to subscribe for 4,333,000 (2007: 4,333,000) ordinary shares in the Company for a consideration of HK$2,600,000 (2007: HK$2,600,000) of which HK$433,000 (2007: HK$433,000) was credited to share capital and the balance of HK$2,167,000 (2007: HK$2,167,000) was credited to the share premium account. HK$1,284,000 (2007: HK$1,284,000) has been transferred from the employee share-based compensation reserve to the share premium account in accordance with the accounting policy set out in note 2(p)(ii).

29. CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

(v) Terms of unexpired unexercised share options at balance sheet date:

Exercisable period	Exercise price	**2008 Number of shares issuable under options**	2007 Number of shares issuable under options
8 May 2007 to 7 May 2012	HK$0.60	**34,664,000**	38,997,000

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act 1981 of Bermuda.

(ii) Employee share-based compensation reserve

This represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share based payments in note 2(p)(ii).

(iii) Capital reserve

The capital reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company and the aggregate of the share capital and share premium of subsidiaries acquired through a reorganisation in relation to the listing of the Company's shares on the Stock Exchange in October 1998.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(t).

(v) Contributed surplus

The contributed surplus of the Company represents the difference between the aggregate net asset value of subsidiaries acquired as a result of the reorganisation prepared for the listing of the Company's shares on the Stock Exchange and the nominal amount of the Company's shares issued for the acquisition. Under Section 54 of the Bermuda Companies Act 1981, contributed surplus is available for distribution as dividends to shareholders subject to the provisions of the Company's bye-laws and provided that immediately following the distribution, the Company is able to pay its liabilities as and when they fall due or the realisable value of the Company's assets would not be less than the aggregate of its liabilities and its issued share capital and share premium account.

29. CAPITAL AND RESERVES *(Continued)*

(e) Distributability of reserves

At 31 December 2008, the Company had no retained profits available for cash distribution and/or distribution in specie. Under the Companies Act 1981 of Bermuda (as amended), the Company's contribution surplus in the amount of HK$122,864,000 (2007: HK$122,864,000) is currently not available for distribution. The Company's share premium account in the amount of HK$356,452,000 as at 31 December 2008 (2007: HK$353,001,000), may be distributed in the form of fully paid bonus shares.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher stakeholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital on the basis of an adjusted gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet, plus net debt.

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain the ratio within 10% to 40%. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

	2008 **HK$'000**	2007 HK$'000
Other borrowing (note 25)	**–**	10,700
Obligations under finance leases (note 26)	**37**	48
Total borrowings	**37**	10,748
Less: Cash and cash equivalents (note 23)	**(154,085)**	(160,195)
Net debt	**(154,048)**	(149,447)
Total equity	**311,698**	355,008
Adjusted gearing ratio	**(49%)**	(42%)

30. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments include borrowings, trade and other receivables and trade and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and other price 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.

(a) Credit risk

(i) As at 31 December 2008, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance.

(ii) In respect of trade and other receivables, in order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 90 days from the date of billing.

(iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the balance sheet date, the Group had a certain concentration of credit risk as nearly all (2007: 84%) of the total trade and other receivables was due from four (2007: three) customers/debtors of the Group.

(iv) The credit risk on liquid funds is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies. The Group monitors closing the credit ratings of these counterparties and will take appropriate action when their ratings change. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

(v) As set out in note 34, the financial guarantees given by the Group in 2007 was terminated due to disposal of Smart Wave Limited as disclosed in note 31(a)(i).

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to satisfy its contractual and reasonably foreseeable obligations as they fall due.

30. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

(b) Liquidity risk *(Continued)*

The following table set out the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company required to pay:

The Group

	2008						2007					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	6,084	–	–	–	6,084	6,084	156,573	–	–	–	156,573	156,573
Other borrowings	–	–	–	–	–	–	10,700	–	–	–	10,700	10,700
Obligations under finance leases	13	13	13	–	39	37	15	13	23	–	51	48
	6,097	13	13	–	6,123	6,121	167,288	13	23	–	167,324	167,321

The Company

	2008						2007					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payable	3,567	–	–	–	3,567	3,567	28,002	–	–	–	28,002	28,002

(c) Interest rate risk

The Group's interest rate risks arise primarily from its borrowings and other receivables. Borrowings and other receivables obtained at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk mainly concentrates on the fluctuation of market interest rate arising from the Group's bank deposits.

The Group is exposed to interest rate risk as its bank deposits are all interest-bearing. All bank deposits are short-term deposits with maturities less than or equal to three months. Management does not anticipate any significant impact resulting from the change in interest rates because the Group's bank balances are carried at low interest rates and the interest income thereon is not significant.

30. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

(c) Interest rate risk *(Continued)*

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank deposits, receivables and borrowings at the balance sheet date:

	2008 Effective interest rates %	**2008** HK$'000	2007 Effective interest rates %	2007 HK$'000
Fixed rate bank deposit and receivables:				
Deposit with banks	**0.1% – 1.4%**	**107,607**	–	–
Other receivables	**5% – 6%**	**51,480**	–	–
Total bank deposits and receivables		**159,087**		–
Fixed rate borrowings:				
Other borrowing	**–**	**–**	7.57%	10,700
Obligation under finance leases	**2.85%**	**37**	2.85%	48
Total borrowings		**37**		10,748
Total bank deposits, receivables and borrowings		**159,124**		10,748
Fixed rate bank deposits and receivables as a percentage of total bank deposits, receivables and borrowings		**100%**		–
Fixed rate borrowings as a percentage of total bank deposits, receivables and borrowings		**–**		100%

(ii) Sensitivity analysis

At 31 December 2008, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax and accumulated losses by approximately HK$229,000 (2007: HK$784,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial liabilities in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

30. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

(d) Currency risk

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency is Hong Kong dollars as substantially all the turnover are in Hong Kong dollars. The Group's transactional foreign exchange exposure was insignificant.

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2008			2007		
	Renminbi '000	**United States Dollars '000**	**Euros '000**	Renminbi '000	United States Dollars '000	Euros '000
The Group						
Trade and other receivables	**962**	**–**	**–**	35,529	–	–
Cash and cash equivalents	**9**	**7**	**1**	3,191	8	1
Trade and other payables	**(1,461)**	**(6)**	**–**	(142,581)	(2)	–
Other borrowing	**–**	**–**	**–**	(10,000)	–	–
Exposure arising from recognised assets and liabilities	**(490)**	**1**	**1**	(113,861)	6	1
The Company						
Other receivables	**962**	**–**	**–**	971	–	–
Cash and cash equivalents	**9**	**7**	**–**	2,898	8	–
Other payables	**(1,461)**	**(6)**	**–**	–	–	–
Exposure arising from recognised assets and liabilities	**(490)**	**1**	**–**	3,869	8	–

30. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

The Group

	2008			2007		
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses HK$'000**	**Effect on other components of equity HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK$'000	Effect on other components of equity HK$'000
Renminbi	**5%**	**107**	**107**	5%	(5,779)	(5,779)
	-5%	**163**	**163**	-5%	6,404	6,404
United States dollars	**5%**	**–**	**–**	5%	3	3
	-5%	**(1)**	**(1)**	-5%	(3)	(3)
Euros	**5%**	**–**	**–**	5%	–	–
	-5%	**(1)**	**(1)**	-5%	(1)	(1)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

30. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

(e) Price risk

One of the principal operations of the Group are trading of non-ferrous metals. As non-ferrous metals markets are influenced by global as well as regional supply and demand conditions, any unexpected price changes could affect the Group's earnings and performance. To protect the Group's trading businesses from the impact of zinc and copper price fluctuations, the Group closely monitors the net exposure and ensures that is kept to an acceptable level.

(f) Fair values

The fair values of cash and cash equivalents, deposit paid for potential investment, trade and other receivables, trade and other payables, other borrowing, obligations under finance leases are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value has been determined either by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments.

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments:

(i) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(ii) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

31. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries attributable to discontinued operations

For the year ended 31 December 2008

(i) Smart Wave Limited

As explained in note 9(a), the Company disposed its entire equity interest in Smart Wave Limited and the amount due to the Company from Smart Wave Limited on 30 June 2008 for an aggregate consideration of HK$12,250,000. The net liabilities of Smart Wave Limited at the date of disposal were as follows:

	HK$'000
NET LIABILITIES DISPOSED OF	
Other property, plant and equipment	42
Inventories	152,512
Trade and other receivables	33,669
Cash and cash equivalents	44
Amount due to intermediate holding company	(33,764)
Trade and other payables	(164,579)
Other borrowing	(11,389)
	(23,465)
Assignment of amounts due from subsidiaries	33,764
Exchange fluctuation reserve realised	(2,849)
Gain on disposal of discontinued operation	4,800
Total consideration – satisfied by cash	12,250
Cash consideration received	12,250
Cash and cash equivalents disposed of	(44)
Net cash inflow arising from disposal	12,206

The impact of Smart Wave Limited on the Group's results and cash flows in the current and the previous year has been disclosed in note 9(a).

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Disposal of subsidiaries attributable to discontinued operations *(Continued)*

(ii) Elegant Pool Limited

As explained in note 9(b), the Group disposed its entire equity interest in Elegant Pool Limited and the amount due to the Group from Elegant Pool Limited on 24 December 2008 for an aggregate consideration of HK$49,880,000. The net liabilities of Elegant Pool Limited at the date of disposal were as follows:

	HK$'000
NET LIABILITIES DISPOSED OF	
Investment properties	53,952
Amount due to immediate holding company	(54,287)
Deferred tax liabilities	(1,286)
Current taxation	(2,263)
	(3,884)
Assignment of amounts due from the subsidiaries	54,287
Exchange fluctuation reserve realised	(1,755)
Gain on disposal of discontinued operation	1,232
	49,880
Satisfied by:	
Cash consideration received	10,000
Deferred consideration (note 21(d)(i))	39,880
	49,880
Cash consideration received	10,000
Net cash inflow arising from disposal	10,000

The impact of Elegant Pool Limited on the Group's results and cash flows in the current and the previous year has been disclosed in note 9(b).

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Disposal of subsidiaries attributable to discontinued operations *(Continued)*

(iii) New Times Finance Limited and Jefta Holdings Limited

As explained in note 9(c), the Company disposed its entire equity interest in NTHL and the amount due to the Company from NTHL on 1 December 2008 for an aggregate consideration of HK$500. NTHL was an investment holding company and its principal investments are two wholly-owned subsidiaries, New Times Finance Limited and Jefta Holdings Limited which were engaged in the provision of financial services. The net liabilities of New Times Finance Limited and Jefta Holdings Limited at the date of disposal were as follows:

	HK$'000
NET LIABILITIES DISPOSED OF	
Trade and other receivables	159
Loan receivables	–
Trade and other payables	(1,683)
	(1,524)
Gain on disposal of discontinued operations	1,524
Total consideration	–
Net cash inflow/outflow arising from disposal	–

The impact of New Times Finance Limited and Jefta Holdings Limited on the Group's results and cash flows in the current and the previous year has been disclosed in note 9(c).

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Disposal of subsidiaries attributable to discontinued operations *(Continued)*

(iv) Summary of the disposal of subsidiaries attributable to discontinued operations

Details of the net assets/(liabilities) disposed of at the respective dates of the disposal of subsidiaries attributable to discontinued operations are summarised as follows:

	HK$'000
Other property, plant and equipment (note 15(a))	42
Investment properties (note 15(a))	53,952
Inventories	152,512
Trade and other receivables	33,828
Cash an cash equivalents	44
Amount due to immediate holding company	(54,287)
Amount due to intermediate holding company	(33,764)
Trade and other payables	(166,262)
Other borrowing	(11,389)
Deferred tax liabilities (note 27(b))	(1,286)
Current taxation	(2,263)
	(28,873)
Assignment of amounts due from subsidiaries	88,051
Exchange fluctuation reserve realised	(4,604)
Gain on disposal of discontinued operations	7,556
Total consideration	62,130
Satisfied by:	
Cash consideration received	22,250
Deferred consideration (note 21(d)(i))	39,880
	62,130
Cash consideration received	22,250
Cash and cash equivalents disposed	(44)
Net cash inflow arising from disposals	22,206

The impact of Elegant Pool Limited on the Group's results and cash flows in the current and the previous year has been disclosed in note 9(b).

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

For the year ended 31 December 2008

(i) Disposal of New Times Holdings Limited

As explained in note 31(a)(iii), on 1 December 2008, the Group disposed of its entire equity interest in together with shareholders' loan of NTHL to an independent third party for an aggregate consideration of HK$500. Other than its principal investments in New Times Finance Limited and Jefta Holdings Limited, NTHL held various dormant subsidiaries. The net liabilities of these subsidiaries at the date of disposal were as follows:

	HK$'000
NET LIABILITIES DISPOSED OF	
Amount due to immediate holding company	(36,429)
Trade and other payables	(79)
	(36,508)
Assignment of amount due from subsidiary	36,429
Gain on disposal of subsidiaries	80
Total consideration – satisfied by cash	1
Cash consideration received	1
Net cash inflow/outflow arising from disposal	1

(ii) Disposal of Optima Worldwide Investment Limited

On 1 December 2008, the Group disposed of its entire equity interest in together with shareholders' loan of Optima Worldwide Investment Limited to an independent third party for an aggregate consideration of HK$100.

	HK$'000
NET LIABILITIES DISPOSED OF	
Amount due to immediate holding company	(52)
	(52)
Assignment of amount due from subsidiary	52
Gain on disposal of a subsidiary	–
Total consideration – satisfied by cash	–
Cash consideration received	–
Net cash inflow/outflow arising from disposal	–

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

(iii) Summary of disposal of subsidiaries

Details of the net assets/(liabilities) disposed of in respect of the disposal of subsidiaries are summarised as follows:

	HK$'000
Amount due to immediate holding company	(36,481)
Trade and other payables	(79)
	(36,560)
Assignment of amounts due from subsidiaries	36,481
Gain on disposal of subsidiaries	80
Total consideration	1
Satisfied by:	
Cash consideration received	1
Cash consideration received	1
Net cash inflow arising from disposals	1

32. MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
Taifook Securities Company Limited	A company controlled by Dato' Dr. Cheng Yu Tung, the ultimate beneficiary of the single largest shareholder of the Company

(a) In addition to those disclosed elsewhere in the financial statements, the following is a summary of significant related party transactions entered into in the normal course of business between the Group and its related party during the year.

Related parties	Nature of transactions	Term and pricing policies	**2008 HK$'000**	2007 HK$'000
Taifook Securities Company Limited	Commission income	(i)	**684**	–
	Broker charges	(i)	**14**	–

Note:

(i) agreed by the parties concerned.

32. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

	2008	2007
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**4,582**	2,732
Discretionary bonuses	**79**	–
Retirement scheme contributions	**41**	34
Equity settled share-based payment expenses	**–**	6,419
	4,702	9,185

Total remuneration is included in "staff costs" (see note 6(b)).

33. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2008 not provided for in the financial statement were as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Contracted for		
– Acquisition of property, plant and equipment	**–**	2,885
– Investment cost of potential investment (note 18)	**2,045,400**	10,257,400
	2,045,400	10,260,285

(b) At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**1,215**	4,674
In the second to fifth year, inclusive	**102**	8,328
	1,317	13,002

The Group leases its offices under operating lease arrangements. Leases for properties are negotiated for a term of three years.

34. FINANCIAL GUARANTEE

For the year 2007, the Group had given a joint corporate guarantee to a bank in connection with bank facilities granted by the bank to Wandi Estate Development, an independent third party of the Group. At 31 December 2007, such facilities was drawn down by Wandi Estate Development, to extent of RMB35,000,000 (equivalent to HK$37,450,000). The maximum liability of the Group under the guarantee issued represents the amount drawn down by Wandi Estate Development of RMB35,000,000 (equivalent to HK$37,450,000). No recognition was made because the fair value of the guarantee was insignificant and that the directors did not consider it is probable that a claim would be made against the Company under the guarantee.

On 6 March 2008, the Group's completed property held for sale was foreclosed by Beijing First Intermediate Peoples Court (北京市第一中級人民法院) as a result of the default in progress repayment of the bank loan by Wandi Estate Development. Pursuant to the legal opinion dated 23 May 2008, the directors of the Group are of the opinion that no provision was recognised because the financial guarantee liabilities of the Group cannot be measured reliably up to the date of disposal of Smart Wave Limited.

Upon the disposal of Smart Wave Limited on 30 June 2008 as set out in note 31(a)(i), the Group had no financial guarantee outstanding as at the year-end date.

35. EVENT AFTER THE BALANCE SHEET DATE

Other than those disclosed elsewhere in the financial statements, the Group do not have any other significant event after the balance sheet date need to be disclosed.

36. PARENT AND ULTIMATE HOLDING COMPANY

At 31 December 2008, the directors consider the parent and ultimate controlling party of the Group to be Max Sun Enterprises Limited and Chow Tai Fook Nominee Limited, which is incorporated in the British Virgin Islands and Hong Kong respectively. These entities do not produce financial statements available for public use.

37. COMPARATIVE FIGURES

Certain comparative figures have been restated or reclassified as a result of the presentation of discontinued operation and conformation with the current year's presentation.

38. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors use in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. In addition to note 28(c) which contains information about the assumptions and the risk factors relating to fair value of share options granted, certain critical accounting judgements in applying the Group's accounting policies are described below.

(a) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write-off or write-down technically obsolete or non-strategic-assets that have been abandoned or sold.

(b) Investment properties

The fair values of investment properties are determined by independent valuers on an open market basis.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(c) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(d) Valuation of inventories

Inventories are stated at the lower of cost and net realisable value at balance sheet date. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The directors estimate the net realisable value for finished goods and work-in-progress based primarily on the latest invoice prices and current market conditions. In addition, the directors perform an inventory review on a product-by-product basis regularly and assess the need for write down of inventories.

(e) Allowance for impairment of doubtful debts

Allowance for impairment of doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer. Any increase or decrease in the allowance for impairment of doubtful debts would affect profit or loss in future years.

(f) Taxation

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

Five Years Financial Summary

Set out below is a summary of the results and a statement of net assets of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate.

RESULTS

	Year ended 31 December		Nine month ended 31 December	Year ended 31 March	
	2008	2007	2006	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER					
Continuing operation	**33,020**	154,259	85,937	–	–
Discontinued operations	**–**	1,194	4,244	5,400	5,024
	33,020	155,453	90,181	5,400	5,024
LOSS BEFORE TAXATION					
Continuing operation	**(26,973)**	(30,822)	2,598	(153)	(2,533)
Discontinued operations	**(15,024)**	(28,676)	(27,453)	(2,285)	(14,918)
	(41,997)	(59,498)	(24,855)	(2,438)	(17,451)
INCOME TAX					
Continuing operation	**(154)**	–	(673)	–	(48)
Discontinued operations	**–**	(239)	(589)	(454)	(410)
	(154)	(239)	(1,262)	(454)	(458)
Net Loss from ordinary activities attributable to shareholders	**(42,151)**	(59,737)	(26,117)	(2,892)	(17,909)

ASSETS AND LIABILITIES

	31 December			31 March	
	2008	2007	2006	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**72,037**	129,970	87,502	130,320	136,505
Current assets	**245,800**	396,581	133,185	54,100	21,399
TOTAL ASSETS	**317,837**	526,551	220,687	184,420	157,904
Current liabilities	**6,114**	170,222	75,122	49,602	20,470
Non-current liabilities	**25**	1,321	1,286	1,393	1,485
TOTAL LIABILITIES	**6,139**	171,543	76,408	50,995	21,955
	311,698	355,008	144,279	133,425	135,949