Sunny Global Holdings Limited
新怡環球控股有限公司

(incorporated in Bermuda with limited liability)
Stock Code: 1094

Annual Report 2008

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CORPORATE INFORMATION

DIRECTORS

Executive directors

Mr. Li Chun Tak
Mr. Wong Hin Shek
Mr. Dai Zhongcheng
Mr. Liu Bo
Mr. Zhao Peilai
Mr. Cheng Yuanzhong *(chief executive officer)*
Mr. Wu Xiaodong *(chief financial officer)*

Non-executive director

Mr. Wong Kam Fat,Tony *(Chairman)*

Independent non-executive directors

Mr. Au Tin Fung
Mr. Chan Chun Wai
Ms. So Wai Yee, Betty

Audit Committee and Remuneration Committee

Mr. Au Tin Fung
Mr. Chan Chun Wai
Ms. So Wai Yee, Betty

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chiu Yu Choi *(CPA, FCCA, ACS, ACIS, B.A.(Hons))*

SHARE REGISTRARS AND TRANSFER OFFICES

Bermuda

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

Hong Kong

Union Registrars Limited
Rooms 1901-02, Fook Lee Commercial Centre,
Town Place, 33 Lockhart Road,
Wanchai, Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 2805-2807, 28/F., Dah Sing Financial Centre, 108 Gloucestor Road,
Wanchai, Hong Kong

AUDITORS

Morison Heng
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong law

Chiu & Partners

As to Bermuda law

Conyers Dill & Pearman

PRINCIPAL BANKERS

Wing Hang Bank, Ltd.
The Hongkong & Shanghai Banking Corporation Limited
Bank Sinopac

STOCK CODE

1094

CHAIRMAN'S STATEMENT

To our Shareholders,

On behalf of the board of directors, I hereby present the annual report of the Group for the year ended 31 December 2008. It is great to have this opportunity to share with all the shareholders on our Group's performance.

BUSINESS REVIEW

During the year under review, the Group tried to streamline some of the IT business to improve the competitiveness. However, the continuous over-supply of the IT products and services, and the decreasing consuming power owing to the effect of the global economic turmoil further tightened the profit margin generated from these businesses.

During the year, the Group entered into two major business, the energy business and online public procurement business. During the year the Group has successfully arranged various energy trading activities from Southeast Asia to PRC. This energy trading business gives the Group a new business opportunity to open the door of the PRC energy market. However, the global financial crises being from September 2008 drastically interrupted the balance of the energy market order and the energy prices. The Group has taken very prudent steps in this energy business in order to ensure a positive profit margin and reduce the trading risks in association with this volatile energy market.

At the Special General Meeting of the Shareholders of the Company held on 9 February 2009, the acquisition of the Gucoai (Beijing) Technology Company Ltd, which will develop a nationwide online public procurement platform for suppliers and public procurers in the PRC, was approved. With the support of our PRC partners (including Tsinghua University), this IT related business is expected to provide a regular and continuous contribution to our Group. This business will be one of the core businesses of our Group in future which is expected to provide a stable and steady income.

PROSPECTS

Regardless of business sectors, the impact from the global financial crises towards the PRC and Hong Kong business market are lethal. The existing IT related businesses are expected to be under a depressed business climate. Since the unexpected price movement of energy prices, the potential risk in the profit margin and debts collection should not be under estimated.

Owing to these factors, our focus will be shifted to the forthcoming new business of online public procurement, which is subject to various incentives and benefits upon the PRC government policy. Our Group contemplated that this new business will be the least affected by the current market sentiment and have a sparkling prospect in light of the expected recovery in the near future.

Although the current market submerged and the confidence may not be restored in a short term, which the board anticipates a very challenging period would be encountered, the board will strive for a breakthrough to turn the difficulties ahead into prosperous business opportunity for the Group.

CHAIRMAN'S STATEMENT

APPRECIATION

We would like to take this opportunity to thank our shareholders for their continuous support to the management and the Group. We would also like to express our gratitude to our staff for their endeavors and enthusiasm towards the operation and progression of the Group.

For and on behalf of the Board

Wong Kam Fat, Tony
Chairman

Hong Kong, 30 April, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING AND FINANCIAL REVIEW

During the financial year under review, the Group recorded a turnover of approximately HK$209 million, representing an increase of around 2.6 times as compared to the previous period of HK$57.8 million.

The coal trading business contributed a turnover of HK$170 million, whereas it was underlying an around 81% of the Group's turnover.

The IT business contributed a turnover of HK$23 million, whereas it was underlying an around 11% of the Group's turnover.

This year our general trading contributed a turnover of HK$15.6 million.

The following table provides an analysis of the Group's revenue by business segmentation

	For the financial Year ended 31 December 2008		For the financial period ended 31 December 2007		Percentage of change year to period
	HK$'000	%	HK$'000	%	%
Coal trading	170,234	81.4	—	—	
IT Business					
— Trading	11,772		26,284		
— Services	11,313		18,387		
	23,085	11	44,671	77	(48)
General Trading	15,617	7.6	13,160	23	(18.7)
TOTAL	208,936	100	57,831	100	261

The gross profit margin decreased from 9.1% to 2.7% partly in reflection of the lower profit margin of the coal trading business.

The Group Recorded a loss attributable to shareholders amounted to approximately HK$507 million because of (1) the outbreak of the Global financial turmoil and unexpected fluctuations of Energy pricing leaded to fully written off of Goodwill of HK$365 million (2) delay in the implementation of the business plan due to change in the Global and PRC business environment (3) increase in share based payment from the issue of the share options granted under the share option scheme of the Company and (4) the cost of setting up the Group's operations for its new energy business.

MANAGEMENT DISCUSSION AND ANALYSIS

GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As the competition in the IT business is severe and the price of coal fluctuates significantly, the profit margin of the Group was impaired substantially. The Group has been very cautious in allocating its resources and keeps exploring other business opportunities by diversifying its investment to other industries with good prospects and comparatively favorable investment return. As the Group will diversify into a new business - online public procurement, the Board considers re-allocating its resources to this new business, and the management has decided to adjust the goodwill accordingly. The carrying amount of goodwill at 31 December 2008 was HK$Nil (31 December 2007: 14.5 million). For further details of impairment of goodwill, please refer to note 14 of the Notes to the Financial Statements.

NEW BUSINESS

In 2008, the Group has successfully entered into coal trading business and has developed a solid relationship with various reputable energy related companies. However, due to the global financial crisis and the fluctuation of the energy price, the Group has taken prudent steps in this trading business in order to ensure a positive profit margin and reduce the trading risks in association with this volatile energy market.

OUTLOOK

Currently, the Group has participated in the energy trading business and IT business which is under a competitive landscape with suppressed profit margin. The Group is planning to reallocate the resources from high capital expenditure business to stable income business such as online public procurement.

In September 2008, the Group disposed of its indirect interest in Bartech (International) Information Network Limited which is a securities trading information provider. The reasons for the disposition are to avoid the large maintenance cost for the hardware and software and dissipation of resources to competitive areas and to centralize the Group's focus on the higher return businesses.

In April 2009, the Group completed the acquisition of the entire issued share capital of Hero Joy International Limited "Hero Joy". Hero Joy indirectly holds 90% of Guocai (Beijing) Technology Company Limited, a Chinese foreign equity joint venture company (EJV). It is expected that the EJV will commence business in early 2009 and will be principally engaged in technology development, advisory services, business planning and public-relations activities planning of network technologies. It is intended that the EJV proposes, among other matters, to develop a nationwide online public procurement platform for suppliers and public procurers in the PRC including central and local government and public authorities; to improve the efficiency, effectiveness and transparency of public procurement procedures in the PRC and to promote international public procurement standards in the PRC to satisfy the requirements of the World Trade Organisation (WTO).

The Group will be very cautious in allocating its resources and will keep exploring other suitable business opportunities and diversifying its investment to other potential industries with good prospect and favorable investment return to the Company and its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group maintained cash, fixed deposits and bank balances of approximately HK$54.6 million (31 December 2007: HK$130 million) without any borrowings (31 December 2007: nil).

The gearing ratio of the Group as of 31 December 2008 was null (31 December 2007: nil).

As of 31 December 2008, the Group's working capital (net current assets) and current ratio were approximately HK$117.9 million (31 December 2007: HK$141.6 million) and 7.2x (31 December 2007: 14.3x) respectively. In terms of the quality of current assets, over 28% of current assets were cash at banks whereas the Group is expected to preserve a healthy liquidity position. The existing available cash and bank balances are considered sufficient to adequate liquidity and capital resources for the Group's operating requirements.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2008, the Company's bank deposits of approximately HK$15 million (31 December 2007: HK$15 million) was pledged by the Group to secure general banking facilities granted to the Group. The Group had no significant contingent liabilities as at 31 December 2008.

FOREIGN EXCHANGE EXPOSURE

The Group has limited exposure to fluctuation in foreign currencies as most of its transactions are denominated in HK dollars and US dollars. Exchange rates between these currencies were relatively stable during the year under review. The Group has not entered into any foreign currency forward exchange contract for the purpose of hedging against foreign exchange risks involved in the Group's operations.

STAFF AND REMUNERATION POLICY

The Group determines staff remuneration in accordance with market terms and individual qualifications and performance. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. As at 31 December 2008, the Group employed approximately 42 employees.

The Company maintains a share option scheme (the "Scheme"), pursuant to which share options are granted to selected directors or employees of the Group, with a view to attract and retain quality personnel and to provide them with incentive to contribute to the business and operation of the Group.

During the year, 160,500,000 share options were granted to the eligible participants and 2,240,000 share options were exercised.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all directors, confirmed that all directors have complied with the required standard of dealings set out therein throughout the year ended 31 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference which have been updated on terms no less exacting than the required standard as set out in the New Code. The Audit Committee comprises three members namely Mr. Au Tin Fung, Mr. Chan Chun Wai and Ms. So Wai Yee, Betty, the independent non-executive directors of the Company.

The Audit Committee has reviewed with the management and the auditors the audited consolidated annual results of the Group for the year ended 31 December 2008.

REMUNERATION COMMITTEE

The Remuneration Committee was established with written terms of reference based on terms no less exacting than the required standard as set out in the New Code. The Remuneration Committee comprises three members namely Mr. Au Tin Fung, Mr. Chan Chun Wai and Ms. So Wai Yee, Betty, the independent non-executive directors of the Company. The Remuneration Committee are to review and determine the remuneration policy and other remuneration related matters of the directors and the senior management of the Group.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Li Chun Tak, aged 29, an executive Director of the Company who has over 8 years' experience in the field of information technology and business management. He had managed and supervised research projects in information technology, computer programming and business strategic planning. Mr. Li holds a bachelor of laws degree from the Manchester Metropolitan University in the United Kingdom and a bachelor of science degree in information technology from the Hong Kong Polytechnic University in Hong Kong.

Mr. Wong Hin Shek, aged 39, joined the Group on 19 November 2007 as the executive Director. Mr. Wong is currently an executive director of each of Climax International Company Limited and Golden Resorts Group Limited, which are companies listed on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). He has been involved in management, business development, strategic investment and investor relations in these companies. Mr. Wong is also a responsible officer of a licensed corporation which carries out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance. He worked in a number of reputable investment banks and the Listing Division of the Stock Exchange. Mr. Wong has extensive experience in finance, operation and strategic investment of listed companies in Hong Kong.

He holds a Master of Science (Financial Management) degree from University of London in United Kingdom and a Bachelor of Commerce degree from University of Toronto in Canada.

Mr. Dai Zhongcheng, aged 47, an executive Director has been involved in the financial industry and assets and capital market in the People's Republic of China (the "PRC") for more than 24 years. Prior to joining the Company, Mr. Dai has held various directorships and senior positions with prominent corporation in the PRC. Mr. Dai was an independent non-executive director of Smart Rich Energy Finance (Holdings) Limited (stock code: 1051), a company listed on the main board of the Stock Exchange for the period from 12 June 2007 to 25 March 2009. He was also an executive director of Yueshou Environmental Holdings Limited (formerly known as China Rich Holdings Limited) (stock code: 1191), a company listed on the main board of the Stock Exchange, for the period from 1 December 2004 to 12 June 2007.

Mr. Liu Bo, aged 34, was graduated from the faculty of economic management of Jiangxi University of Science and Technology and has over 11 years' experience in management and market operation in the field of information technology. He is the vice general manager of Beijing Hua Da Heng Tai Technology Co. Ltd., and is responsible for the business of information technology.

Mr. Zhao Peilai, aged 34, was graduated from the Faculty of Computer of Beijing University of Technology with a bachelor degree in computer technology. He has been the manager and vice president of the Beijing Chang An Branch and Beijing Development Zone Branch of The China Construction Bank and has over 11 years' experience in corporate banking, retail banking, foreign exchange and accounting services.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheng Yuanzhong, aged 53, an executive Director and chief executive officer of the company who obtained his Bachelor degree in Philosophy in Wuhan University. Earlier in his career, Mr. Cheng has engaged in extensive research in macroeconomics, external economics and foreign trade policy, especially General Agreement on Tariffs and Trade (GATT) in the Development Research Centre of the State Council, PRC. Later, he has endeavoured to the research and application of public management and electronic administration. In 2002, he liaised with United Nations Economic and Social council and other organisations to hold an international conference in relation to e-government and public administration in Beijing. Since 2006, he has become the chief co-ordinator of the Government Procurement Management Reformation Research Team of the Development Research Centre of the State Council and the chief researcher of the Oriental Comprehensive Research Institute of Public Administration of the Development Research Centre of the State Council and strives to work with the office of the Central Financial and Economic Leading Group of the Communist Party of China, Central Commission for Discipline Inspection of Communist Party of China, Ministry of Finance, Government procurement centre of the Central State, State of Auditing Administration, and other organisations to plan, implement and facilitate the trial centres electronic public procurement in China and as such, he has become the chairman of Guocai Science & Technology Co, a company formed with the School of Software of Tsinghua University, China Electronic Chamber of Commerce, the China Federation of Logistics and Purchasing, etc. Before his joining, Mr. Cheng had been the deputy commissioner of the Government Office Administration of the State Council, the deputy officer of the Service Centre of Development Research Center of the State Council and the deputy managing director of the Oriental Comprehensive Research Institute of Public Administration of the Development Research Centre of the State Council. Mr. Cheng has also made several writings on the issues between GATT and the PRC and was the chief editor of a guideline for small and medium enterprises in PRC to list overseas.

Mr. Wu Xiaodong, aged 40, an executive Director and chief financial officer of the company who obtained his Bachelor and Master Degree in Accounting from Capital University of Economics and Business and has more than 14 years experiences in auditing, accounting and finance. He is a member of the Chinese Institute of Certified Public Accountants and had previously been the chief financial officer of Eguard Resources Limited, a company listed on Shenzhen Stock Exchange.

Non-Executive Director

Mr. Wong Kam Fat Tony, aged 46, a non-executive Director and the chairman of the Board, is the vice-chairman of the board of directors and the chairman of human resources and administration committee of Sik Sik Yuen. He is also the supervisor of Ho Yu College and Primary School. He has profound management experience in the charity and education industry and over 15 years' management experience in the printing industry. He is a director of Hip Lik Design and Printing Company Limited, which is principally engaged in the printing business.

Independent Non-Executive Directors

Mr. Au Tin Fung, aged 51, an independent non-executive Director and a member of the audit committee and remuneration committee of the Company, graduated from the business management department of the Hong Kong Baptist University. He holds a master degree in business administration from the Upper Iowa University, the United States of America. He has worked for Wong's Kong King International (Holdings) Limited as the corporate assistant general manager and the director general of Shenzhen Dengcheng Realties Development Company Limited. He is currently the managing director of Fortune Wealth Management Limited. Mr. Au was an independent non-executive director of China Conservational Power Holdings Limited (stock code: 290), a company listed on the main board of the Stock Exchange, from 23 December 2005 to 10 May 2006.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Chun Wai, aged 39, an independent non-executive Director and a member of the audit committee and the remuneration committee of the Company. He graduated from the University of Central Oklahoma with a bachelor degree in computer sciences and mathematics. He has over 16 years of experience in the field of information technology in Hong Kong and the United States of America. Mr. Chan was an independent non-executive director of Garico Holdings Limited (stock code: 729), a company formerly known as Gorient (Holdings) Limited and listed on the main board of the Stock Exchange, from 22 March 2005 to 29 May 2007.

Ms. So Wai Yee Betty, aged 27, an independent non-executive Director and a member of the audit committee and remuneration committee of the Company, graduated from the University of Hong Kong with a Bachelor degree in Business Administration. She has several years working experience in one of the major international accounting firms in Hong Kong. She is currently the financial controller of China Metal Resources Holdings Limited (Stock Code: 8071), a company listed on the GEM board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Chiu Yu Choi, Nelson, aged 37, was appointed as the company secretary and qualified accountant of the Company in August 2006. Mr. Chiu graduated from The Hong Kong Polytechnic University with a bachelor's honours degree in accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants, Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators, and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Company, he worked as the company secretary and qualified accountant in a listed company in Hong Kong and has 16 years' extensive experience in accounting, auditing, financial analysis and taxation matters.

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Company and the Group for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the coal trading business and information technology business including the provision of system integration services, facility management services and information technology infrastructure network development in the People's Republic of China and Hong Kong. The Group is also engaged in the trading of construction materials and mobile phones.

SEGMENT INFORMATION

An analysis of the Group's results, assets and liabilities by segment for the year under review is set out in note 4 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year under review are set out in the consolidated income statement on page 25. The directors do not recommend the payment of dividend for the year ended 31 December 2008.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on 88.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company during the year under review are set out in note 26 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year under review are set out in note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' REPORT

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to the ordinary resolution passed by the shareholders of the Company (the "Shareholders") on 12 June 2002. Under the Share Option Scheme, the original number of the shares in the capital of the Company (the "Shares") which may be issued upon the exercise of all the options granted under the Share Option Scheme to subscribe for shares in accordance with the terms thereof (the "Options") granted or to be granted under the Share Option Scheme was 40,000,000 Shares, representing 10% of the issued share capital as at the date of adoption of the Share Option Scheme and the maximum number of Shares that might be issued upon the exercise of all Options under the Share Option Scheme or other schemes. Subject to prior approval of the shareholders of the Company (the "Shareholders"), the Company may, at any time thereafter, refresh the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme ("Scheme Mandate Limit") to grant options over Shares as shall represent 10% of the issued share capital of the Company as at the date of passing the relevant resolution.

Pursuant to the ordinary resolution passed by the Shareholders on 24 March 2006, the Scheme Mandate Limit was refreshed so that the total number of Shares which may fall to be issued upon exercise of all Options to be granted under the Share Option Scheme or other schemes shall not exceed 115,000,000 Shares, being 10% of the issued share capital of the Company as at 24 March 2006.

Pursuant to the ordinary resolution passed by the Shareholders on 30 March 2007, the Scheme Mandate Limit was refreshed so that the total number of Shares which may fall to be issued upon exercise of all Options to be granted under the Share Option Scheme or other schemes shall not exceed 194,800,000 Shares, being 10% of the issued share capital of the Company as at 30 March 2007.

Pursuant to the ordinary resolution passed by the Shareholders on 20 December 2007, the Scheme Mandate Limit was refreshed so that the total number of Shares which may fall to be issued upon exercise of all Options to be granted under the Share Option Scheme or other schemes shall not exceed 321,157,000 Shares being 10% of the issued share capital of the Company as at 20 December 2007.

Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme at any time will not exceed 30% of the Shares in issue from time to time. No Options shall be granted under the Share Option Scheme or any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

During the period ended 31 December 2007, an aggregate of 309,176,000 share options of the Company were granted to the eligible participants. Out of these, 206,577,000 share options and 2,000 share options were exercised and forfeited during the fifteen months ended 31 December 2007. As at 31 December, 2007, 102,604,000 share options were issued and outstanding.

During the year ended 31 December 2008, an aggregate of 160,500,000 share options of the Company were granted to the eligible participants. Out of the options granted in the period ended 31 December 2007, 2,240,000 share options were exercised during the year ended 31 December 2008. As at 31 December, 2008, 209,562,000 share options were issued and outstanding.

DIRECTORS' REPORT

DIRECTORS

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

Executive directors

Mr. Li Chun Tak	(Resigned as chief executive officer on 23 April 2009)
Mr. Wong Hin Shek	
Mr. Dai Zhongcheng	(Appointed on 13 March 2008)
Mr. Liu Bo	(Appointed on 2 July 2008)
Mr. Zhao Peilai	(Appointed on 10 July 2008)
Mr. Yip Kwan, Ben	(Resigned on 2 July 2008)
Mr. Cheng Yuanzhong	(Appointed on 23 April 2009 and also as chief executive officer)
Mr. Wu Xiaodong	(Appointed on 23 April 2009 and also as chief financial officer)

Non-executive director

Mr. Wong Kam Fat, Tony *(Chairman)*

Independent non-executive directors

Mr. Au Tin Fung	
Mr. Chan Chun Wai	
Ms. So Wai Yee, Betty	
Mr. Tsui Pak Hang	(Resigned on 15 January 2008)

Pursuant to Bye-Law 86, any director appointed to fill a causal vacancy on the Board shall hold office only until the next following general meeting of the Company, and any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company. Such directors shall then be eligible for re-election at the next following annual general meeting.

Further, pursuant to Bye-Law 87, 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 at every annual general meeting provided that every director; including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election.

In accordance with Bye-Law 86, Mr. Liu Bo, Mr. Zhao Peilai, Mr. Cheng Yuanzhong and Mr. Wu Xiaodong shall retire from their offices by rotation at the forthcoming annual general meeting. Being eligible, Mr. Liu Bo, Mr. Zhao Peilai, Mr. Cheng Yuanzhong and Mr. Wu Xiaodong will offer themselves for re-election as executive directors. At the annual general meeting, an ordinary resolution will be proposed to re-elect Mr. Liu Bo, Mr. Zhao Peilai, Mr. Cheng Yuanzhong and Mr. Wu Xiaodong as executive directors.

The term of office of each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-Laws.

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

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries and fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL

As at 31 December 2008, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares or 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 pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of directors	Number or attributable number of shares or underlying shares held or short positions	Beneficial owner	Approximate percentage or attributable percentage of shareholding (%)
Li Chun Tak (Note 1)	140,000,000	—	6.31
Wong Kam Fat, Tony (Note 2)	14,206,000	—	0.64
Wong Hin Shek (Note 3)	3,000,000	—	0.14
Dai Zhongcheng (Note 4)	3,000,000	—	0.14
Au Tin Fung (Note 5)	600,000	—	0.03
Chan Chun Wai	—	420,000	0.02

Notes:

1. These interests in 140,000,000 Shares represent 140,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Li Chun Tak under the Share Option Scheme.

2. These interests in 14,206,000 Shares represent 14,206,000 Shares to be allotted and issued upon the exercise of the share options granted to Wong Kam Fat, Tony under the Share Option Scheme.

3. These interests in 3,000,000 Shares represent 3,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Wong Hin Shek under the Share Option Scheme.

4. These interests in 3,000,000 Shares represent 3,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Dai Zhongcheng under the Share Option Scheme.

5. These interests in 600,000 Shares represent 600,000 Shares to be allotted and issued upon the exercise of the share options granted to Au Tin Fung under the Share Option Scheme.

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2008, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the directors or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity	Number of shares interested	Percentage of the issued share capital
Liu Yi Dong	Beneficial owner	254,604,000	11.48%
Success Way Holdings Limited	Beneficial owner	254,604,000	11.48%
Wisdom First Limited	Beneficial owner	180,324,000	8.13%
Wong Sau Lan	Beneficial owner	180,324,000	8.13%

Save as disclosed above, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 December 2008.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 95% of the total sales for the year, in which sales to the largest customer represented approximately 81% of the total sales for the year.

Purchases from the Group's five largest suppliers amounted to approximately 58% of the total purchases for the year while total purchases from the largest supplier represented approximately 48% of the total purchases for the year.

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

DIRECTORS' REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules during the year under review, except for the deviations as below:

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive directors of the Company are not appointed for a specific term of office. However, all independent non-executive directors are subject to retirement by rotation and re-election at the annual general meetings in accordance with the Bye-Laws of the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required under the Listing Rules during the year under review and up to the date of this report.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 37 to the consolidated financial statements.

AUDITORS

Morison Heng, CPA was appointed as auditors of the Group with effect from the financial period ended 31 December 2007 after the resignation of Grant Thornton in June 2007.

On behalf of the Board

Wong Kam Fat, Tony
Chairman

Hong Kong, 30 April, 2009

CORPORATE GOVERNANCE REPORT

The Company recognizes that good corporate governance standards maintained throughout the Group serve as an effective risk management for the Company. The Board of Directors (the "Board") of the Company is committed to lead the Group growing in an efficient manner followed by corporate missions in terms of business strategies and improved operational planning and procedures which are enforced under high corporate governance standard.

(1) CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year under review with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, which were in force prior to 1 January 2005, except that the independent non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code of Best Practice, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws (the "Bye-Laws").

The Code on Corporate Governance Practices as promulgated by the Stock Exchange became effective on 1 January 2005, which provides the Code Provisions (the "CP") and recommended best practices for corporate governance practices by listed companies. The Company considered that its prevailing structures and systems satisfied the requirements of the CP. The Company will continuously enhance the corporate governance standards throughout the Group and ensure further standards to be put in place by reference to the recommended best practices whenever suitable and appropriate.

(2) CORPORATE MANAGEMENT

i. Board of Directors

The Board reviews and approves corporate matters such as business strategies and investments, mergers and acquisitions, as well as the general administrative and management of the Group.

The Board currently consists of 7 executive directors, 1 non-executive director, and 3 independent non-executive directors:

Executive directors

Mr. Li Chun Tak
Mr. Wong Hin Shek
Mr. Dai Zhongcheng
Mr. Liu Bo
Mr. Zhao Peilai
Mr. Cheng Yuanzhong *(chief executive officer)*
Mr. Wu Xiaodong *(chief financial officer)*

Non-executive director

Mr. Wong Kam Fat, Tony *(Chairman)*

Independent non-executive directors

Mr. Au Tin Fung
Mr. Chan Chun Wai
Ms. So Wai Yee, Betty

CORPORATE GOVERNANCE REPORT

The number of independent non-executive directors approximately equal to one third of the Board membership. The Board membership is covered by professionally qualified and widely experienced personnel so as to bringing in valuable contribution and different professional advices and consultancy for the development of the Company. More than one-half of the Board members have recognised professional legal, securities, tax and accounting qualifications.

All directors have access to the services of the Company Secretary who regularly updates the Board on governance and regulatory matters. Any director, Audit Committee and Remuneration Committee of the Company may take independent professional advice if they so wish at the expense of the Company, as arranged by the Company Secretary.

During the year ended 31 December 2008, 51 Board Meetings have been held. Details of the attendance of the Directors are as follows:

	Number of Board Meetings attended/ Number of Board meetings held		
	Board	Audit Committee	Remuneration Committee
Executive directors			
Mr. Li Chun Tak	51/51		
Mr. Yip Kwan, Ben	25/26		
Mr. Wong Hin Shek	51/51		
Mr. Dai Zhongcheng	41/41		
Mr. Liu Bo	23/24		
Mr. Zhao Peilai	20/22		
Non-executive director			
Mr. Wong Kam Fat	50/51		
Independent Non-executive directors			
Mr. Au Tin Fung	49/51	2/2	1/1
Mr. Chan Chun Wai	50/51	2/2	1/1
Ms. So Wai Yee, Betty	49/51	2/2	1/1

Pursuant to Bye-Law 86, any director appointed to fill a casual vacancy on the Board shall hold office only until the next following general meeting of the Company, and any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company. Such directors shall then be eligible for re-election.

Further, pursuant to Bye-Law 87, 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 at every annual general meeting. A retiring director shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

In accordance with Bye-Law 86, Mr. Liu Bo, Mr. Zhao Peilai, Mr. Cheng Yuan Zhong and Mr. Wu Xiaodong shall retire from their offices by rotation at the forthcoming annual general meeting. Being eligible, Mr. Liu Bo, Mr. Zhao Peilai, Mr. Cheng Yuan Zhong and Mr. Wu Xiaodong will offer themselves for re-election as executive directors. At the annual general meeting, an ordinary resolution will be proposed to re-elect Mr. Liu Bo, Mr. Zhao Peilai, Mr. Cheng Yuan Zhong and Mr. Wu Xiaodong as executive directors.

ii. Other Committees

There are two committees established under the Board, namely the Audit Committee and the Remuneration Committee.

(a) Audit Committee

The Audit Committee comprises three independent non-executive directors of the Company, one of whom possesses recognized professional qualification in accounting and has proven experience in audit and accounting. The committee is chaired by the members on rotation.

The functions of the Audit Committee includes but not limited to the following:

- Considering and reviewing the appointment, resignation and removal of external auditors and their fees
- Reviewing the interim and annual results of the Group
- Discussing with the external auditors problems and issues of significance during the annual audit of the Group
- The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants, and have been updated on terms no less exacting those set out in the CP.

The works of the Audit Committee during the year under review included:—

- Reviewed the 2008 interim results and annual results of the Group
- Discussed with the management of the Company over the completeness, fairness and adequate accounting standards and policies of the Group in the preparation of the 2008 interim and annual financial statements
- Reviewed and discussed with the external auditors over the financial reporting of the Company
- Recommended to the Board, for the approval by shareholders, of the re-appointment of the auditors

The Audit Committee met two times during the year under review. Each committee meeting was supplied with the necessary financial information of the Group for the members to consider, review and assess matters of significance arising from the work conducted.

CORPORATE GOVERNANCE REPORT

(b) *Remuneration Committee*

The Remuneration Committee consists of three independent non-executive directors. The committee is chaired by the members on rotation.

The terms of reference of the Remuneration Committee follow with the CP. The committee meets at least once a year.

The Remuneration Committee is to consider and approve the remuneration plans and policies for all executive directors of the Company and senior management of the Group by reference to the prevailing rate with companies listed on the Main Board of the Stock Exchange in Hong Kong.

The Remuneration Committee met once during the year under review. The meeting was supplied with the necessary information on specific remuneration package of directors and senior management of the Group for the members to consider, review and make recommendation to the Board on the remuneration policy.

(3) CORPORATE COMMUNICATION

The Company channels corporate information of the Group to the shareholders in a timely and accurate manner. The Company communicated with the shareholders by convening annual general meeting and special general meeting, providing the comprehensive information on the group's financial and business performance and activities in the annual report and interim report. The directors and senior executives make their best efforts to attend the annual general meeting of the Company to address to shareholders queries. Besides, printed copies of the Annual Report 2007 and Interim Reports 2008 are sent to all shareholders.

(4) CORPORATE CONTROL

The Board has overall responsibility in monitoring the process of corporate reporting and control system throughout the Group. The corporate reporting standards are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, Securities and Futures Ordinance and other applicable regulations are delegated to the company secretarial department. The management of the Company reviews and briefs the reporting systems with the executive directors regularly and the Audit Committee and Remuneration Committee annually.

Every newly appointed director of the Company was provided with a comprehensive handout detailing the responsibilities and duties of being a director of the Company, in particular highlighting the respective applicable rules and regulation, including the Listing Rules, which a director should aware and be informed on the first occasion of his appointment with the Company.

CORPORATE GOVERNANCE REPORT

The Company has adopted a code of conduct (the "Company's Code") regarding securities transactions by directors and employees of the Group based on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. A copy of the Company's Code was sent to each director and the relevant employees of the Group who are required to be provided under the Company's Code. All the directors have confirmed that they have complied with the required standards set out in the Company's Code.

(5) INTERNAL CONTROL

The board is responsible for ensuring that an adequate system of internal control is maintained within the Group, and for reviewing its effectiveness through the Audit Committee. The internal control system is to help to safeguard the Group's assets, to ensure the maintenance of accounting records and to ensure the compliance with the relevant legislations and regulations.

The Board, with the assistance of Messrs. Morison Heng, assessed the effectiveness of the Group's internal control system of major subsidiaries of the Group during the year ended 31 December 2008. No material issue but areas for improvement had been identified and appropriate measures had been taken.

(6) AUDITORS' REMUNERATION

Remuneration paid to the Group's external auditors for services provided for the year ended 31 December 2008 is HK$749,000.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF
SUNNY GLOBAL HOLDINGS LIMITED
新怡環球控股有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sunny Global Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 87, which comprise the consolidated and the 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 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 consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 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.

Morison Heng
Certified Public Accountants

Hong Kong: 30 April, 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Turnover	5	208,936	57,831
Cost of sales		(203,216)	(52,593)
Gross profit		5,720	5,238
Other revenue	5	8,217	3,800
Gain on disposal of an associate		—	12,129
Loss on disposal of property, plant and equipment		(57)	(3,837)
Provision for impairment of goodwill		(365,877)	(128,000)
Provision for impairment of trade and other receivables		(60,946)	(4,388)
Loss on disposal of subsidiaries		(2,024)	(37)
Administrative and other operating expenses		(91,342)	(31,933)
Loss from operations		(506,309)	(147,028)
Share of profit of an associate		—	156
Finance costs	6	(886)	(37)
Loss before taxation	7	(507,195)	(146,909)
Taxation	8	—	(1,654)
Loss for the year/period		(507,195)	(148,563)
Attributable to:			
Equity holders of the Company	9	(507,027)	(151,480)
Minority interests		(168)	2,917
		(507,195)	(148,563)
Loss per share attributable to ordinary equity holders of the Company	10		
— Basic (HK cents per share)		(26.86)	(13.68)
— Diluted (HK cents per share)		(25.82)	(12.92)

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	6,574	3,479
Goodwill	14	—	14,505
Available-for-sale investments	16	14,395	27,583
Derivative financial instrument	17	7,961	—
Deposit for acquisition of a subsidiary	18	—	35,000
		28,930	80,567
Current assets			
Deposit for acquisition of a subsidiary	37(f)	60,000	—
Trade receivables, other receivables and deposits	19	22,122	19,091
Pledged deposits	20	15,000	15,021
Bank balances and cash	21	39,624	118,213
		136,746	152,325
Assets classified as held for sale	22	144	—
		136,890	152,325
Current liabilities			
Trade and other payables	23	3,621	7,817
Receipt in advance		127	1,027
Tax payable		—	1,735
Obligation under finance lease	24	—	85
Bank overdrafts		—	18
		3,748	10,682
Liabilities classified as held for sale	22	15,208	—
		18,956	10,682
Net current assets		117,934	141,643
NET ASSETS		146,864	222,210
CAPITAL AND RESERVES			
Share capital	26	22,170	321,157
Reserves	29	124,694	(105,956)
		146,864	215,201
Minority interests		—	7,009
		146,864	222,210

Approved by the Board of Directors on 30 April 2009

Liu Bo
DIRECTOR

Zhao Peilai
DIRECTOR

BALANCE SHEET

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	13	4	—
Investments in subsidiaries	15	7,095	7,094
		7,099	7,094
Current assets			
Trade receivables, other receivables and deposits	19	5,319	14
Amounts due from subsidiaries	15	894	354,091
Pledged deposits	20	15,000	15,021
Bank balances	21	33,477	56,040
		54,690	425,166
Current liabilities			
Amounts due to subsidiaries	15	17,947	5,926
Accruals and other payables	23	1,190	697
		19,137	6,623
Net current assets		35,553	418,543
NET ASSETS		42,652	425,637
CAPITAL AND RESERVES			
Share capital	26	22,170	321,157
Reserves	29	20,482	104,480
		42,652	425,637

Approved by the Board of Directors on 30 April 2009

Liu Bo
DIRECTOR

Zhao Peilai
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Equity attributable to equity holders of the Company			
	Share capital HK$'000	Reserves HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance as at 1 October 2006	145,000	(75,950)	3,348	72,398
Change in fair value of available-for-sale investments	—	(1,814)	—	(1,814)
Disposal of subsidiaries	—	367	—	367
Currency translation	—	219	429	648
Net income recognised directly in equity	—	(1,228)	429	(799)
Net loss for the period	—	(151,480)	2,917	(148,563)
Total recognised income and expense for the period	—	(152,708)	3,346	(149,362)
Pre-acquisition reserves of the subsidiaries	—	—	315	315
New shares issued	176,157	108,913	—	285,070
Share issue expenses	—	(1,102)	—	(1,102)
Warrants issued	—	2,848	—	2,848
Equity settled share-based payment transactions	—	12,043	—	12,043
Balance as at 31 December 2007	321,157	(105,956)	7,009	222,210

Details of reserves are set out in note 29 to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Equity attributable to equity holders of the Company			
	Share capital HK$'000	Reserves HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance as at 1 January 2008	321,157	(105,956)	7,009	222,210
Change in fair value of available-for-sale investments	—	(32,458)	—	(32,458)
Disposal of subsidiaries	—	(750)	(7,123)	(7,873)
Currency translation	—	(63)	282	219
Net income recognised directly in equity	—	(33,271)	(6,841)	(40,112)
Net loss for the year	—	(507,027)	(168)	(507,195)
Total recognised income and expense for the year	—	(540,298)	(7,009)	(547,307)
Capital reduction	(305,099)	305,099	—	—
New shares issued	6,112	394,830	—	400,942
Warrants issued	—	25,440	—	25,440
Equity settled share-based payment transactions	—	45,579	—	45,579
Balance as at 31 December 2008	22,170	124,694	—	146,864

Details of reserves are set out in note 29 to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Cash flows from operating activities			
Loss before taxation		(507,195)	(146,909)
Adjustments for:			
Depreciation		1,902	936
Provision for impairment of goodwill		365,877	128,000
Gain on disposal of financial assets at fair value through profit or loss		(260)	—
Change in fair value of derivative financial instrument		(6,361)	—
Provision for impairment of trade and other receivables		60,946	4,388
Gain on disposal of an associate		—	(12,129)
Interest expenses		886	37
Interest income		(541)	(3,247)
Share of profit of an associate		—	(156)
Loss on disposal of property, plant and equipment		57	3,837
Loss on disposal of subsidiaries		2,024	37
Equity settled share-based payment expenses		45,579	12,043
Waive of trade and other payables		(810)	—
Operating loss before working capital changes		(37,896)	(13,163)
Decrease in inventories		—	175
(Increase)/Decrease in trade receivables, other receivables and deposits		(4,687)	80
Decrease in trade and other payables		(3,208)	(6,832)
(Decrease)/Increase in receipt in advance		(187)	1,027
Cash used in operations		(45,978)	(18,713)
Interest paid		(886)	(37)
Income tax paid		(1,735)	—
Net cash used in operating activities		(48,599)	(18,750)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(5,344)	(1,779)
Proceeds from disposal of property, plant and equipment		1	40
Proceeds from disposal of subsidiaries, net of cash disposed of	30(a)	(10,357)	915
Acquisition of subsidiaries, net of cash acquired	30(b)	36	(16,712)
Acquisition of an associate		—	(1,053)
Proceeds from disposal of interest in an associate		—	9,540
Purchases of available-for-sale investments		(20,712)	(29,397)
Proceeds from disposal of financial assets at fair value through profit or loss		1,702	—
Purchase of financial assets at fair value through profit or loss		(1,600)	—
Deposit for acquisition of subsidiaries		(25,000)	(35,000)
Decrease/(Increase) in pledged deposits		21	(15,021)
Interest received		541	3,247
Net cash used in investing activities		(60,712)	(85,220)
Cash flows from financing activities			
Repayment of obligation under finance lease		(85)	(113)
Proceeds from issue of warrants		25,440	2,848
Net proceeds from issue of share capital		4,742	200,978
Net cash generated from financing activities		30,097	203,713
Net (decrease)/increase in cash and cash equivalents		(79,214)	99,743
Cash and cash equivalents at beginning of year/period		118,195	17,947
Effect of foreign exchange rate changes		679	505
Cash and cash equivalents at end of year/period		39,660	118,195
Analysis of cash and cash equivalents at end of year/period			
Bank balances and cash	21	39,660	118,213
Bank overdrafts		—	(18)
		39,660	118,195

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Suites 2805-2807, 28/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company as well as engaged in coal trading. The principal activities of its subsidiaries are set out in note 15 to the financial statements.

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK (IFRIC) - Int 8	Scope of HKFRS 2
HK (IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment
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 Assets, Minimum Funding Requirements and their Interaction

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

2. 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 (Amendments)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) - Int 18	Transfer of Assets from Customers[7]

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

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

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

[4] Effective for annual periods beginning on or after 30 June 2009

[5] Effective for annual periods beginning on or after 1 July 2008

[6] Effective for annual periods beginning on or after 1 October 2008

[7] Effective for transfers on or after 1 July 2009

The adoption 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 that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new and revised standards or interpretations will have no material impact on the results and the financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The consolidated financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value. The measurement bases are fully described in the accounting policies 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 that are 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 that are 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 34.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2008. The corresponding comparative amounts shown for the consolidated income statement, consolidated statement of changes in equity, consolidated cash flows and related notes cover the period of fifteen months from 1 October 2006 to 31 December 2007 and therefore may not be comparable with amounts shown for the current year.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries and minority interests

Subsidiaries are entities over which the Company has the power to control the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and equity shareholders of the Company.

Where losses applicable to the minority interests exceed the minority interest in the equity of the subsidiaries, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority interests have a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, subsidiaries are carried at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

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

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

Additional interests in subsidiaries are measured at the carrying amounts of identified assets and liabilities of the subsidiary and any excess of the consideration over the book value of net assets attributable to the additional interest acquired are accounted for as goodwill.

Property, plant and equipment

All property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment less their residual value, being the net amount which the Group expects to obtain from disposal of an asset at the end of its useful life after deducting the expected cost of disposal, over their estimated useful lives, using the straight line method, at the following rates per annum:

Equipment and furniture	20%
Motor vehicles	20%
Network equipment	20%

Leasehold improvements are amortised over the remaining unexpired period of the lease or its estimated useful life to the Group, whichever is shorter. The principal annual rate used is 20%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets

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

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

Financial assets

Financial assets are recognised on their trade date. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses for bad and doubtful debts.

Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial assets at fair value through profit or loss include financial assets held for trading to be carried at fair value through profit or loss on initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement.

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in the income statement. Any impairment losses on available-for-sale financial assets are recognised in the income statement. Impairment losses on available-for-sale equity investments will not reverse to the income statement in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars (HK$), while the functional currency of the Group is the United States dollars.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of subsidiaries, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the average rates over the reporting period. Any differences arising from this procedure have been dealt with in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Hong Kong dollars at the closing rates.

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

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Taxation

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments less bank overdrafts which are repayable on demand and form an integral part of Group's cash management.

Employee benefits

Employee leave entitlements

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Pension obligations

The Group operates defined contribution provident fund schemes for its employees, the assets of which are held separately from those of the Group in independently administered funds. The Group's contributions under the schemes are charged to the income statement as incurred. The amount of the Group's contributions is based on specified percentages of the basic salaries of employees. Any contributions forfeited by employees who leave the Group, relating to unvested benefits, are used to reduce the Group's ongoing contributions otherwise payable

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in the share-based compensation reserve within equity. The total amount to be expensed over the vesting period is determined by reference to the fair value for the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each balance sheet date, the Group revises the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based compensation reserve until the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'finance costs' in the income statement.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Warrant

A contract that will be settled by the Company delivering a fixed number of its own equity instrument in exchange of a fixed amount of cash or another financial asset is an equity instrument. Any consideration received from issue of warrant that is an equity instrument is added directly to warrant reserve. When the warrant is exercised, the warrant reserve is transferred to share capital and share premium as consideration for the shares issued.

Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with time when goods are delivered to customers and title has passed.

Services income is recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be provided.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Operating lease rental income is recognised on a straight-line basis over the lease period.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease terms. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately.

Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of goodwill, property, plant and equipment, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

Capital expenditure comprises additions to intangible assets and property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

Borrowing costs

All borrowing costs are recognised as expenses in the year in which they are incurred.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposed group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

For the purposes of these financial statements, a party is 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;

(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.

Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group 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 expenditures 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.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

4. SEGMENT INFORMATION (Continued)

Primary reporting format - business segments

The following tables present revenue, loss and certain assets, liabilities and capital expenditure information for the Group's business segments.

For the year ended 31 December 2008

	Coal Trading HK$'000	Information technology business HK$'000	General trading HK$'000	Corporate HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Segment revenue:						
Sales to external customers	170,234	23,085	15,617	–	–	208,936
Inter-segment revenue	–	722	–	480	(1,202)	–
	170,234	23,807	15,617	480	(1,202)	208,936
Segment results	(57,548)	(1,626)	(1,811)	(25,523)	–	(86,508)
Other income						7,676
Bank interest income						541
Provision for impairment of goodwill						(365,877)
Provision for impairment of trade and other receivables						(60,946)
Loss on disposal of subsidiaries						(2,024)
Loss on disposal of property, plant and equipment						(57)
Loss before taxation						(507,195)
Taxation						–
Loss for the year						(507,195)
Segment assets	53,800	16,799	1,842	93,379		165,820
Segment liabilities	1,190	1,375	833	15,558		18,956
Other information						
Capital expenditure	5	25	14	5,300		5,344
Depreciation	1	614	3	1,284		1,902

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

4. SEGMENT INFORMATION (Continued)

Primary reporting format - business segments (Continued)

For the fifteen months ended 31 December 2007

	Information technology business HK$'000	General trading HK$'000	Corporate HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	44,670	13,161	—	—	57,831
Inter-segment revenue	—	—	846	(846)	—
	44,670	13,161	846	(846)	57,831
Segment results	(3,239)	517	(23,973)	—	(26,695)
Other income					553
Bank interest income					3,247
Gain on disposal of an associate					12,129
Provision for impairment of goodwill					(128,000)
Provision for impairment of trade and other receivables					(4,388)
Loss on disposal of a subsidiary					(37)
Loss on disposal of property, plant and equipment					(3,837)
Share of profit of an associate					156
Finance costs					(37)
Loss before taxation					(146,909)
Taxation					(1,654)
Loss for the period					(148,563)
Segment assets	158,651	1,879	72,362		232,892
Segment liabilities	6,548	2,566	1,568		10,682
Other information					
Capital expenditure	160	—	1,619		1,779
Depreciation	768	6	162		936

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

4. SEGMENT INFORMATION (Continued)

Secondary reporting format - geographical segments

The following tables provide an analysis of the Group's revenue and contribution to loss from operations by geographical market:

	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Sales to external customers		
Hong Kong	31,302	36,373
PRC	173,064	14,836
Australia	2,691	1,448
USA	1,879	5,174
	208,936	57,831

No geographical segment analysis on total assets and capital expenditure is prepared as over 90% of the Group's total assets and capital expenditures were located/incurred in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

5. TURNOVER AND REVENUE

Turnover represents the gross amounts received and receivable for goods sold by the Group to outside customers during the year/period net of sales tax and sales return, and is analysed as follows:

	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Turnover		
Coal trading	170,234	—
Information technology business		
— Trading of hardware and software	11,772	26,284
— Provision of services	11,313	18,387
General trading	15,617	13,160
	208,936	57,831
Other revenue		
Bank interest income	541	3,247
Net gain on disposal of financial assets at fair value through profit or loss	260	257
Change in fair value of derivative financial instrument	6,361	—
Others	65	161
Rental income	180	135
Waive of trade and other payables	810	—
	8,217	3,800

6. FINANCE COSTS

	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Interest on bills	874	—
Interest on bank overdrafts	9	26
Interest charges on finance leases	3	11
	886	37

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

7. LOSS BEFORE TAXATION

	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Loss before taxation is arrived at after charging:		
Auditors' remuneration	749	833
Professional fees	4,847	2,862
Cost of inventories recognised as expense		
— Coal trading	166,913	—
— General trading	10,224	12,201
— Information technology business	16,989	25,641
	194,126	37,842
Depreciation		
— Owned assets	1,902	875
— Leased assets	—	61
Exchange loss	287	325
Provision for impairment of goodwill	365,877	128,000
Provision for impairment of trade and other receivables	60,946	4,388
Loss on disposal of property, plant and equipment	57	3,837
Operating lease rentals - office premises	1,997	1,165
Staff costs (including directors' remuneration - note 11)		
— Salaries and allowances	13,296	6,090
— Retirement scheme contributions	528	292
— Equity settled share-based payment expenses	45,579	12,043

8. TAXATION

	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Current tax:		
Hong Kong		
— charge for the year/period	—	—
PRC		
— charge for the year/period	—	1,654
	—	1,654

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

8. TAXATION (Continued)

No Hong Kong Profits Tax has been provided in the financial statements as the Group has no estimated assessable profits for the year (2007: Nil).

No PRC income tax has been provided as the Group has no estimate assessable profit for those subsidiaries established in the PRC, as determined in accordance with the relevant income tax rules and regulations in the PRC (2007: 33%).

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

	1.1.2008 to 31.12.2008 HK$'000	**1.10.2006 to 31.12.2007 HK$'000**
Loss before taxation	(507,195)	(146,909)
Tax at the applicable income tax rate	(83,724)	(24,518)
Tax effect of expenses not deductible for tax purposes	91,285	28,516
Tax effect of income not taxable for tax purposes	(14,005)	(5,128)
Tax allowance for capital expenditure	(60)	(94)
Tax effect of tax losses not recognised	4,150	1,860
Tax losses carried forward	2,354	1,268
Utilisation of tax losses not previously recognised	—	(250)
Taxation charge	—	1,654

No deferred tax asset has been recognised in the financial statements as it is uncertain such an asset will crystallise in the foreseeable future (2007: Nil).

Detail of the unprovided deferred tax assets at 31 December 2008 are as follows:

	Group		**Company**	
	2008 HK$'000	**2007 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
Shortfall of tax allowances over accounting depreciation	579	231	—	—
Estimated taxation losses carried forward	(4,028)	(9,877)	(1,877)	(5,396)
	(3,449)	(9,646)	(1,877)	(5,396)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders includes a loss of HK$854,946,000 (2007: HK$25,984,000) which has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of HK$507,027,000 (2007: HK$151,480,000) and the weighted average of 1,887,697,000 (2007: weighted average of 1,107,471,000) ordinary shares in issue during the year/period, calculated as follows:

	2008 '000	2007 '000
Issued ordinary shares at beginning of year/period	1,605,785	725,000
Effect of warrants exercised	3,547	60,328
Effect of share options exercised	1,316	43,675
Issue of shares for acquisition of subsidiaries	252,459	162,029
Issue of shares for cash	—	116,439
Effect of convertible bonds exercised	24,590	—
Weighted average number of ordinary share at end of year/period	1,887,697	1,107,471

The calculation of diluted loss per share for current year/period is based on the Group's loss attributable to equity holders for the year/period of HK$507,027,000 (2007: HK$151,480,000) and the weighted average of 1,963,850,000 (2007: weighted average of 1,172,463,000) ordinary shares outstanding during the year/period, adjusted for the effects of all dilutive potential shares.

	2008 '000	2007 '000
Weighted average number of ordinary shares at 31 December	1,887,697	1,107,471
Effect of deemed issue of shares attributable to the Company's instrument of warrants	47,882	40,840
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	28,271	24,152
Weighted average number of ordinary shares (diluted) at 31 December	1,963,850	1,172,463

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the year/period has been adjusted to reflect the impact of the share consolidation effected on 7 January 2008.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year/period, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

For the year ended 31 December 2008

	Fee HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors					
Mr. Li Chun Tak	–	365	12	39,867	40,244
Mr. Wong Hin Shek	–	600	12	854	1,466
Mr. Dai Zhong Cheng[1]	–	577	10	854	1,441
Mr. Liu Bo[2]	–	418	6	–	424
Mr. Zhao Peilai[3]	–	571	6	–	577
Mr. Yip Kwan, Ben[4]	–	–	–	427	427
	–	2,531	46	42,002	44,579
Non-executive director					
Mr. Wong Kam Fat, Tony	374	–	12	–	386
Independent non-executive directors					
Mr. Au Tin Fung	96	–	–	–	96
Mr. Chan Chun Wai	96	–	–	–	96
Mr. Tsui Pak Hang[5]	4	–	–	–	4
Ms. So Wai Yee, Betty	96	–	–	–	96
	292	–	–	–	292
	666	2,531	58	42,002	45,257

1 Appointed on 13 March 2008
2 Appointed on 2 July 2008
3 Appointed on 10 July 2008
4 Resigned on 2 July 2008
5 Resigned on 15 January 2008

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

11. DIRECTORS' REMUNERATION (Continued)

For the fifteen months ended 31 December 2007

	Fee HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors					
Mr. Lam Shu Chung	—	161	4	—	165
Mr. Li Chun Tak	—	61	2	—	63
Mr. Lo Chi Fai	—	9	—	—	9
Mr. Tai King Foon	—	146	7	—	153
Mr. Too Shu Wing	—	386	14	—	400
Mr. Wong Hin Shek	—	70	2	—	72
Mr. Wong Kam Fat, Tony	—	115	4	—	119
Mr. Yan Wah Tat	—	268	11	—	279
Mr. Yip Kwan, Ben	—	271	5	3,335	3,611
	—	1,487	49	3,335	4,871
Non-executive directors					
Mr. Lee Man Fa	86	—	2	—	88
Mr. Wong Kam Fat, Tony	54	—	2	3,335	3,391
	140	—	4	3,335	3,479
Independent non-executive directors					
Mr. Au Tin Fung	33	—	—	333	366
Mr. Chan Chun Wai	33	—	—	333	366
Mr. Chan Wai Ming	109	—	—	—	109
Mr. Liu Kwok Wah	87	—	—	—	87
Mr. Tsui Pak Hang	120	—	—	—	120
Ms. So Wai Yee, Betty	12	—	—	—	12
	394	—	—	666	1,060
	534	1,487	53	7,336	9,410

The above emoluments for the year ended 31 December 2008 include value of share options granted to certain directors under the Company's share option scheme as estimated at the date of grant. The details of these benefits in kind are disclosed in note 28.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year/period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

12. FIVE HIGHEST PAID EMPLOYEES

Among the five highest paid individuals of the Group, three (2007: two) were directors of the Company. The remaining two (2007: three) highest paid individuals were management of the Group. The aggregate amount of the remuneration of these individuals which has not been disclosed in the directors' remuneration above is as follows:

	1.1.2008 to 31.12.2008 HK$'000	1.10.2006 to 31.12.2007 HK$'000
Basic salaries, other allowances and benefits in kind	3,821	729
Discretionary bonus	—	167
Retirement scheme contributions	901	26
Share-based payments	41,971	3,662
	46,693	4,584

The number of the above individuals whose remuneration fall within the following bands is as follows:

	2008	2007
Nil - HK$1,000,000	—	—
HK$1,000,000 - HK$1,500,000	—	1
HK$1,500,000 - HK$2,000,000	2	2
	2	3

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2007: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Equipment and furniture HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Network equipment HK$'000	Total HK$'000
COST					
At 1 October 2006	1,614	39	109	5,500	7,262
Acquisition of subsidiaries	1,446	—	562	—	2,008
Additions	329	803	647	—	1,779
Disposals	(1,015)	(46)	(115)	(5,500)	(6,676)
Exchange adjustments	148	7	6	—	161
At 31 December 2007	2,522	803	1,209	—	4,534
Additions	233	5,102	9	—	5,344
Disposals	(717)	—	(50)	—	(767)
Exchange adjustments	53	—	—	—	53
Reclassified as held for sale (note 22)	(47)	—	—	—	(47)
At 31 December 2008	2,044	5,905	1,168	—	9,117
DEPRECIATION AND IMPAIRMENT LOSS					
At 1 October 2006	580	16	29	2,000	2,625
Charge for the period	762	9	165	—	936
Eliminated on disposals	(513)	(32)	(31)	(2,000)	(2,576)
Exchange adjustments	61	7	2	—	70
At 31 December 2007	890	—	165	—	1,055
Charge for the year	555	1,181	166	—	1,902
Eliminated on disposals	(447)	—	(1)	—	(448)
Exchange adjustments	43	—	—	—	43
Reclassified as held for sale (note 22)	(9)	—	—	—	(9)
At 31 December 2008	1,032	1,181	330	—	2,543
NET BOOK VALUE					
At 31 December 2008	1,012	4,724	838	—	6,574
At 31 December 2007	1,632	803	1,044	—	3,479

At 31 December 2008, the net book value of equipment and furniture held under finance lease of the group was Nil (2007: HK$162,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Equipment and furniture HK$'000
COST	
Additions and at 31 December 2008	5
DEPRECIATION AND IMPAIRMENT LOSS	
Charge for the year and at 31 December 2008	1
NET BOOK VALUE	
At 31 December 2008	4
At 31 December 2007	—

14. GOODWILL

	HK$'000
COST	
At 1 October 2006	100,553
Acquisition of subsidiaries	104,283
Eliminated on disposal of a subsidiary	(854)
At 31 December 2007	203,982
Acquisition of subsidiaries	351,372
At 31 December 2008	555,354
IMPAIRMENT LOSS	
At 1 October 2006	62,331
Impairment loss recognised	128,000
Eliminated on disposal of a subsidiary	(854)
At 31 December 2007	189,477
Impairment loss recognised	365,877
At 31 December 2008	555,354
CARRYING AMOUNTS	
At 31 December 2008	—
At 31 December 2007	14,505

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

14. GOODWILL (Continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the group's cash-generating units identified according to country of operation and business segment as follows:

	2008 HK$'000	2007 HK$'000
Information technology business	—	12,087
General trading	—	2,418
	—	14,505

15. INTERESTS IN SUBSIDIARIES

	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	42,803	42,802
Less: Impairment loss	(35,708)	(35,708)
	7,095	7,094
Amounts due from subsidiaries	776,787	354,091
Less: Impairment loss	(775,893)	—
	894	354,091
Less: Amounts due to subsidiaries	(17,947)	(5,926)
	(17,053)	348,165

The amounts due from/(to) subsidiaries are unsecured, interest free and are repayable on demand. The carrying amounts of the amounts due from/(to) subsidiaries are approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

15. INTERESTS IN SUBSIDIARIES (Continued)

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

Name	Country/Place of incorporation/ establishment and operation	Issued/Registered capital	Attributable equity interests held by the Company		Principal activities
			Direct	Indirect	
Richy Spring International Limited	British Virgin Islands ("BVI")	US$100 Ordinary shares	100%	–	Investment holding
Star Excel Management Limited	BVI	US$100 Ordinary shares	100%	–	Investment holding
Fortress Ocean Limited	BVI	US$1,000 Ordinary shares	100%	–	Investment holding
Appraise Asia Investments Limited	BVI	US$1 Ordinary share	100%	–	Investment holding
Open Challenge Group Limited	BVI	US$1 Ordinary share	100%	–	Investment holding
Champion Angel Limited*	BVI	US$100 Ordinary shares	100%	–	Investment holding
Treasure Hill Holdings Limited*	BVI	US$1 Ordinary share	100%	–	Investment holding
Positive Rise Holdings Limited*	BVI	US$100 Ordinary shares	100%	–	Investment holding
Skyking Holdings Limited*	BVI	US$1 Ordinary share	100%	–	Investment holding
Famous Champion International Limited*	BVI	HK$1 Ordinary share	100%	–	Investment holding
China Public Procurement Limited* (Formerly known as "China Online Commerce Limited")	Hong Kong	HK$1 Ordinary share	100%	–	Investment holding
Shum Sum Limited	Hong Kong	HK$1 Ordinary share	–	100%	Investment holding
Grand Eternity Limited	Hong Kong	HK$1 Ordinary share	–	100%	Securities Investment
Chinaway Network Technology Limited#	Hong Kong	HK$4,000,000 Ordinary shares	–	100%	Trading of construction materials
Excel Star Technology Limited	BVI	US$1 Ordinary share	–	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

15. INTERESTS IN SUBSIDIARIES (Continued)

Name	Country/Place of incorporation/ establishment and operation	Issued/Registered capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Principal activities
Wider Development Limited	Hong Kong	HK$1 Ordinary share	–	100%	Provision of administrative and management services
Sunplan Technology Limited	Samoa	US$1 Ordinary share	–	100%	Inactive
Joy Century Holding Limited	Samoa	US$1 Ordinary share	–	100%	Investment holding
SLS Investments Limited	BVI	US$10,000 Ordinary shares	–	100%	Investment holding
Gala Success (Asia) Limited#	Hong Kong	HK$10,000 Ordinary shares	–	100%	Investment holding and trading of computer components
Golden Portal Holdings Limited	BVI	US$100 Ordinary shares	–	100%	Investment holding
Bartech (Hong Kong) Company Limited#	Hong Kong	HK$1 Ordinary share	–	100%	Provision of administrative and management services
Capital Access Limited	BVI	US$1 Ordinary share	–	100%	Investment holding
Kingsun International Trading Limited	BVI	US$1 Ordinary share	–	100%	Inactive
Successful Link International Limited#	BVI	US$1 Ordinary share	–	100%	Investment holding
Envision Link Limited#	BVI	US$1 Ordinary share	–	100%	Trading of mobile phones and other telecommunications equipment
Digiworld Network Limited	Hong Kong	HK$1,000,010 Ordinary shares	–	80%	Trading of computer components and the operation of internet protocol television platform

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

15. INTERESTS IN SUBSIDIARIES (Continued)

Name	Country/Place of incorporation/ establishment and operation	Issued/Registered capital	Attributable equity interests held by the Company		Principal activities
			Direct	Indirect	
Global Great Development Limited	Hong Kong	HK$1 Ordinary share	–	100%	Trading of computer components and the operation of the VoIP services
Interactive Broadband Services Limited	Hong Kong	HK$10,000 Ordinary shares	–	100%	Provision of telecommunication services and trading of computer components
領峰環球信息科技(北京)有限公司#	PRC	HK$1,500,000 Registered capital	–	100%	Provision of telecommunication services
Welford International Industrial Limited*	Hong Kong	HK$10,000 Ordinary shares	–	75%	Investment holding
Famous Ever International Limited*	Hong Kong	HK$1 Ordinary share	–	100%	Inactive
Famous Key Holdings Limited*	Hong Kong	HK$1 Ordinary share	–	100%	Inactive
Victory Centre Development Limited*	Hong Kong	HK$1 Ordinary share	–	100%	Inactive
Well Content Limited*	BVI	US$1 Ordinary share	–	100%	Inactive
Well Inspire Limited*	BVI	US$1 Ordinary share	–	100%	Inactive
Great Hill Trading Limited*	BVI	US$100 Ordinary shares	–	75%	Investment holding
King Union Trading Limited*	BVI	US$1 Ordinary share	–	75%	Inactive

* Subsidiaries acquired during the year.

Not audited by Morison Heng or other member firm of Morison International.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

16. AVAILABLE-FOR-SALE INVESTMENTS

	2008 HK$'000	2007 HK$'000
Listed investments:		
— equity securities listed in Hong Kong, at fair value	5,637	27,583
Unlisted investment:		
— liability component of convertible bond	8,758	—
	14,395	27,583

The fair value of the listed equity securities are based on quoted market bid prices available on the Stock Exchange.

17. DERIVATIVE FINANCIAL INSTRUMENT

	2008 HK$'000	2007 HK$'000
Unlisted investment:		
— derivative embedded in the convertible bonds	7,961	—

This derivative represented the Company's right for early redemption in respect of a Hong Kong listed company's convertible bonds. The fair value was carried out by BMI Appraisals Limited, an independent valuer not connected with the Group.

18. DEPOSITS FOR ACQUISITION OF SUBSIDIARIES

On 30 January 2008, Richy Spring International Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Wisdom First Limited ("the Vendor") to acquire 75% of issued share capital of Great Hill Trading Limited ("Great Hill"); and all obligations, liabilities and debts owing or incurred by Great Hill to the Vendor amounted to HK$44,999,000. HK$35,000,000 has been paid to the Vendor as deposit of the possible acquisition on 19 December 2007. The acquisition was completed on 15 May 2008. Details of the acquisition were disclosed in note 30(b) to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

Group

	2008 HK$'000	2007 HK$'000
Trade receivables due from a related party (note 33(b))	4,974	—
Other trade receivables	1,083	13,344
	6,057	13,344
Less: Allowance for doubtful debts (note ii)	(569)	(6,524)
Trade receivables - net (note i)	5,488	6,820
Other receivables	63,444	16,144
Less: Allowance for doubtful debts	(62,350)	(4,999)
Other receivables - net	1,094	11,145
Prepayments and deposits	15,540	1,126
	22,122	19,091

Notes:

i. As at 31 December 2008, the ageing analysis of the trade receivables net of allowance for doubtful debts was as follows:

	2008 HK$'000	2007 HK$'000
0-30 days	297	4,097
31-60 days	5,166	205
61-90 days	—	204
91-180 days	1	568
181-365 days	24	1,746
	5,488	6,820

ii. The movement in the allowance for doubtful debts during the year/period is as follows:

	2008 HK$'000	2007 HK$'000
At beginning of year/period	6,524	4,306
Impairment loss recognised	569	2,218
Amounts written off as uncollectible	(6,524)	—
At end of year/period	569	6,524

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS (Continued)

Company

	2008 HK$'000	**2007 HK$'000**
Trade receivables due from a related party (note 33(b))	4,974	—
Other receivables	345	701
Less: Allowance for doubtful debts	—	(687)
Other receivables - net	345	14
	5,319	14

As at 31 December 2008, the ageing analysis of the trade receivables net of allowance for doubtful debts was as follows:

	2008 HK$'000	**2007 HK$'000**
31-60 days	4,974	—

20. PLEDGED DEPOSITS

	Group		**Company**	
	2008 HK$'000	**2007 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
Bank deposits	15,000	15,021	15,000	15,021

At 31 December 2008, the Group had total banking facilities of HK$15,000,000 (2007: HK$15,000,000). The banking facilities were secured by the Group's pledged bank deposits amounting to HK$15,000,000 (2007: HK$15,021,000). The carrying amounts of the pledged deposits approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

21. BANK BALANCES AND CASH

Bank balances and cash include the following components:

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Cash at banks and in hand	39,624	53,054	33,477	2,881
Short-term bank deposits	—	65,159	—	53,159
	39,624	118,213	33,477	56,040
Bank balances and cash included in a disposal group held for sale (note 22)	36	—	—	—
	39,660	118,213	33,477	56,040

Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash at banks approximate to their fair values.

Included in cash at banks is an amount of approximately HK$23,000 (2007: HK$9,658,000), representing Renminbi deposits placed with banks in the PRC. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

22. NON-CURRENT ASSETS HELD FOR SALE

As described in note 37(g), the broad of directors announced that on 22 April 2009, the Company entered into an agreement with Ultra Million Limited (the "Purchaser") to dispose of its entire issued share capital of Great Hill Trading Limited ("Great Hill") and its subsidiaries (together "Great Hill Group"), a non-wholly owned subsidiary of the company, at a consideration of HK$34,000,000. Please refer to the Company's announcement dated on 22 April 2009 for details.

The major classes of assets and liabilities comprising the operations classified as held for sale at the balance sheet date are as follows:

	2008 HK$'000	2007 HK$'000
Assets classified as held for sale		
Property, plant and equipment (note 13)	38	—
Other receivables and deposits	70	—
Bank balances and cash (note 21)	36	—
	144	—
Liabilities classified as held for sale		
Other payables	15,208	—

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

23. TRADE AND OTHER PAYABLES

Group

	2008 HK$'000	2007 HK$'000
Trade payables	300	867
Accruals and other payables	3,321	6,950
	3,621	7,817

As at 31 December 2008, the ageing analysis of the trade payables was as follows:

	2008 HK$'000	2007 HK$'000
0-30 days	300	352
31-60 days	—	366
61-90 days	—	11
91-180 days	—	5
181-365 days	—	—
Over 365 days	—	133
	300	867

Company

	2008 HK$'000	2007 HK$'000
Accruals and other payables	1,190	697

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

24. OBLIGATION UNDER FINANCE LEASE

At 31 December 2008, the Group had obligation under finance lease repayable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Within one year	—	88	—	85
Less: future finance charges	—	(3)	—	—
	—	85	—	85

25. CONVERTIBLE BONDS

On 15 May 2008, the Company issued convertible bonds with aggregate principal amount of HK$16,200,000 (the "Convertible Bonds"), which were non-interest bearing and would mature on 15 May 2011 (the "Maturity Date"). The Convertible Bonds were convertible into shares of the Company at conversion price HK$0.081 per share (subject to anti-dilutive adjustments). Unless previously redeemed or converted, the Company would redeem the Convertible Bonds on the Maturity Date at par.

The convertible bonds recognised in the balance sheet were calculated as follows:

The Group and the Company

	Liability component HK$'000	Equity component HK$'000
Net carrying amounts on initial recognition	13,132	3,068
Exercise of conversion rights	(13,132)	(3,068)
Net carrying amounts at 31 December 2008	—	—

The fair value of the liability component, included in the Convertible Bonds, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount representing the value of the equity conversion component, is included in shareholders' equity in convertible bonds equity reserve.

During the year ended 31 December 2008, all Convertible Bonds were converted into ordinary shares of the Company. Total number of ordinary shares converted was 200,000,000 (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

26. SHARE CAPITAL

	Number of shares	HK$'000
Authorised:		
At 1 October 2006 and at 1 January 2008		
Ordinary shares of HK$0.10 each	5,000,000,000	500,000
Reduction of par value of share capital (Note i)	—	(475,000)
Consolidation of shares (Note i)	(2,500,000,000)	—
Ordinary shares of HK$0.01 each	2,500,000,000	25,000
Increase in authorized share capital (Note i)	7,500,000,000	75,000
At 31 December 2008		
Ordinary shares of HK$0.01 each	10,000,000,000	100,000
Issued and fully paid:		
At as 1 October 2006	1,450,000,000	145,000
Issue of shares for acquisition of subsidiaries	558,000,000	55,800
Issue of shares by placements	589,000,000	58,900
Issue of shares upon exercise of warrants	408,000,000	40,800
Issue of shares upon exercise of share options	206,570,000	20,657
At as 31 December 2007	3,211,570,000	321,157
Reduction of issued share capital (Note i)	—	(305,099)
Consolidation of shares (Note i)	(1,605,785,000)	—
Issue of shares for acquisition of a subsidiary (Note ii)	400,000,000	4,000
Issue of shares upon exercise of share options (Note iii)	2,240,000	22
Issue of shares upon exercise of warrants (Note iv)	9,000,000	90
Issue of shares upon exercise of convertible bonds (Note 25)	200,000,000	2,000
At as 31 December 2008	2,217,025,000	22,170

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

26. SHARE CAPITAL (Continued)

Notes:

(i) Pursuant to a special resolution passed on 7 January 2008, the shareholders of the Company reorganized its share capital and increase its authorised share capital as follows:

(a) the par value of each issued share of the Company was reduced from HK$0.10 to HK$0.005 by canceling the paid-up capital to the extent of HK$0.095 on each share of the Company;

(b) the par value of each authorised but unissued share of the Company was reduced from HK$0.10 to HK$0.005 by canceling the authorised share capital of the Company to the extent of HK$0.095 on each authorised but unissued share of the Company;

(c) the credits of HK$305,099,000 arising from the reduction of issued share capital of the Company was transferred to the contributed surplus account of the Company;

(d) every two shares of HK$0.005 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK$0.01 in the issued and unissued share capital of the Company; and

(e) the authorised share capital of the Company was increased from HK$25,000,000 divided into 2,500,000,000 consolidated shares of the Company to HK$100,000,000 divided into 10,000,000,000 consolidated shares of the Company by authorising an additional 7,500,000,000 unissued consolidated shares.

(ii) Pursuant to the Agreement passed on 30 January 2008, Richy Spring International Limited, a wholly owned subsidiary of the Company, completed the acquisition of 75% interest in Great Hill Trading Limited from Wisdom First Limited on 15 May 2008 by the payments as follows;

(a) The allotment and issuing of 400,000,000 ordinary shares of HK$0.01 each of the Company credited as partly paid at an issue price of HK$0.072 per consideration share to the vendor.

(b) The issued of convertible bonds with aggregate principal amount of HK$16,200,000, details of which is disclosed in note 25.

(c) On 17 November 2008, Wisdom First Limited exercised its conversion rights, procuring the Company to allot and issue 200,000,000 shares of the Company.

(iii) During the year ended 31 December 2008, an aggregate of 2,240,000 share options of the Company had been exercised, procuring the Company to allot and issue 2,240,000 shares of the Company to the eligible participants.

(iv) During the year ended 31 December 2008, warrants were exercised to subscribe for 9,000,000 (2007: 408,000,000) ordinary shares in the Company at a consideration of HK$3,600,000 (2007: HK$49,712,000) of which HK$90,000 (2007: HK$40,800,000) was credited to share capital and the balance of HK$3,510,000 (2007: HK$8,912,000) was credited to share premium.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

27. WARRANTS

	2008 Number '000	2007 Number '000
Outstanding at beginning of year/period	—	230,000
Issued during the year/period (notes (i))	318,000	178,000
Exercised during the year/period	(9,000)	(408,000)
Outstanding at end of year/period	309,000	—

Note:

(i) The Company entered into a warrant placing agreement on 7 November 2007 with an independent placing agent in relation to a private placing of 318,000,000 non-listed warrants to be issued by the Company at the issue price of HK$0.08 per warrant. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.40 per new share for a period of 18 months commencing from the date of issuance of the warrants. On 26 June 2008, the 318,000,000 non-listed warrants were issued at HK$0.08 per warrant.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company had adopted a share option scheme on 12 June 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 at nil consideration to subscribe for shares of the Company. The options vest immediately from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(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 instruments '000	Vesting conditions	Contractual life of options
Options granted to directors:			
— on 3 September 2007	17,046	Immediately from the date of grant	10 years
— on 9 May 2008	147,500	Immediately from the date of grant	10 years
Options granted to employees:			
— on 3 September 2007	34,256	Immediately from the date of grant	10 years
— on 22 February 2008	5,000	Immediately from the date of grant	10 years
— on 9 May 2008	8,000	Immediately from the date of grant	10 years
Total share options	211,802		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

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

	2008		2007	
	Weighted average exercise price	Number of option '000	Weighted average exercise price	Number of option '000
Outstanding at the beginning of the year/period	HK$0.255	102,604	–	–
Consolidation of shares	HK$0.255	(51,302)	–	–
Granted during the year/period	HK$0.814	160,500	HK$0.173	309,176
Forfeited during the year/period	–	–	HK$0.1	(2)
Exercised during the year/period	HK$0.510	(2,240)	HK$0.132	(206,570)
Outstanding at the end of the year/period	HK$0.743	209,562	HK$0.255	102,604

The weighted average share price at the date of exercise for shares options exercised during the year was HK$0.447 (2007: HK$0.212).

The options outstanding at 31 December 2008 had an exercise price of HK$0.743 (2007: HK$0.255) and a weighted average remaining contractual life of 9.342 years (2007: 9.67 years).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on binomial tree model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

Grant date	22.2.2008	9.5.2008 (director)	9.5.2008 (employee)	3.9.2007
Fair value at measurement date	HK$0.220	HK$0.285	HK$0.309	HK$0.234
Share price	HK$0.590	HK$0.820	HK$0.820	HK$0.51
Exercise price	HK$0.640	HK$0.820	HK$0.820	HK$0.51
Expected volatility	91.55%	94.48%	94.48%	84%
Option life	1.24 years	1.05 years	1.05 years	2.1 years
Expected dividends	0%	0%	0%	0%
Risk free interest rate	3.06%	2.71%	2.71%	4.46%

The expected volatility is based on the historical volatility. Expected dividends are based on historical dividends. Changes in the subjective input assumption could materially affect the fair value estimate.

(d) Terms of unexpired and unexercised share options at balance sheet date are as follows:

Exercise period	Exercise price	2008 Number	2007 Number
3 September 2007 to 3 September 2017	HK$0.51	49,062,000	102,604,000
22 February 2008 to 21 February 2018	HK$0.64	5,000,000	—
9 May 2008 to 8 May 2018	HK$0.82	155,500,000	—
		209,562,000	102,604,000

Each option entitles the holders to subscribe for one ordinary share in the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

29. RESERVES

Group

	Share Premium	Warrant reserve	Merger reserve (Note a)	Share-based compensation reserve	Translation reserve	Investment valuation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 October 2006	9,374	2,300	8,390	–	152	–	(96,166)	(75,950)
Change in fair value of available-for-sale investments	–	–	–	–	–	(1,814)	–	(1,814)
Warrants issued	–	2,848	–	–	–	–	–	2,848
Exercise of share options	6,696	–	–	–	–	–	–	6,696
Exercise of warrants	14,060	(5,148)	–	–	–	–	–	8,912
Equity settled share-based payment transactions	–	–	–	12,043	–	–	–	12,043
Premium arising on issue of shares	93,305	–	–	–	–	–	–	93,305
Share issue expenses	(1,102)	–	–	–	–	–	–	(1,102)
Reserves transferred upon disposal of subsidiaries	–	–	–	–	367	–	–	367
Exchange differences arising on translation of foreign operations	–	–	–	–	219	–	–	219
Net loss for the period	–	–	–	–	–	–	(151,480)	(151,480)
As at 31 December 2007	122,333	–	8,390	12,043	738	(1,814)	(247,646)	(105,956)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

29. RESERVES (Continued)

Group (Continued)

	Share Premium	Warrant reserve	Merger reserve (Note a)	Share-based compensation reserve	Translation reserve	Investment valuation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Change in fair value of available-for-sale investment	–	–	–	–	–	(32,458)	–	(32,458)
Capital reduction	–	–	–	–	–	–	305,099	305,099
Warrants issued (note 27)	–	25,440	–	–	–	–	–	25,440
Premium arising on issue of shares (note 26(ii))	376,000	–	–	–	–	–	–	376,000
Exercise of warrants (note 26(iv))	4,230	(720)	–	–	–	–	–	3,510
Exercise of share options (note 26(iii))	1,646	–	–	(526)	–	–	–	1,120
Conversion of convertible bonds (note 25)	14,200	–	–	–	–	–	–	14,200
Equity settled share-based payment transactions (note 28)	–	–	–	45,579	–	–	–	45,579
Reserves transferred upon disposal of subsidiaries	–	–	–	–	(750)	–	–	(750)
Exchange differences arising on translation of foreign operations	–	–	–	–	(63)	–	–	(63)
Net loss for the year	–	–	–	–	–	–	(507,027)	(507,027)
As at 31 December 2008	518,409	24,720	8,390	57,096	(75)	(34,272)	(449,574)	124,694

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

29. RESERVES (Continued)

Company

	Share Premium	Warrant reserve	Contributed surplus (Note b)	Share-based compensation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 October 2006	9,374	2,300	27,210	–	(31,122)	7,762
Warrants issued	–	2,848	–	–	–	2,848
Exercise of share options	6,696	–	–	–	–	6,696
Exercise of warrants	14,060	(5,148)	–	–	–	8,912
Equity settled share-based payment transactions	–	–	–	12,043	–	12,043
Premium arising on issue of shares	93,305	–	–	–	–	93,305
Share issue expenses	(1,102)	–	–	–	–	(1,102)
Loss for the period	–	–	–	–	(25,984)	(25,984)
As at 31 December 2007	122,333	–	27,210	12,043	(57,106)	104,480
Reduction of par value of share capital (note 26(i))	–	–	305,099	–	–	305,099
Warrants issued (note 27)	–	25,440	–	–	–	25,440
Premium arising on issue of shares (note 26(ii))	376,000	–	–	–	–	376,000
Exercise of warrants (note 26(iv))	4,230	(720)	–	–	–	3,510
Exercise of share options (note 26(iii))	1,646	–	–	(526)	–	1,120
Conversion of convertible bonds (note 25)	14,200	–	–	–	–	14,200
Equity settled share-based payment transactions (note 28)	–	–	–	45,579	–	45,579
Loss for the year	–	–	–	–	(854,946)	(854,946)
As at 31 December 2008	518,409	24,720	332,309	57,096	(912,052)	20,482

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

29. RESERVES (Continued)

Notes:

(a) Merger reserve of the Group represents the difference between the aggregate of the nominal value of the ordinary shares of the subsidiaries acquired and the nominal value of the ordinary shares of the Company issued pursuant to the Group reorganisation.

(b) Contributed surplus of the Company represents the difference between the nominal value of the ordinary shares of the Company issued in a share for share exchange and the fair value of the aggregate net assets of the subsidiaries acquired.

Under the Bermuda Companies Act 1981, contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 December 2008 and 31 December 2007, no reserve of the Company was made available for distribution as the aggregate of the contributed surplus and the accumulated losses are in debit balance.

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Disposal of subsidiaries

During the year, the Group disposed of its entire interests in Beijing Tianxun Shitong Technology Development Limited, China Rainbow Technology Limited and Bartech (International) Information Network Limited at a consideration of HK$6,230,000, HK$400,000 and HK$1,295,000 respectively. The net assets of the disposed subsidiary at the date of disposal are summarised as follows:

	2008 HK$'000	2007 HK$'000
Net assets disposed of:		
Property, plant and equipment	261	—
Investment in an associate	—	952
Trade receivables, other receivables and deposit	640	—
Bank balances and cash	18,282	—
Trade and other payables	(178)	—
Receipt in advance	(713)	—
	18,292	952
Minority interest	(7,123)	—
Release of translation reserve	(1,220)	—
	9,949	952
Loss on disposal	(2,024)	(37)
Consideration	7,925	915
Satisfied by cash	7,925	915

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(a) Disposal of subsidiaries (Continued)

Analysis of the net (outflow)/inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2008 HK$'000	2007 HK$'000
Cash consideration received	7,925	915
Cash at bank disposed of	(18,282)	—
Net (outflow)/inflow of cash in respect of the disposal of subsidiaries	(10,357)	915

The business sold during the year/period contributed HK$3,924,000 (2007: HK$553,000) to the Group's revenue and profit of HK$1,264,000 (2007: HK$476,000) to the consolidated loss for the year/period.

The business sold during the year/period contributed net operating cash inflow of HK$8,359,000 (2007: outflow of HK$297,000) to the Group's net operating cash outflow.

(b) Acquisition of subsidiaries

(i) On 15 May 2008, the Group acquired 75% of the issued share capital of Great Hill Trading Limited and of the equity interests in Welford International Industrial Limited and King Union Trading Limited, from an independent third party at the total cost of acquisition HK$351,200,000, of which 400,000,000 new shares in the Company were issued at HK$0.95 per share during the year and issue of convertible bond of the Company with principal amount of HK$16,200,000, net of HK$45,000,000 sales loan acquired.

The acquired businesses contributed no revenue and incurred net loss of HK$190,000 to the Group from the date of acquisition to 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Acquisition of subsidiaries (Continued)

(i) (Continued)

The identifiable assets and liabilities, stating at the fair value and net carrying amount, arising from the acquisition are as follows:

	2008 HK$'000
Trade receivables, other receivables and deposits	60,000
Bank balances and cash	36
Trade and other payables	(60,208)
Net identifiable liabilities acquired	(172)
Goodwill on acquisition (note 14)	351,372
Total cost of acquisition	351,200
Satisfied by	
Fair value of shares issued during the year	380,000
Convertible bonds	16,200
Sales loan acquired	(45,000)
	351,200

The fair value of the shares issued was based on quoted market bid prices available on the Stock Exchange.

	2008 HK$'000	2007 HK$'000
Net cash inflow/(outflow) in respect of the acquisitions:		
Cash consideration paid during the year/period	—	(16,790)
Cash at bank acquired	36	78
	36	(16,712)

If the acquisitions had occurred on 1 January 2008, the Group's turnover would have been HK$208,946,000 and the loss for the year would have been HK$447,346,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisitions.

Goodwill impairment is disclosed in note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

31. OPERATING LEASE COMMITMENTS

Group

As at 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2008 HK$'000	2007 HK$'000
Within one year	2,216	1,811
In the second to fifth years	833	2,165
	3,049	3,976

The Group leases eight (2007: five) properties under the operating leases. The leases run for an initial period of one to three years, with an option to renew the lease terms upon the expiry date or at dates as mutually agreed between the Group and the respective landlords. None of the leases include contingent rentals.

Company

The Company did not have any significant operating lease commitments as at the balance sheet date.

32. COMMITMENTS

Group

	2008 HK$'000	2007 HK$'000
Contracted but not provided for		
— capital contribution to a subsidiary (note a)	26,000	—
— commission payable (note b)	142,500	—
	168,500	—

(a) On 10 January 2008, Welford International Industrial Limited ("Welford"), a non wholly owned subsidiary of the Company, entered into a joint venture agreement with Guangdong ZhenRong Energy Co., Ltd. ("Guangdong ZhenRong") and Yan Lung International Limited ("Yan Lung") to form an PRC Company, Guangdong ZhenRong Petroleum Chemical Co., Ltd ("Oil Company") which will be principally engaged in exploitation, trading, selling of oil and oil retailed products. The registered capital of the Oil Company will be RMB50,000,000. Guangdong ZhenRong, Yan Lung and Welford will own 51%, 3% and 46% respectively of the equity interests in the Oil Company. Therefore, the Group had a capital commitment of RMB23,000,000 (approximately HK$26,000,000) which had to be paid within one year.

The Group had already paid HK$4,000,000 on 5 January 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

32. COMMITMENTS (Continued)

Group (Continued)

(b) On 26 August 2008, the Positive Rise Holdings Limited ("Positive Rise"), a wholly owned subsidiary of the Company, entered into a supplemental heads of agreement (the "Agreement") with Rose Bay Group Limited ("Agent"). Pursuant to the Agreement, Positive Rise had agreed to pay a commission to the Agent, based on 2.5% of the aggregate consideration of the acquisition of Hero Joy (the "Aggregate Consideration") (as set out in note 37 (a)) for the procurement and assistance offered by the Agent in relation to the acquisition.

On 20 March 2009, the Company announced that Positive Rise has agreed with the Agent to discount the commission from 2.5% to 2.375% of the Aggregate Consideration. The fixed sum of commission of HK$142,500,000 ("Actual Commission") shall be payable by Positive Rise to Agent in cash on 6 months after the completion date of the acquisition.

As the agreed commission is calculated as a percentage of the Aggregate Consideration, and the Aggregate Consideration is capped at HK$6,000 million as set out in note 37 (a), in that event that the Aggregate Consideration is bellow HK$6,000 million ("Actual Consideration"), Positive Rise shall be entitled to a refund of commission calculated by using the following formula:

Refund of Commission = *[Actual Commission less {(Actual Consideration)/ HK$6,000 million}] x Actual commission*

On 24 April 2009, Positive Rise requested the agent to extend the date of payment until 31 May, 2010.

On 29 April 2009, the agent confirmed in writing to Positive Rise that the commission payable in the amount of HK$142,500,000 could be set off against the deposit paid for acquisition of Rich Winner Global Limited of HK$60,000,000 as described in Note 37(f) to the consolidated financial statements and the remaining balance of HK$82,500,000 could be extended to 31 May 2010 and is not subject to any additional interest and penalty.

Company

The Company did not have any significant commitments as at the balance sheet date (2007: Nil).

33. RELATED PARTY TRANSACTIONS

In addition to the related party transactions as disclosed in other notes to these financial statements, the Group had the following significant transactions:

(a) Name and relationship with related party

Name	**Relationship**
Guangdong Zhenrong Energy Co., Ltd ("Guangdong Zhenrong")	A subsidiary of minority shareholder of the Company Zhen Rong International Petroleum Company Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

33. RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transaction

	Transaction value		Balance outstanding	
	1.1.2008 to 31.12.2008 HK$'000	**1.10.2006 to 31.12.2007 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
Sales of goods to:				
Guangdong Zhenrong Energy Co., Ltd.	170,234	—	4,974	—

All sales of goods to Guangdong Zhenrong were entire sales volume of coal trading throughout the year and were priced at approximately HK$1.5 per tonne under actually agreed basis. The gross profit margin note for such sales was approximately 1.95%.

(c) Key management compensation

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

	1.1.2008 to 31.12.2008 HK$'000	**1.10.2006 to 31.12.2007 HK$'000**
Fee	666	534
Salaries and allowances	2,531	1,487
Retirement scheme contributions	58	53
Share-based payments	42,002	7,336
	45,257	9,410

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

34. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimated impairment of goodwill and property, plant and equipment

The Group tests annually whether goodwill and the property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on fair value. These calculations require the use of estimates.

If the actual gross margin had been higher than the management's estimates, the Group would not be able to reverse any impairment losses that arose on goodwill.

Share-based payments

The fair value of the options granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the options at the date of granting the options.

35. CAPITAL MANAGEMENTS

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy. Management regards total equity as capital, for capital management purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise cash and bank and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as debtors, deposits paid, and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Cash flow interest rate risk

The Group has no significant interest-bearing assets and liabilities. Cash at bank earns interest at floating rates based on daily bank deposits rates.

The Group does not have any derivative instruments to reduce its economic exposure to changes in interest rates.

(b) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparts' failure to perform their obligations as at 31 December 2008 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the management considers that the Group's credit risk is significantly reduced.

The Company'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 but to a lesser extent. At the balance sheet date, the Company has a certain concentration of credit risk as 75% (2007: 15%) of the total trade and other receivables were due from the largest customer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Foreign exchange risk

The Group is exposed to currency risks primarily arising from balances (trade receivables, trade payable) that are denominated in the United States dollars (USD) and Renmibi (RMB). As the USD is pegged to the Hong Kong dollar (HKD), the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant. No related hedges were made by the Group. In respect of trade payables denominated in RMB, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

At December 31, 2008, if RMB had strengthen/weakened by 5% against HKD with all other variables kept constants, the Group net loss for the year would have been approximately HK$59,000 (2007: HK$771,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of those overseas investments denominated in different currencies.

Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the Group's functional currency:

	2008		2007	
	USD	RMB	USD	RMB
Trade receivables, other receivables and deposits	695,911	59,807	148,182	9,687,242
Bank balances and cash	4,085	20,577	1,378	9,012,019
Trade and other payables	—	(1,330,101)	—	(1,221,523)
Net exposure to currency risk	699,996	(1,249,717)	149,560	17,477,738

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative 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 can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

2008

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
Trade and other payables	3,748	3,748	3,748

2007

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
Trade and other payables	7,817	7,817	7,817
Obligation under finance lease	85	85	85
Bank overdrafts	18	18	18

(e) Equity price risk

The Group is exposed to equity securities price risk because certain financial assets of the Group are classified in the consolidated balance sheet as available-for-sale financial assets (note 16).

The Group's listed investments are listed on the Stock Exchange of Hong Kong are included in the Hang Seng Index. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Directors of the Group believe its exposure to equity price risk is minimal.

(f) Fair value

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

37. POST BALANCE SHEET EVENTS

(a) Acquisition of Hero Joy

On 31 August 2008, Positive Rise Holdings Limited ("Positive Rise"), a wholly owned subsidiary of the Company, entered into a conditional agreement (the "Agreement") with:

i. Master Top Investments Limited, Mega Step Investments Limited, Favor Mind Holdings Limited, Magical Power Investments Limited and Huge Ally Group Limited (the "Vendors"); and

ii. Ho Wai Kong, Lu Xing, Wang Dingbo, Siu Fung and Fong, Herman Yat Wo (the "Guarantors").

Pursuant to the Agreement, Positive Rise has conditionally agreed to acquire and the Vendors have conditionally agreed to sell 4,350,100 ordinary shares of nominal value US$1.00 each in the issued share capital of Hero Joy International Limited ("Hero Joy"), wholly and beneficially owned by the Vendors, representing the entire issued share capital of Hero Joy.

The aggregate consideration for the acquisition (in any event, the Consideration shall not be more than HK$6,000 million) shall be the sum Basic Consideration and Earn-out (as defined below i and ii respectively) and which shall be determined and settled in the following manner:

i. Basic Consideration

Basic Consideration = Value of the Consideration Shares

The Basic Consideration will be satisfied by issue and allotment of new ordinary shares ("Consideration Shares") of the Company at an issue price of HK$0.6667 per share, credited as fully paid at par.

The number of Consideration Shares to be issued and allotted to the Vender shall represent approximately 29.9% of the enlarged issued share capital of the Company as at the date of completion of the Agreement.

ii. Earn-out

Earn-out = {2009 NPAT* or 2010 NPAT* (as requested by the Vendors) X 30} less Basic Consideration

* NPAT represents net profit after tax

The Earn-out will be satisfied by issue and allotment of new preferred shares of the Company at an issue price of HK$0.6667 per share.

The extent of the Earn-out will be determined as the net profit (after tax and extraordinary expenses) as shown in the audited financial statements for the year ended 31 December 2009 or 2010 ("2009 NPAT or 2010 NPAT (as requested by the Vendors)") multiplied by earnings ratio of 30 times and then subtracted by the Basic Consideration.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

37. POST BALANCE SHEET EVENTS (Continued)

(a) Acquisition of Hero Joy (Continued)

If there will be no Earn-out being payable by Positive Rise to the Vendors, the aggregate consideration will be the Basic Consideration. If there will be no Earn-out being payable by Positive Rise to the Vendors, the aggregate consideration will be the Basic Consideration. The completion of this potential acquisition will be subjected to the condition precedent having been fulfilled or waived.

Details of this potential acquisition were disclosed in the Company's announcement on 6 October 2008 and the circular dated 16 January 2009.

On 27 February 2009, Positive Rise and the Company entered into a supplemental agreement with the Vendors and the Guarantors, pursuant to which the long stop date for the fulfillment of the conditions precedent for the completion of the Agreement had been extended to 28 April 2009, or such later date as the parties may agree in writing.

On 25 March 2009, the Company announced that all conditions precedent to the completion of the Agreement had been fulfilled and the Vendors and Positive Rise shall proceed to completion.

On 15 April 2009, the Company announced that the acquisition has been completed and 945,635,485 ordinary shares of HK$0.6667 each were issued on the same day as Consideration Shares to satisfy the Basic Consideration.

The directors considers that the Acquisition of Hero Joy will provide the Company with an unique opportunity to participate in an information technology related business activity with lucrative potential and maximizing the profitability of the Group.

(b) Termination of placing agreement

On 24 April 2008, the Company entered into the placing Agreement with Fortune (HK) Securities Limited (previously known as Hong Tong Hai Securities Limited) as the placing agent ("Fortune (HK)"). Pursuant to which, Fortune (HK) has conditionally agreed to place, on the best efforts basis, to not less than six independent placees (the "Placees") for up to 321,000,000 shares of the Company at a price of HK$0.56 per placing Share.

On 26 September 2008, the Company entered into an extension letter with Fortune (HK). Pursuant to which, Fortune has agreed to extend the date for fulfillment of the condition of the placing to on or before 31 December 2008.

On 2 January 2009, the Company announced that the placing agreement in relation to the announcement dated 24 April 2008 has lapsed as the condition precedent in the placing agreement has not been fully fulfilled at the end of 31 December 2008 accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

37. POST BALANCE SHEET EVENTS (Continued)

(c) The change of the registered name of the Company

On 15 January 2009, the board of directors announced that the Company proposed to change its official registered English name from "Sunny Global Holdings Limited" to "China Public Procurement Limited" ("Change of English Name") and, upon the Change of English Name becoming effective, to adopt the new Chinese name "中國公共採購有限公司" as its secondary name to replace the existing Chinese name of the Company "新怡環球控股有限公司" which has been used for identification purpose only (the Change of English Name and adoption of the new Chinese name as its secondary name together as "Change of Company Name"). Details of this proposal were disclosed in the Company's announcement on 6 October 2008. This proposal has not yet been completed up to the date of issue of these financial statements.

(d) Grant of options

On 26 March 2009, the board of directors announced that the Company proposed to grant 172,200,000 share options to subscribe for ordinary shares of HK$0.01 each of the Company under its share option scheme, subject to approval by the independent shareholders of the Company and acceptance of the grantees. Details of this share options were disclosed in the Company's announcement on 26 March 2009. This proposal has not yet been completed up to the date of issue of these financial statements.

(e) Capital injection to a joint venture company

On 10 January 2008, Welford International Industrial Limited ("Welford"), a non wholly owned subsidiary of the Company, entered into a Joint Venture Agreement ("JV Agreement") with Guangdong Zhenrong Energy Limited ("Guangdong Zhenrong") and Yan Lung International Limited ("Yan Lung"). Pursuant to which, the parties to the JV Agreement will set up a sino-foreign joint venture company ("JV Company") with registered capital of RMB50,000,000 and Welford will hold 46% equity interest of the JV Company. In respect of its interest in a JV company, Welford is committed to incur capital commitment of RMB23,000,000 (approximately HK$26,000,000). Details of this JV Agreement were disclosed in the Company's circular dated 26 March 2008.

On 5 January 2009, Welford had injected capital of HK$4,000,000 (approximately RMB3,528,200) to the JV Company and is still obliged for capital injection of RMB19,471,800 (approximately HK$22,000,000). These commitments are expected to be settled in the following financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

37. POST BALANCE SHEET EVENTS (Continued)

(f) Termination of proposed acquisition in Rich Winner Global Limited

On 31 March 2008, Positive Rise Holding Limited ("Positive Rise"), a wholly owned subsidiary of the Company, entered into conditional agreement with Rose Bay Group Limited ("Proposed Vendor") to acquire 100% interests in Rich Winner Global Limited for a consideration of approximately HK$600,000,000 whilst an amount of HK$60,000,000 was paid as refundable deposit.

On 26 August 2008, Positive Rise entered into a supplemental heads of agreement (the Head Agreement and Supplemental Agreement are collectively referred to as the "Agreement") with the Proposed Vendor. Pursuant to which, the sales and purchase agreement should be entered into before 14 March 2009 ("Long Stop Date").

Owing to the non-fulfillment of the Condition Precedent as stated in the Head Agreement signed on 31 March 2009, Positive Rise and the Proposed Vendor have agreed to abort the Acquisition of the entire issued share capital of Rich Winner and Positive Rise and the Proposed Vendor have entered into the Termination Agreement dated 30 April, 2009 to terminate the Acquisition. Accordingly, Positive Rise and the Proposed Vendor will not proceed with the Acquisition. As described in Note 32(b) to the consolidated financial statements, the advance payment of HK$60,000,000 could be set off against the commission payable of HK$142,500,000.

Pursuant to the terms of the Termination Agreement, the termination of the Acquisition will not subject to any penalty and/or liability and Positive Rise will be released from all obligations and undertakings therein stated immediately upon the execution of the Termination Agreement.

The Directors consider that the termination of the Acquisition by the Termination Agreement will not have any material adverse impact on the Group and on its business in the field of trading or merchandising of crude oil and petroleum products in the Middle East.

(g) Disposal of subsidiaries

On 22 April 2009, Richy Spring International Limited ("Richy Spring"), a wholly-owned subsidiary of the Company, entered into a conditional agreement with (the "Agreement") with Ultra Million Limited (the "Purchaser"). Pursuant to the conditional agreement, Richy Spring agreed to sell and the Purchaser agreed to purchase:

i. its entire issued share capital of Great Hill Trading Limited ("Great Hill"), a non-wholly owned subsidiary of the Company, together with Great Hill's subsidiaries, Welford International Industrial Limited ("Welford") and King Union Trading Limited ("King Union") ("Sale Shares"); and

ii. current account with a face value of HK$51,427,296 ("Sales CA"), represented as the amount due from Great Hill to Richy Spring; and

iii. a put option embedded with the Agreement as set out below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

37. POST BALANCE SHEET EVENTS (Continued)

(g) Disposal of subsidiaries (Continued)

Great Hill is, through Welford, interested in 46% of Guangdong Zhenrong Petrochemical Company Limited, as set out in Note 37(e) above.

The aggregated consideration for the Sale Shares and Sales CA shall be the sum of HK$34,000,000, which shall be satisfied by cash by the Purchaser upon completion. The directors anticipate that the disposal will be completed by May 2009.

Put Option

As at the date of the Agreement, Guangdong Zhongrong Energy Company Limited ("Guangdong Zhongrong") is indebted to Welford in the amount of HK$60,000,000 (the "Welford Receivable").

Pursuant to Agreement, Richy Spring grants to the Purchaser an option to require the Richy Spring to purchase all the Sale Shares and the Sale CA (the "Put Option") at a purchase price equal to the Consideration (the "Put Option Payment") in the event that Great Hill fails to collect not less than HK$34,000,000 of the Welford Receivable to the satisfaction of the Purchaser within 90 days from the Completion date ("Option period"). The Option payment shall be satisfied in cash.

The Directors consider that the Disposal of the subsidiaries will not have any material adverse impact on the Group and on its business in the field of coal trading.

38. COMPARATIVE FIGURES

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

FINANCIAL SUMMARY

	Year ended 31 December 2008 HK$'000	Period ended 31 December 2007 HK$'000	Year ended 30 September 2006 HK$'000	2005 HK$'000	2004 HK$'000
Revenue	208,936	57,831	26,808	42,809	136,989
Loss from operations	(506,309)	(147,028)	(36,286)	(58,055)	(21,233)
Share of profit of associate	—	156	3		
Finance cost	(886)	(37)	—	(150)	(235)
Loss before taxation	(507,195)	(146,909)	(36,283)	(58,205)	(21,468)
Income tax expense	—	(1,654)	—	—	—
Loss before minority interests	(507,195)	(148,563)	(36,283)	(58,205)	(21,468)
Minority interests	168	(2,917)	357	315	
Loss attributable to shareholders	(507,027)	(151,480)	(35,926)	(57,890)	(21,468)

	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000	2004 HK$'000
Total assets	165,820	232,892	81,999	80,368	144,303
Total liabilities	(18,956)	(10,682)	(9,601)	(7,222)	(31,884)
Minority interests	—	(7,009)	(3,348)	(622)	—
Shareholders' funds	146,864	215,201	69,050	72,524	112,419