Stock Code: 979

Green Energy

ANNUAL REPORT 2009

GREEN ENERGY GROUP LIMITED

綠色能源科技集團有限公司

(Incorporated in Bermuda with limited liability)

Contents

Corporate Information

DIRECTORS

Executive Directors

Dr. Wong Yun Kuen *(Chairman)*
Mr. Fan Xiaomin

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Ms. Zhu You Chun *(Chairwoman)*
Mr. Chan Kai Yung Ronney
Dr. Wong Yun Kuen

COMPANY SECRETARY

Mr. Tam Pei Qiang

AUDITORS

Hopkins CPA Limited

LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21 New Henry House
10 Ice House Street
Central
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Room 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

979

On behalf of the board of directors (the "Board") of Green Energy Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the annual report of the Group for the financial year ended 31 December 2009.

FINANCIAL PERFORMANCE

The Group's total revenue for the year ended 31 December 2009 ("FY2009") was approximately HK$4.3 million (FY2008: HK$3.0 million) representing an increase of 43% as compared with that for the year ended 31 December 2008 ("FY2008").

BUSINESS REVIEW

Construction contractor

With effect from FY2008, the Company has advocated all its resources and manpower in the environmental area. The resources for construction sector has been terminated as the construction business no longer matches our group's developing direction. This business sector has been closed in the second half year of FY2009.

Trading of recyclable plastic materials and relevant services

In FY2009, the re-compressing facilities were ready for making service available to outsider. The Company could provide storage, re-compressing and weighting services. These services are less risky than trading of recyclable plastic materials as there is no need to predict the prices of recyclable plastic materials. The re-compressing service has become one of the main income sources of the Company. Over the years, the Group has attempted to apply for the licence of registration for overseas supplier enterprise of import solid waste as raw material, and the licence has been approved by the General Administration of Quality Supervision Inspection and Quarantine of the People's Republic of China ("AQSIQ") in March 2010. The Company is now authorised to import solid waste into PRC, such as waste paper, waste plastic materials and waste metal. Such ability might be one of the main source of income of the Company.

Trading of waste construction materials and waste processing provision

The phase one of Germany investment was completed in FY2008, and the Group began to receive orders for the treatment and recycling of construction and demolition materials and to resell the recovered and/or recycled materials for a profit. Such service has started in the later part of FY2008. The revenue arising from this trading/service is encouraging in FY2009. After building up a long term relationship and reputation in local market, and accumulating more clients, waste construction materials business will be an huge opportunity for the Group.

Trading of Bio-cleaning products

In FY2009, the turnover of this business decreased as one of the major client in PRC has stopped its trading with the Company. However, the PRC client base has improved. More clients are willing to use our products with trial order. We believe as more and more customers recognized the advantage of our products, the turnover of this business will improve.

Trading of generators

The Company has been putting lots of resources into this business segment. A team of technical staff was employed for researching and developing the power generators equipped with Electronic Fuel Injection, Computer Controlled Carburetion, Digital Inverter and Multi-Fuel capacity. However such development has been slowed down, as a core technical problem has not yet been solved. The Company thinks such problem might not be able to resolve in the near future. Therefore it is expected no new product will be ready for sale. This business segment might be shut down because of unforeseeable future.

FUTURE PROSPECTS

By a memorandum of broad terms dated 23 December 2009 entered into between the Company as purchaser and Myleader Limited as vendor the Company sought to acquire, inter alia, the entire issued share capital of Global Emerging Resources Limited, a company incorporated in the British Virgin Islands that held (a) forty percent. (40%) equity interest in Philippine Alliance Integrated Mineral Development Inc. ("Phil Alliance") and also (b) forty percent. (40%) equity interest in Proserve Holdings & Development Corp., which in turn held fifty percent. (50%) equity interest in Phil Alliance, which was the holder of certain mining rights comprised in:

(a) an approved Exploration Permit denominated as OEP-2007-006-II dated 7 August 2007 issued by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources in the Philippines ("MGB") for the exploration of magnetite sand and other associated mineral deposits in an offshore area of 13,483.8069 hectares located at Sanchez Mira, Pamplona, Abulug, Ballesteros, Aparri, Buguey and Gonzaga in the province of Cagayan, Philippines; and

(b) a pending Exploration Permit Application denominated as EPA-000106-II dated 1 February 2008 issued by MGB for the exploration of magnetite sand and other associated mineral deposits in an offshore area of 27,109.58 hectares located in the jurisdictions of the municipalities of Claveria, Sanchez Mira, Abulug, Ballesteros, Aparri, Buguey and Gonzaga in the province of Cagayan, Philippines.

As previously announced on 18 February 2010 the Group was also engaged in negotiation with third parties for the acquisition of the entire issued share capital of Gioberto Limited ("**Gioberto**"), a company incorporated in the British Virgin Islands that had acquired all the issued share capital of Altamina Exploration & Resources Incorporated ("**Altamina**"), which was the holder of six (6) exploration permit applications bearing EXPA No. 063, 064, 065, 076, 077 and 078 issued by MGB for the exploration of magnetite sand and other associated mineral deposits in the offshore magnetite mining area covered by such applications comprising an aggregate area of 9,789.9832 hectares located in the provinces of Ilocos Sur, Ilocos Norte and Pangasinan of the Philippines. In order to demonstrate the Group's sincerity in the proposed acquisition, a wholly-owned subsidiary of the Company advanced, by way of a loan to Gioberto, a principal sum of HK$30 million for the purposes of financing payments to be made by Gioberto for the acquisition of Altamina and the working capital requirements of Gioberto generally. The loan was secured by a first fixed legal charge over the entire issued share capital of Gioberto.

If either one or both of the proposed acquisition(s) materialised, the exploration of iron ores and mining activities would become the predominant business activity, and constitute the major source of income, of the Group.

In consistence with the Group's policy in the development of a business in renewable energy, the Company set up a new business venture that was engaged in the cultivation of Jatropha and the construction of a pilot plant for the production of biofuel and other biochemical by-products in the PRC. The project gave rise to (1) significant site formation works on the land required for the cultivation of Jatropha; (2) the design and construction of a pilot plant for the production of biodiesel from harvested Jatropha fruit and the manufacture of a wide range of biochemical by-products including glycerine (for application in the manufacture of soaps, health supplements and organic fertilizers and (3) marketing of biodiesel and related by-products arising from the extraction and refinery processes.

The Group will continue to seek attractive business opportunities in areas involving environmental protection and recycling in Hong Kong, the PRC and around the world with a view to generating positive cash flow and earnings for the Group.

APPRECIATION

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

Wong Yun Kuen
Chairman

Hong Kong, 21 April 2010

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen, aged 52, received two B.S. degrees in Geology and in Mathematics from the University of Wyoming in the United States of America ("USA") and a Ph.D. degree in Geophysics from the Harvard University in USA, and was a "Distinguished Visiting Scholar" at the Wharton School of the University of Pennsylvania in USA. Dr. Wong has worked in various financial industries in the USA and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute. Dr. Wong is an executive director of UBA Investments Limited (a company listed on the Main Board of the Stock Exchange), and an independent non-executive director of Harmony Asset Limited, Bauhaus International (Holdings) Limited, Kaisun Energy Group Limited, China Yunnan Tin Minerals Group Company Limited, Climax International Company Limited, Superb Summit International Timber Company Limited, China E-Learning Group Limited, Golden Resorts Group Limited, Kong Sun Holdings Limited, Hua Yi Copper Holdings Limited, China Grand Forestry Green Resources Group Limited and Zmay Holdings Limited. Dr. Wong was an independent non-executive director of Grand Field Group Holdings Limited from September 2004 to September 2009. Kaisun Energy Group Limited and Zmay Holdings Limited are listed on the Growth Enterprise Market of the Stock Exchange and all other companies mentioned in this paragraph are companies listed on the Main Board of the Stock Exchange. Harmony Asset Limited is also a listed company in the Toronto Stock Exchange.

Mr. Fan Xiaomin, aged 59, is a graduate of Command and Engineering College of Chemical Defence of People's Liberation Army. He was senior engineer in hi-tech management for many years. Mr. Fan has received State Scientific and Technological Progress Award 11 times, and has been awarded State Council Special Emolument since 1994.

Since December 1996, Mr. Fan has been the Chairman of Beijing Zhishuo Technology Group, a company with business in real-estate, import and export, hi-tech development and environmental engineering. In 2007, Beijing Zhishuo Technology Group established Beijing Mobile Media of China Limited, a company that has been developed into the biggest mobile media platform in China and innovative 3G services. Mr. Fan, also serving as chairman of the new company, is responsible for the company's strategic planning, and long term development direction.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. So Yin Wai, aged 47, graduated from Hong Kong Polytechnic University in 1986 and has been in the accounting profession for nearly 20 years. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He had previously worked for Peat Marwick, Mitchell & Co. and Messrs. Kwan Wong Tan & Fong and been involved in the audit of a number of international and local engagements and listed companies. He is currently the sole practitioner of his own firm known as Alex So & Co (Certified Public Accountants). Apart from his auditing experiences, Mr. So also specializes in company secretarial work, tax planning and management consultancy matters. Mr. So is currently the Vice-Chairman of China Business Association. He is the Honorary Auditor of a number of voluntary organizations, including Hong Kong Parkinson's Disease Foundation, Life Currents and Caring Centre Foundation Limited. Mr. So was one of the independent non-executive directors of Uni-Bio Science Group Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") until his resignation on 15 March 2010.

Mr. Chan Kai Yung Ronney, aged 69, was the chairman of the Area Committee of Shatin from November 1994 to March 2004. Mr. Chan is also a village representative of Tai Wai Village, Mr. Chan was a member of the Recreation & Sport Committee and the Environmental Improvement Committee of Shatin District Council. Mr. Chan was re-elected as a member of the Rural Committee of Shatin for a term commencing from October 2007 to September 2011.

Ms. Zhu You Chun, aged 73, graduated from Kunming University of Science and Technology with a Bachelor Degree. She has over 42 years of experience in researching and academic training in the People's Republic of China and was a tenured full professor in the Department of Environmental Science and Engineering, Guangdong University of Technology. Professor Zhu's main areas of research cover wastewater control and solid waste management and reutilization. She has carried out extensive government funded and corporation entrusted environmental research projects, in addition to many other design and environmental effect assessment projects. Professor Zhu is an acknowledged expert in the fields of environmental science engineering and has published numerous articles in both Chinese and overseas journals. Her research work has won her awards and certain of her inventions were registered as patents in China. She is also one of the professional committee members of Guangdong Environmental Protection Association.

SECRETARY

Mr. Tam Pei Qiang, aged 36, is the Financial Controller and Company Secretary of the Group. He is responsible for the Group's accounting and finance matters. Mr. Tam holds a bachelor degree in Accountancy awarded by Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Accountants and The Association of Chartered Certified Accountants in the United Kingdom. He has over ten years of experience in accounting and finance. Mr. Tam is one of the independent non-executive directors of China Water Property Group Limited (formerly known as China Botanic Development Holdings Limited), a company listed on the Main Board of the Stock Exchange.

FINANCIAL REVIEW

The Group's total revenue for the year ended 31 December 2009 ("FY2009") was approximately HK$4.3 million (FY2008: HK$3.0 million) representing an increase of 43% as compared with that for the year ended 31 December 2008 ("FY2008").

The construction sector has been closed and discontinued. There is no turnover for the FY2009 (FY2008: HK$0.1 million). Such change was due to the changing of company's main management and the Group's development strategies.

The revenue arising from the activities of bio-cleaning sector for the FY2009 was approximately HK$0.7 million (FY2008: HK$1.4 million) representing a decrease of 50% as compared with that for FY2008.

The revenue arising from trading of recyclable plastic materials and relevant services sector for FY2009 was approximately HK$2.4 million (FY2008: HK$0.7 million) representing an increase of 243% as compared with that for FY2008. The revenue from this sector comprised approximately HK$0.7 million (2008: HK$0.7 million) from trading of recyclable plastic material, while re-compressing and other related services have achieved a revenue of approximately HK$1.7 million (2008: Nil).

The revenue arising from trading of waste construction materials and waste processing provision sector for FY2009 was approximately HK$1.2 million (2008: HK$0.06 million). Such service was not available for FY2008.

The revenue arising from the trading of generator for FY2009 decreased sharply from approximately HK$0.8 million to HK$0.02 million. This year's revenue mainly comes from sample sales of the owned developed generators, which are not available for mass production yet.

During FY2009, the Group recorded a net loss of HK$37.2 million as against a net loss of HK$42.2 million for FY2008. The net loss of HK$37.2 million included impairment loss on other intangible assets of approximately HK$4.0 million, impairment loss on property, plant and equipment of approximately HK$10.0 million and share option payments granted of HK$6.2 million. Excluding those loss, the Group had incurred a loss of approximately HK$17 million in FY2009 (FY2008: HK$28.5 million).

General and administrative expenses, which included staff costs, legal and professional fees, amortisation and general administrative expenses, increased by 1.9% from approximately HK$42.7 million in FY2008 to HK$43.5 million in FY2009.

After excluding the non-cash expenses, such as impairment loss on other intangible assets, impairment loss on property, plant and equipment, write-off of bad debts and share based payment, the general and administrative expenses has been decreased by 9.0% in FY2009 as compared with FY2008. Such decrease in expenses is mainly due to the tight control over the cost.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009 the Group had total current assets of approximately HK$39.4 million (As at 31 December 2008: HK$51.9 million) while total current liabilities were HK$3.9 million (As at 31 December 2008: HK$7.5 million). The current ratio of the Group was 1,010% (As at 31 December 2008: 692%). The Group has sufficient fund to settle its debts.

As at 31 December 2009 the Group had total assets of approximately HK$60.1 million (As at 31 December 2008: HK$82.3 million). The gearing ratio, calculated by dividing the total debts over its total assets were 6.5% (As at 31 December 2008: 9.1%).

MATERIAL ACQUISITION

There was no material acquisition or disposal of the Company's subsidiaries and associated companies during the year ended 31 December 2009.

CAPITAL COMMITMENT

As at 31 December 2009, the Group had no significant capital commitment (2008: Nil).

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2009, the Group had 36 employees (2008: 42 employees) in Hong Kong, the PRC and Germany. The decrease in the number of employees was due to the restructuring of business and subsidiaries in the PRC.

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

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

The Directors present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2009 to all the shareholders.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 27.

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

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2009 comprised the contributed surplus of HK$56,897,000 (2008: HK$56,897,000).

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

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

FIVE YEARS FINANCIAL SUMMARY

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

Results	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**4,299**	2,967	18,689	56,904	51,688
Operating loss after finance costs	**(19,562)**	(27,866)	(19,979)	(5,711)	(4,607)
Gain on disposal of subsidiaries	**–**	–	–	939	1,068
(Loss)/gain on disposal of property, plant and equipment	**(130)**	(1,916)	–	1,256	–
Gain on deregistration of a subsidiary	**2,677**	–	–	–	–
Gain on waiver of accrual directors' remuneration	**–**	–	–	3,384	–
Share-based payment expenses	**(6,207)**	(5,411)	(991)	(27,574)	–
Impairment loss on goodwill	**–**	–	(8,875)	–	–
Impairment loss on other intangible assets	**(4,020)**	(5,879)	(11,745)	–	–
Impairment loss on property, plant & equipment	**(9,951)**	–	–	–	–
Loss before taxation	**(37,193)**	(41,072)	(41,590)	(27,706)	(3,539)
Taxation	**–**	(1,106)	(544)	(1,246)	(1,019)
Loss for the year	**(37,193)**	(42,178)	(42,134)	(28,952)	(4,558)
Attributable to:					
Equity holders of the Company	**(37,193)**	(42,178)	(42,134)	(28,952)	(4,558)

FIVE YEARS FINANCIAL SUMMARY – continued

Assets and Liabilities	As at 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**60,127**	82,295	126,934	174,999	25,839
Total liabilities	**(3,905)**	(7,471)	(15,064)	(23,733)	(24,654)
Total equity attributable to equity holders of the Company	**56,222**	74,824	111,870	151,266	1,185

SHARE CAPITAL

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

DIRECTORS

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

Executive directors

Mr. Yip Wai Leung Jerry	(Resigned on 22 December 2009)
Dr. Wong Yun Kuen *(Chairman)*	(Appointed on 22 December 2009)
Mr. Fan Xiaomin	(Appointed on 30 December 2009)

Independent non-executive directors

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

In accordance with Clause 99 of the Company's Bye-Laws, Mr. So Yin Wai retire by rotation and being eligible, offer himself for re-election.

In accordance with Clause 102(B) of the Company's Bye-laws, the office of each of Messrs. Dr. Wong Yun Kuen and Mr. Fan Xiaomin being appointed as addition Directors by the Board on 22 December 2009 and 30 December 2009 respectively, shall end at the forthcoming Annual General Meeting. All the other Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

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

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 31 December 2009, the interests or short positions of the Directors and the chief executive in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Ordinary shares of HK$0.10 each of the Company

Name of Director/chief executive	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Yip Wai Leung Jerry ("Mr. Yip")	Settlor of a discretionary trust	222,971,436	59.56%
	Beneficial owner	340,000 *	0.10%
	Beneficial owner	330,000	0.10%
	Spouse interest	330,000	0.10%
Mr. So Yin Wai	Beneficial owner	670,000 *	0.20%
Mr. Chan Kai Yung Ronney	Beneficial owner	670,000 *	0.20%
Ms. Zhu You Chun	Beneficial owner	670,000 *	0.20%

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

Other than as disclosed above, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2009 as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SHARE OPTIONS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' SERVICE CONTRACTS

Dr. Wong Yun Kuen and Mr. Fan Xiaomin had entered into a service agreement with the Company for a period of one year expiring on 22 December 2010 and 30 December 2010 and the service contracts are subject to renew after expiration.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors as at the date of this Directors' Report are set out on pages 6 and 7.

MAJOR CUSTOMERS AND SUPPLIERS

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

Sales	
– the largest customer	44.6%
– five largest customers combined	63.9%
Purchase	
– the largest supplier	30.8%
– five largest suppliers combined	64.2%

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

MANAGEMENT CONTRACT

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests and short positions disclosed above in respect of certain Directors, the following shareholders had interests or short positions in the shares and underlying shares of the Company:

Ordinary shares and underlying shares of the Company:

Name of shareholder	Capacity	No. of ordinary shares of HK$0.10 each held	No. of underlying shares held	Percentage of total issued share capital
Always Adept Limited ("Always Adept") *(Note 1)*	Beneficial owner	66,891,428	–	17.87%
First Win Trading Limited ("First Win") *(Note 1)*	Beneficial owner	156,080,008	–	41.69%
Always New Limited *(Note 1)*	Interest of controlled corporation	222,971,436	–	59.56%
The Trustee *(Note 2)*	Trustee	222,971,436	–	59.56%
Chui Pui Fun ("Mrs. Yip")	Spouse interest *(Note 3)*	222,971,436	–	59.56%
	Spouse interest *(Note 4)*	330,000	340,000 *(Note 4)*	0.20%
	Beneficial owner	330,000	–	0.10%

Notes:

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

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

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

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

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

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

CONNECTED TRANSACTIONS

During the year, the Group paid legal and secretarial fee of HK$960,000 (2008: HK$987,000) to J. Chan Yip So & Partners, a firm of solicitors in which Mr. Yip Wai Leung Jerry (resigned as director of the Company on 22 December 2009) was a partner.

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

EMOLUMENT POLICY

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

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

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint the auditor, Messrs. Hopkins CPA Limited.

On behalf of the Board

Wong Yun Kuen
Chairman

Hong Kong, 21 April 2010

COMMITMENT TO CORPORATE GOVERNANCE

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

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

A. Directors' Securities Transactions

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

B. Board of Directors

(i) Board composition

The Board currently comprises a combination of executive Directors and independent non-executive Directors. As at 31 December 2009, the Board consisted the following Directors:

Executive Directors
Dr. Wong Yun Kuen *(Chairman)*
Mr. Fan Xiaomin

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

Schedules of matters reserved for the Board include:

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

B. Board of Directors – continued

(ii) Board meetings and attendance record

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

Members of the Board	**Number of board meetings held during the director's term of office in 2009**	**Number of meeting(s) attended**
Chairman		
Mr. Yip Wai Leung Jerry (resigned on 22 December 2009)	4	4
Dr. Wong Yun Kuen (appointed on 22 December 2009)	4	0
Executive Director		
Mr. Fan Xiaomin (appointed on 30 December 2009)	4	0
Independent non-executive Directors		
Mr. Chan Kai Yung Ronney	4	2
Mr. So Yin Wai	4	4
Ms. Zhu You Chun	4	3

(iii) Independent non-executive Directors

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

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

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

B. Board of Directors – continued

(iv) Relationship among members of the Board

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

C. Chairman and chief executive officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of the chief executive officer was performed by Mr. Yip Wai Leung Jerry, who was also the chairman of the Company before 22 December 2009. Afterward, Dr. Wong Yun Kuen was appointed as the executive director and chairman, he also took the role of chief executive director of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

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

D. Remuneration of Directors

The Company established a remuneration committee on 21 December 2005 with written terms of reference in compliance with the CG Code. Members of the remuneration committee as at 31 December 2009 comprised Ms. Zhu You Chun, Mr. So Yin Wai and Mr. Chan Kai Yung Ronney. Mr. Chan Kai Yung Ronney is the chairman of the remuneration committee. All votes in the remuneration committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the remuneration committee are as follows:

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

D. Remuneration of Directors – continued

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

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

Members of the Remuneration Committee	Number of meetings held during the committee member's term of office in 2009	Number of meeting(s) attended
Mr. Chan Kai Yung Ronney	1	1
Mr. So Yin Wai	1	1
Ms. Zhu You Chun	1	1

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

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

E. Nomination of Directors

The Company established a nomination committee on 21 December 2005. Members of the nomination committee as at 31 December 2009 comprised Mr. Chan Kai Yung Ronney, Dr. Wong Yun Kuen and Ms. Zhu You Chun. Ms. Zhu You Chun is the chairwoman of the nomination committee.

The main duties of the nomination committee are as follows:

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

E. Nomination of Directors – continued

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

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

Members of the Nomination Committee	Number of meetings held during the nomination member's term of office in 2009	Number of meeting(s) attended
Ms. Zhu You Chun	1	1
Mr. Chan Kai Yung Ronney	1	1
Mr. Yip Wai Leung Jerry	1	1
Dr. Wong Yun Kuen	1	0

F. Auditor's remuneration

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

Services rendered	Fees paid/payable HK$
Audit services	520,000

G. Audit committee

As at 31 December 2009, the audit committee of the Company ("Audit Committee") comprised three independent non-executive Directors, namely Mr. Chan Kai Yung Ronney, Mr. So Yin Wai and Ms. Zhu You Chun. Mr. So Yin Wai is the chairman of the Audit Committee. Mr. So Yin Wai has the appropriate professional qualifications of accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

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

G. Audit committee – continued

The main duties of the Audit Committee are as follows:

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

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

Members of the Audit Committee	Number of meetings held during the committee member's term of office in 2009	Number of meeting(s) attended
Mr. So Yin Wai	2	2
Ms. Zhu You Chun	2	2
Mr. Chan Kai Yung Ronney	2	1

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

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

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

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

H. Directors' and auditor's acknowledgement

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

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

By order of the Board
Wong Yun Kuen
Chairman

Hong Kong, 21 April 2010

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

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

We have audited the consolidated financial statements of Green Energy Group Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 82, which comprise the consolidated and company statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY – continued

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2009 and of the Group's results and cash flows for the year then ended in accordance with HKFRSs and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

21 April 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	6	**4,299**	2,967
Cost of finished goods sold	19b	**(1,140)**	(2,051)
Construction contract costs		**–**	(451)
Gross profit		**3,159**	465
Other income	8	**436**	1,185
Gain on deregistration of a subsidiary	34	**2,677**	–
Staff costs		**(10,661)**	(10,400)
Depreciation and amortisation expenses		**(4,674)**	(4,518)
Other expenses		**(14,159)**	(21,925)
Impairment loss on other intangible assets		**(4,020)**	(5,879)
Impairment loss on property, plant and equipment		**(9,951)**	–
Loss before tax		**(37,193)**	(41,072)
Income tax expense	9	**–**	(1,106)
Loss for the year attributable to equity holders of the Company	10	**(37,193)**	(42,178)
Other comprehensive income			
Exchange translation reserve:			
Translation of foreign operations		**(156)**	(279)
Release upon deregistration of a subsidiary		**259**	–
Other comprehensive income for the year		**103**	(279)
Total comprehensive income for the year attributable to equity holders of the Company		**(37,090)**	(42,457)
Loss per share – Basic	14	**10.81 cents**	12.28 cents

Consolidated Statement of Financial Position

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-Current Assets			
Property, plant and equipment	15	17,740	25,333
Goodwill	17	–	–
Biological assets	16	2,965	–
Other intangible assets	18	–	5,042
		20,705	30,375
Current Assets			
Inventories	19	945	950
Trade receivables	20	89	89
Prepayments, deposits and other receivables	21	18,739	1,561
Bank balances and cash	23	19,649	49,320
		39,422	51,920
Current Liabilities			
Trade payables	24	871	1,748
Accruals and other payables		2,047	2,791
Tax payable		987	2,932
		3,905	7,471
Net Current Assets		35,517	44,449
Total Assets less Current Liabilities		56,222	74,824
Capital and Reserves			
Share capital	26	37,438	34,358
Share premium and reserves	27	18,784	40,466
Total Equity		56,222	74,824

Approved and authorised for issue by the board of directors on 21 April 2010.

Wong Yun Kuen
Executive Director

Fan Xiaomin
Executive Director

Statement of Financial Position

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-Current Assets			
Interests in subsidiaries	*33*	1	1
Current Assets			
Prepayments, deposits and other receivables	*21*	17,716	324
Amounts due from subsidiaries	*22(a)*	12,679	62,198
Bank balances and cash		10,107	37,849
		40,502	100,371
Current Liabilities			
Amounts due to subsidiaries	*22(b)*	2,134	2,138
Accruals and other payables		771	749
Tax payable		134	134
		3,039	3,021
Net Current Assets		37,463	97,350
Total Assets less Current Liabilities		37,464	97,351
Capital and Reserves			
Share capital	*26*	37,438	34,358
Share premium and reserves	*27*	26	62,993
Total Equity		37,464	97,351

Approved and authorised for issue by the board of directors on 21 April 2010.

Wong Yun Kuen
Executive Director

Fan Xiaomin
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

		Attributable to equity holders of the Company							
	Note	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange translation reserve HK$'000	Share option reserve HK$'000	General reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2008		34,358	163,829	56,897	670	27,522	71	(171,477)	111,870
Total comprehensive income for the year		–	–	–	(279)	–	–	(42,178)	(42,457)
Recognition of equity-settled share based payments	30	–	–	–	–	5,411	–	–	5,411
Lapse of share options		–	–	–	–	(1,382)	–	1,382	–
		–	–	–	–	4,029	–	1,382	5,411
At 31 December 2008		34,358	163,829	56,897	391	31,551	71	(212,273)	74,824
Total comprehensive income for the year		–	–	–	103	–	–	(37,193)	(37,090)
Shares issued upon exercise of options		3,080	14,303	–	–	(5,102)	–	–	12,281
Recognition of equity-settled share based payments	30	–	–	–	–	6,207	–	–	6,207
Lapse of share options		–	–	–	–	(3,888)	–	3,888	–
		3,080	14,303	–	–	(2,783)	–	3,888	18,488
At 31 December 2009		37,438	178,132	56,897	494	28,768	71	(245,578)	56,222

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(37,193)**	(41,072)
Adjustments for:			
Interest income		**(95)**	(414)
Depreciation of property, plant and equipment		**3,652**	2,831
Amortisation of other intangible assets		**1,022**	1,687
Write-off of bad debts		**26**	2,446
Loss on disposal of property, plant and equipment		**130**	1,916
Gain on deregistration of a subsidiary	*34*	**(2,677)**	–
Impairment loss on property, plant and equipment		**9,951**	–
Impairment loss on other intangible assets		**4,020**	5,879
(Reversal)/write-down of inventories		**(246)**	246
Allowance for doubtful debts		**24**	711
Share-based payment expenses		**6,207**	5,411
Operating cash flows before movements in working capital		**(15,179)**	(20,359)
Decrease in inventories		**251**	242
Decrease in amounts due from customers for contract works		**–**	7,050
Decrease in trade receivables		**–**	299
(Increase)/decrease in prepayments, deposits and other receivables		**(17,204)**	658
Decrease in trade payables		**(656)**	(1,871)
Increase/(decrease) in accruals and other payables		**37**	(6,471)
Cash used in operations		**(32,751)**	(20,452)
Income tax paid		**(10)**	(97)
NET CASH USED IN OPERATING ACTIVITIES		**(32,761)**	(20,549)

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES		
Interest received	71	414
Purchase of property, plant and equipment	(5,927)	(10,453)
Proceeds from disposal of property, plant and equipment	3	469
Purchase of biological asset	(2,965)	–
NET CASH USED IN INVESTING ACTIVITIES	(8,818)	(9,570)
FINANCING ACTIVITIES		
Net proceeds from issue of shares on exercise of share options	12,281	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,298)	(30,119)
Effect of foreign exchange rate changes	(373)	371
CASH AND CASH EQUIVALENTS AT 1 JANUARY	49,320	79,068
CASH AND CASH EQUIVALENTS AT 31 DECEMBER REPRESENTED BY BANK BALANCES AND CASH	19,649	49,320

1. GENERAL

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

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

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

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

Except the new and revised HKFRSs affecting presenting and disclosure as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 7), and has had no impact on the reported results or financial position of the Group.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 July 2010.
[6] Effective for annual periods beginning on or after 1 January 2011.
[7] Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of consolidation – continued

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

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

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

Business combinations

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

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

Goodwill

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

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated statement of financial position as an intangible asset.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Goodwill – continued

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 statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

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

Revenue recognition

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

Service income is recognised when services are provided.

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

Property, plant and equipment

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment – continued

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

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

Leasing

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary Items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income in the consolidated financial statements and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currencies – continued

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Retirement benefit costs

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

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets acquired separately

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

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

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

Intangible assets acquired in a business combination

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible assets – continued

Research and development expenditure

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

Where no internally generated intangible assets can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

Inventories

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

Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets for sales, into agricultural produce or into additional biological assets. Biological assets and agricultural produce are measured at fair value less estimated point-of-sale costs from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of market-determined prices and no reliable alternative estimates exist to determine fair value in which case the assets are held at cost less accumulated depreciation and impairment losses. Once the fair value becomes reliably measurable, the biological assets are measured at fair value less point-of-sale costs. Where assets are held at fair value, changes in fair value are taken to the consolidated income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Financial instruments

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

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets – continued

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

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

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Equity instruments

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

Derecognition

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to directors and employees

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

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

Share options granted to suppliers/consultants

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

Impairment losses on tangible and intangible assets other than goodwill

At each end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment losses on tangible and intangible assets other than goodwill – continued

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Estimated impairment of trade receivables

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

Allowance for inventories

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Impairment of non-financial assets (other than goodwill)

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

5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Capital risk management

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

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

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

b) Financial instruments

i. Categories of financial instruments

	Group	
	2009	2008
	HK$'000	HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**19,921**	49,593
Financial liabilities		
Amortised cost	**1,000**	2,243

5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

b) Financial instruments – continued

ii. Financial risk management objectives and policies

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

Currency risk

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

Credit risk

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

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

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

Interest rate risk

The Group's interest-bearing assets are mainly represented by cash and bank balances as disclosed in Note 23. For the year ended 31 December 2009, interest income is approximately HK$95,000 (2008: HK$414,000). Apart from this, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group had no bank borrowings as at 31 December 2009 and 31 December 2008. As such, the Group is not exposed to interest-rate risk from long-term borrowings and has not used any interest rate swaps to hedge its exposure to interest-rate risk.

5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

b) Financial instruments – continued

ii. Financial risk management objectives and policies – continued

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

Liquidity tables

Group

	Repayable on demand	Less than 6 months	6 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amount at 31.12.2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009						
Non-derivative financial liabilities						
Trade payables	–	355	–	516	871	871
Other payables	129	–	–	–	129	129
	129	355	–	516	1,000	1,000

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

5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

c) Fair value

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

- the fair values of derivative financial instruments are determined with reference to quoted prices from the relevant bank; and

- the fair values of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

The Group is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy should have the following levels:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

6. REVENUE

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

	2009 HK$'000	2008 HK$'000
Revenue from construction contracts	–	107
Trading of bio-cleaning materials	703	1,363
Trading of generators	16	785
Trading of recyclable plastic materials and relevant services	2,383	652
Trading of waste construction materials and waste processing provision	1,197	60
	4,299	2,967

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Group's board of directors) for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard, HKAS 14 Segment Reporting required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

Information reported to the Group's chief operating decision maker (i.e. the board of directors) for the purposes of resource allocation and assessment of performance is focused on two main segments. The identification of the Group's reportable segments under HKFRS 8 is consistent with the prior year's presentation of business segments under HKAS 14. The Group's operating segments under HKFRS 8 are as follows:

Construction contracts	–	Provision of construction works
Distributions, trading and service provision	–	Trading of bio-cleaning materials, generators, recyclable plastic materials and relevant services, waste construction materials and waste processing provision

7. SEGMENT INFORMATION – continued

Segment information about these businesses is presented below:

Segment revenue and results

2009

	Year ended 31 December 2009			
	Construction contracts	**Distributions, trading and service provision**	**Eliminations**	**Consolidated**
	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE				
External sales	–	4,299	–	4,299
Inter-segment sales	–	255	(255)	–
	–	4,554	(255)	4,299
RESULTS				
Segment results	(516)	(23,602)	–	(24,118)
Other income				436
Unallocated corporate expenses				(13,511)
Finance costs				–
Loss before tax				(37,193)
Income tax expense				–
Loss for the year				(37,193)

The basis of measurement of segment loss in the current year's presentation under HKFRS 8 is the same as that of segment results in the prior year's presentation of business segments under HKAS 14.

7. SEGMENT INFORMATION – continued

2009 – continued

Segment assets and liabilities

	At 31 December 2009		
	Construction contracts HK$'000	Distributions, trading and service provision HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	–	14,597	14,597
Unallocated corporate assets			45,530
Consolidated total assets			60,127
LIABILITIES			
Segment liabilities	–	559	559
Unallocated corporate liabilities			3,346
Consolidated total liabilities			3,905

Other segment information

	Year ended 31 December 2009			
	Construction contracts HK$'000	Distributions, trading and service provision HK$'000	Unallocated HK$'000	Consolidated HK$'000
OTHER INFORMATION				
Capital expenditure	–	5,698	229	5,927
Depreciation and amortisation	2	4,208	464	4,674
Reversal of inventories	–	(246)	–	(246)
Share-based payment expenses	–	1,012	5,195	6,207
Write-off of bad debts	26	–	–	26
Allowance for doubtful debts	–	24	–	24
Impairment loss on other intangible assets	–	4,020	–	4,020
Impairment loss on property, plant and equipment	–	9,180	771	9,951
Gain on deregistration of a subsidiary	(2,677)	–	–	(2,677)
Loss on disposal of property, plant and equipment	1	129	–	130

7. SEGMENT INFORMATION – continued

Segment revenue and results

2008

	Year ended 31 December 2008			
	Construction contracts	Distributions, trading and service provision	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE				
External sales	107	2,860	–	2,967
Inter-segment sales	–	7	(7)	–
	107	2,867	(7)	2,967
RESULTS				
Segment results	(3,601)	(23,397)	–	(26,998)
Other income				1,185
Unallocated corporate expenses				(15,259)
Finance costs				–
Loss before tax				(41,072)
Income tax expense				(1,106)
Loss for the year				(42,178)

7. SEGMENT INFORMATION – continued

2008 – continued

Segment assets and liabilities

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

Other segment information

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

7. SEGMENT INFORMATION – continued

Geographical information

The Group's operations are located in the People's Republic of China ("PRC"), Hong Kong and Germany. The Group's revenue from external customers by geographical markets and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**3,102**	2,800	**2,744**	11,158
The PRC	**–**	107	**7,663**	2,191
Germany	**1,197**	60	**10,298**	17,026
	4,299	2,967	**20,705**	30,375

Information about customers

Revenues from two (2008: three) customers of the corresponding years individually contributing over 10% of total revenue of the Group are included in the distributions, trading and service provision segment and these customers are located in Hong Kong, the PRC and Germany.

	2009	2008
	HK$'000	HK$'000
Customer A	**–**[1]	338
Customer B	**–**[1]	786
Customer C	**–**[1]	645
Customer D	**1,227**	–[1]
Customer E	**837**	–[1]
	2,064	1,769

[1] The corresponding revenue did not contribute over 10% of total revenue of the Group.

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8. OTHER INCOME

	Group	
	2009	2008
	HK$'000	HK$'000
Interest income	**95**	414
Net exchange gain	**279**	–
Others	**62**	771
	436	1,185

9. INCOME TAX EXPENSE

	Group	
	2009	2008
	HK$'000	HK$'000
PRC Enterprise Income Tax		
Current year	**–**	1,106

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

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

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

	Group	
	2009	2008
	HK$'000	HK$'000
Loss before tax	**(37,193)**	(41,072)
Tax at the Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	**(6,137)**	(6,777)
Tax effect of expenses not deductible for tax purpose	**5,327**	6,976
Tax effect of income not taxable for tax purpose	**(1,081)**	(2,447)
Tax effect of temporary differences not recognised	**692**	2
Tax effect of tax losses not recognised	**1,199**	1,652
Effect of different tax rates of subsidiaries operated in other jurisdiction	**–**	1,700
Tax charge for the year	**–**	1,106

10. LOSS FOR THE YEAR

	Group	
	2009	2008
	HK$'000	HK$'000
Loss for the year has been arrived at after charging/(crediting):		
Depreciation for property, plant and equipment	**3,652**	2,831
Amortisation of other intangible assets	**1,022**	1,687
	4,674	4,518
Auditor's remuneration	**520**	450
Net exchange (gain)/loss	**(279)**	1,335
Write-off of bad debts	**26**	2,446
Cost of inventories sold (note 19)	**1,140**	2,051
Minimum lease payments for operating leases in respect of rented premises	**1,663**	1,879
Research and development expenditure	**240**	364
Allowance for doubtful debts	**24**	711
Staff costs including directors' emoluments		
Salaries and allowances	**7,573**	8,066
Retirement benefit scheme contributions	**685**	680
Share-based payment expenses to employees	**2,403**	1,654
	10,661	10,400
Share-based payment expenses to other non-employees	**3,804**	3,757
Impairment loss on other intangible assets	**4,020**	5,879
Impairment loss on property, plant and equipment	**9,951**	–
Loss on disposal of property, plant and equipment	**130**	1,916
Gain on deregistration of a subsidiary	**(2,677)**	–

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11. DIRECTORS' EMOLUMENTS

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

	Notes	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
Executive Directors						
Mr. Yip Wai Leung Jerry	*(a)*	–	1,206	12	–	1,218
Mr. Fan Xiaomin	*(b)*	–	1	–	–	1
Dr. Wong Yun Kuen	*(c)*	–	19	1	–	20
Independent non-executive Directors						
Mr. So Yin Wai		50	–	–	–	50
Ms. Zhu You Chun		50	–	–	–	50
Mr. Chan Kai Yung Ronney		50	–	–	–	50
Total for 2009		150	1,226	13	–	1,389
Executive Directors						
Mr. Yip Wai Leung Jerry	*(a)*	–	1,200	12	54	1,266
Independent non-executive Directors						
Mr. So Yin Wai		50	–	–	54	104
Ms. Zhu You Chun		50	–	–	54	104
Mr. Chan Kai Yung Ronney		50	–	–	54	104
Total for 2008		150	1,200	12	216	1,578

Notes:

(a) Also highest paid employee of the Group and was resigned on 22 December 2009

(b) Appointed on 30 December 2009

(c) Appointed on 22 December 2009

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2008: one) was director of the Company, whose emolument is included in disclosure in note 11 above. The emoluments of the remaining four (2008: four) individuals, are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries and other benefits	**2,872**	2,018
Contributions to retirement benefit scheme	**195**	110
Share-based payment expenses	**379**	326
	3,446	2,454

Their emoluments were within the following band:

	Group	
	2009	2008
	Number of employees	Number of employees
Nil to HK$1,000,000	**4**	4

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

13. DIVIDEND

No dividend was paid or proposed, nor has any dividend been proposed since the end of the reporting period for the both years.

14. LOSS PER SHARE

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

	2009 HK$'000	2008 HK$'000
Loss		
Loss for the purposes of basic loss per share	37,193	42,178

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	344,145,200	343,576,176

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Construction in progress HK$'000	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST							
At 1 January 2008	–	7,393	1,318	2,742	9,912	1,288	22,653
Exchange adjustments	–	(373)	(67)	2	(255)	(22)	(715)
Additions	466	–	–	2,779	7,208	–	10,453
Disposals	–	–	–	(142)	(3,357)	(78)	(3,577)
At 31 December 2008	466	7,020	1,251	5,381	13,508	1,188	28,814
Exchange adjustments	–	109	22	4	148	4	287
Additions	611	–	–	3,344	1,514	458	5,927
Disposals	–	–	–	–	(37)	(244)	(281)
Transfer	(417)	–	–	–	417	–	–
At 31 December 2009	660	7,129	1,273	8,729	15,550	1,406	34,747
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2008	–	–	28	356	936	327	1,647
Exchange adjustments	–	–	(3)	6	(28)	(8)	(33)
Provided for the year	–	–	33	767	1,755	276	2,831
Eliminated on disposals	–	–	–	(118)	(798)	(48)	(964)
At 31 December 2008	–	–	58	1,011	1,865	547	3,481
Exchange adjustments	–	–	2	–	60	9	71
Provided for the year	–	–	31	1,056	2,385	180	3,652
Eliminated on disposals	–	–	–	–	(20)	(128)	(148)
Impairment loss recognised	–	4,393	–	2,006	3,472	80	9,951
At 31 December 2009	–	4,393	91	4,073	7,762	688	17,007
CARRYING AMOUNTS							
At 31 December 2009	660	2,736	1,182	4,656	7,788	718	17,740
At 31 December 2008	466	7,020	1,193	4,370	11,643	641	25,333

15. PROPERTY, PLANT AND EQUIPMENT – continued

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

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

Freehold land and buildings are situated outside Hong Kong.

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

16. BIOLOGICAL ASSETS

Movements in biological assets, representing saplings of Jatropha, are summarised as follows:

	Group 2009 HK$'000
Increase due to cultivation	2,965
Balance at end of the year	2,965

Saplings of Jatropha are stated at cost. The directors are of the opinion that minimal biological transformation had taken place as the cultivation of saplings of the Jatropha had only commenced close to the year end. When the impact of the biological transformation on price is expected to be material and the fair value of the Jatropha plantation can be reliably measured, they shall be measured at its fair value less estimated point-of-sales costs.

The carrying value of biological assets as at year end represents cultivation costs incurred including fertilisers, pesticides, labour costs and rental costs.

17. GOODWILL

	Group HK$'000
COST	
At 31 December 2008 and 31 December 2009	8,875
IMPAIRMENT	
At 31 December 2008 and 31 December 2009	8,875
CARRYING AMOUNTS	
At 31 December 2009	–
At 31 December 2008	–

18. OTHER INTANGIBLE ASSETS

Group

	Distribution rights HK$'000
COST	
At 31 December 2008 and 31 December 2009	26,800
AMORTISATION AND IMPAIRMENT	
At 1 January 2008	14,192
Charge of the year	1,687
Impairment loss recognised during the year	5,879
At 31 December 2008	21,758
Charge of the year	1,022
Impairment loss recognised during the year	4,020
At 31 December 2009	26,800
CARRYING AMOUNTS	
At 31 December 2009	–
At 31 December 2008	5,042

18. OTHER INTANGIBLE ASSETS – continued

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

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

The directors have reviewed the carrying amounts of the Group's exclusive distribution rights as at 31 December 2009 and considered that it is unlikely that any future value in use will be derived and therefore, their carrying amounts of approximately HK$4,020,000 was fully impaired during the year ended 31 December 2009.

19. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	Group	
	2009	2008
	HK$'000	HK$'000
Recyclable plastic materials	**120**	318
Bio-cleaning materials	**390**	467
Generators	**435**	165
Total, net of allowance for obsolete inventories	**945**	950

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

	Group	
	2009	2008
	HK$'000	HK$'000
Carrying amount of inventories sold	**1,386**	1,805
Write-down of inventories	**–**	246
Reversal of inventories	**(246)**	–
	1,140	2,051

For the year ended 31 December 2009, the Group reversed HK$246,000 (2008: Nil) of a previous inventory write-down as the Group sold goods that were written down to third parties. The amount of HK$246,000 reversed was included in "cost of finished goods sold" in the statement of comprehensive income.

20. TRADE RECEIVABLES

	Group	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**720**	2,142
Less: Allowance for doubtful debts	**(631)**	(2,053)
	89	89

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

	Group	
	2009	2008
	HK$'000	HK$'000
0 – 90 days	**89**	89

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

Movement in the allowance for doubtful debts

	Group	
	2009	2008
	HK$'000	HK$'000
Balance at beginning of the year	**2,053**	1,422
Impairment loss recognised	**–**	631
Uncollectible amounts written off	**(1,422)**	–
Balance at end of the year	**631**	2,053

The above allowance for doubtful debts represent individually impaired trade receivables with an aggregate balance of HK$631,000 (2008: HK$2,053,000) which have been placed in severe financial difficulties. The Group does not had any collateral over these balances.

In addition, an allowance for doubtful debts has been provided for a loan receivable of HK$24,000 (2008: HK$80,000) which has been considered as irrecoverable. The Group does not have any collateral over this balance.

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21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**456**	513	**227**	299
Deposits and other receivables	**18,283**	1,048	**17,489**	25
	18,739	1,561	**17,716**	324

Deposits and other receivables at 31 December 2009 includes a refundable deposit of HK$17 million (2008: Nil) paid to Myleader Limited ("the Vendor") in respect of the acquisition of shares of Global Emerging Resources Limited ("the Target company") and all loans due from the Target company to the Vendor. Detail can be found in the announcement dated 24 December 2009 which posted in the Company and the Stock Exchange websites.

In the event that a sales and purchase agreement is not signed by the parties thereto within the exclusivity period on 22 January 2010, and which was further extended to 22 July 2010, the deposit (without interest) shall be returned to the Company immediately after the expiry of the exclusivity period.

The carrying amounts of the prepayments, deposits and other receivables approximate to their respective fair values.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company	
	2009	2008
	HK$'000	HK$'000
Amounts due from subsidiaries	**124,056**	110,276
Provision for impairment	**(111,377)**	(48,078)
	12,679	62,198

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES – continued

(a) Amounts due from subsidiaries – continued

The movements in the provision for impairment on amounts due from subsidiaries are as follows:

	Company	
	2009	2008
	HK$'000	HK$'000
Provision for impairment at 1 January	**48,077**	38,689
Provision for impairment during the year	**68,300**	9,388
Deregistration of a subsidiary	**(5,000)**	–
Provision for impairment at 31 December	**111,377**	48,077

(b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

23. BANK BALANCES AND CASH

Bank balances carry variable interest rates which an average of 0.01% (2008: 0.50%).

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

24. TRADE PAYABLES

The following is an ageing analysis of trade payables at the end of the reporting period:

	Group	
	2009	2008
	HK$'000	HK$'000
0 – 90 days	**321**	690
91 – 180 days	**34**	68
181 – 365 days	**–**	990
Over 365 days	**516**	–
	871	1,748

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

Included in trade payables balance is retention payables to suppliers in respect of construction contracts of HK$516,000 (2008: HK$516,000).

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25. DEFERRED TAX

At the end of the reporting period, the Group has unused tax losses of HK$46,269,000 (2008: HK$39,000,000) and deductible temporary differences of HK$3,696,000 (2008: HK$498,000) available for set off against future profits. The losses may be carried forward indefinitely.

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

26. SHARE CAPITAL

	Number of shares	Share capital
	'000	HK$'000
Authorised:		
Ordinary shares of HK$0.10 each at 31 December 2008 and 31 December 2009	4,000,000	400,000
Issued and fully paid:		
At 1 January 2009	343,576	34,358
Exercise of share options	30,800	3,080
At 31 December 2009	374,376	37,438

27. RESERVES

(a) Group

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

(b) Company

	Note	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2008		34,358	163,829	56,897	27,522	(170,940)	111,666
Total comprehensive income for the year		–	–	–	–	(19,726)	(19,726)
Recognition of equity-settled share based payments	30	–	–	–	5,411	–	5,411
Lapse of share options		–	–	–	(1,382)	1,382	–
At 31 December 2008		34,358	163,829	56,897	31,551	(189,284)	97,351
Total comprehensive income for the year		–	–	–	–	(78,375)	(78,375)
Share issued upon exercise of options		3,080	14,303	–	(5,102)	–	12,281
Recognition of equity-settled share based payments	30	–	–	–	6,207	–	6,207
Lapse of share options		–	–	–	(3,888)	3,888	–
At 31 December 2009		37,438	178,132	56,897	28,768	(263,771)	37,464

27. RESERVES – continued

(c) Nature and purpose of reserves

(i) Share premium account

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

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

(b) in writing off

(i) the preliminary expenses of the Company; or

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

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

(ii) Contributed surplus

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

(iii) Share option reserve

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

(iv) General reserves

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

(v) Exchange translation reserve

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

28. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,025**	1,665
In the second to fifth year inclusive	**489**	666
After five years	**487**	–
	2,001	2,331

The Company did not have any operating lease arrangement as at 31 December 2009 (2008: Nil).

29. CAPITAL COMMITMENTS

As at 31 December 2009, the Group and the Company had no significant capital commitments (2008: Nil).

30. SHARE-BASED PAYMENTS

Equity-settled share option scheme:

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

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

30. SHARE-BASED PAYMENTS – continued

Equity-settled share option scheme: – continued

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

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

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

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

30. SHARE-BASED PAYMENTS – continued

Equity-settled share option scheme: – continued

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

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

Details of the specific categories of options are as follows:

Date of grant	Exercise period	Exercise price	Closing price immediate before the date on which options were granted
		HK$	HK$
22 September 2006	22 September 2006 to 21 September 2016	0.930	0.910
21 November 2006	21 November 2006 to 20 November 2016	1.050	1.020
19 December 2007	19 December 2007 to 18 December 2017	1.320	1.330
29 September 2008	29 September 2008 to 28 September 2018	0.395	0.395
7 July 2009	7 July 2009 to 6 July 2019	0.420	0.360

30. SHARE-BASED PAYMENTS – continued

Equity-settled share option scheme: – continued

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

2009

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.1.2009	Granted	Exercised	Lapsed	Outstanding at 31.12.2009
				Number of underlying shares in respect of which share options were granted				
Directors	21.11.2006	21.11.2006 – 20.11.2016	1.050	1,360,000	–	–	–	1,360,000
	29.09.2008	29.09.2008 – 28.09.2018	0.395	1,320,000	–	(330,000)	–	990,000
Employees	22.09.2006	22.09.2006 – 21.09.2016	0.930	2,744,000	–	–	(740,000)	2,004,000
	21.11.2006	21.11.2006 – 20.11.2016	1.050	3,618,000	–	–	–	3,618,000
	29.09.2008	29.09.2008 – 28.09.2018	0.395	8,830,000	–	(3,830,000)	–	5,000,000
	07.07.2009	07.07.2009 – 06.07.2019	0.420	–	13,300,000	(4,600,000)	–	8,700,000
Other Eligible Participants	22.09.2006	22.09.2006 – 21.09.2016	0.930	4,134,000	–	–	(850,000)	3,284,000
	21.11.2006	21.11.2006 – 20.11.2016	1.050	28,612,000	–	–	(4,200,000)	24,412,000
	29.09.2008	29.09.2008 – 28.09.2018	0.395	23,040,000	–	(22,040,000)	(1,000,000)	–
	07.07.2009	07.07.2009 – 06.07.2019	0.420	–	21,056,000	–	–	21,056,000
Total				73,658,000	34,356,000	(30,800,000)	(6,790,000)	70,424,000
Exercisable at the end of the year								70,424,000
Weighted average exercise price (HK$)				0.744	0.420	0.399	0.925	0.719

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

30. SHARE-BASED PAYMENTS – continued

Equity-settled share option scheme: – continued

2008

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

During the year ended 31 December 2009, a total of 34,356,000 share options were granted on 7 July 2009, the estimated fair value of the options granted is HK$6,207,000. During the year ended 31 December 2008, options were granted on 29 September 2008. The estimated fair values of the options granted is HK$5,411,000.

30. SHARE-BASED PAYMENTS – continued

Equity-settled share option scheme: – continued

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

	7 July 2009	**29 September 2008**	**19 December 2007**	**21 November 2006**	**22 September 2006**
Fair value per option	**HK$0.181**	HK$0.163	HK$0.991	HK$0.650	HK$0.625
Weighted average share price	**HK$0.392**	HK$0.395	HK$1.320	HK$1.030	HK$0.930
Exercise price	**HK$0.420**	HK$0.395	HK$1.320	HK$1.050	HK$0.930
Expected volatility	**119.75%**	128.30%	99.36%	86.49%	84.87%
Expected life	**10 years**	10 years	5 years	5 years	5 years
Risk free rate	**2.565%**	3.800%	3.003%	3.800%	3.815%
Expected dividend yield	**Nil**	Nil	Nil	Nil	Nil
Early exercise behaviour	**150% of the exercise price**	150% of the exercise price	Nil	Nil	Nil
Valuation model used	**Binomial**	Binomial	Black-Scholes	Black-Scholes	Black-Scholes

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

In respect of the share options exercised during the year ended 31 December 2009, the weighted average closing price of the Company's shares immediately before the dates of which the options were exercised was approximately HK$0.817 (2008: Nil).

The Group recognised the total expenses of HK$6,207,000 for the year ended 31 December 2009 (2008: HK$5,411,000) in relation to share options granted by the Company.

31. RETIREMENT BENEFIT SCHEMES

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

31. RETIREMENT BENEFIT SCHEMES – continued

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

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

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

During the year ended 31 December 2009, the Group made contributions to the retirement benefit schemes of HK$685,000 (2008: HK$680,000).

32. RELATED PARTY TRANSACTIONS

(a) For the year ended 31 December 2009

(i) During the year ended 31 December 2009, the Group paid legal and professional fees of HK$960,000 to a solicitor firm in which the former executive director, (resigned as director of the Company on 22 December 2009) is a partner.

(b) For the year ended 31 December 2008

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

33. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**1**	1
Share options granted to grantees of Subsidiaries	**28,264**	26,431
Lapsed for the year	**(5,704)**	(390)
	22,561	26,042
Less: Impairment loss	**(22,560)**	(26,041)
	1	1

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33. INTERESTS IN SUBSIDIARIES – continued

Particulars of the subsidiaries as at 31 December 2009 are as follows:

Company name	Place of incorporation and registration/ operation	Issued/ registered capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Almoray Limited*	British Virgin Islands	US$1	100%	Investment holding
Biofuel Limited (formerly known as Sky Ahead Limited)	Hong Kong	HK$1	100%	Investment holding
China Billion Limited*	British Virgin Islands	US$1	100%	Investment holding
Dongguan Innovative Power Equipment Limited[Δ]	PRC	US$1,100,000	100%	Manufacturing of multi-fuel generator
Dubaplain Limited	British Virgin Islands	US$1	100%	Investment holding
EnviroEnergy GmbH	Germany	EUR500,000	100%	Holding freehold land
EnviroPower GmbH	Germany	EUR100,000	100%	Trading of waste construction materials and waste processing provision
Gain Asset Limited	Hong Kong	HK$1	100%	Management services to group companies
Gold Stand Holdings Limited	British Virgin Islands	US$1	100%	Dormant
Green Energy Finance Limited	Hong Kong	HK$1	100%	Dormant
Green Energy Resources Limited	Hong Kong	HK$1	100%	Trading of bio-cleaning materials and investment holding

33. INTERESTS IN SUBSIDIARIES – continued

Company name	Place of incorporation and registration/ operation	Issued/ registered capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Green Energy Trading Limited	Hong Kong	HK$1	100%	Trading of recyclable plastic materials and relevant services
Green Energy Waste Management Limited	Hong Kong	HK$1	100%	Dormant
Jackwell Limited*	British Virgin Islands	US$1	100%	Investment holding
Jensen Power Equipment Limited	Hong Kong	HK$1	100%	Trading of generators
Kaiping Evergreen Energy Limited△	PRC	US$5,000,000	100%	Tree plantation
Keyway China Limited*	British Virgin Islands	US$100	100%	Dormant
Privilege Sino Limited*	British Virgin Islands	US$100	100%	Investment holding
Proven Best Limited*	British Virgin Islands	US$1	100%	Investment holding
Provost Profits Limited*	British Virgin Islands	US$1	100%	Investment holding
ReKRETE (Asia) Limited	Hong Kong	HK$10,000	100%	Trading of bio-cleaning materials
ReKRETE International Limited	British Virgin Islands	US$1	100%	Investment holding

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33. INTERESTS IN SUBSIDIARIES – continued

Company name	Place of incorporation and registration/ operation	Issued/ registered capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
UniSort Asia Limited	Hong Kong	HK$1	100%	Dormant
東莞中盛企業管理顧問有限公司Δ	PRC	HK$3,000,000	100%	Investment holding and consulting services

Δ Foreign-owned enterprise
* Shares held directly by the Company

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

34. DEREGISTRATION OF A SUBSIDIARY

In November 2009, the Group deregistered one of its wholly owned subsidiaries, 東莞市中盛園林有限公司.

	Group 2009 HK$'000
Net liabilities at the date of deregistration:	
Account payables	(221)
Other payable	(2,715)
Exchange translation reserve realised	259
Gain on deregistration	2,677
	–

The subsidiary deregistered during the year ended 31 December 2009 had no significant impact on the turnover and results of the Group.

35. EVENTS AFTER THE REPORTING PERIOD

1. By a memorandum of broad terms dated 23 December 2009 (the "Memorandum") entered into between the Company as purchaser and Myleader Limited ("Myleader") as vendor the Company agreed to purchase and Myleader agreed to sell, inter alia, the entire issued share capital of Global Emerging Resources Limited, a company incorporated in the British Virgin Islands that held (a) forty percent. (40%) equity interest in Philippine Alliance Integrated Mineral Development Inc. ("Phil Alliance") and also (b) forty percent. (40%) equity interest in Proserve Holdings & Development Corp., which in turn held fifty percent. (50%) equity interest in Phil Alliance, which was the holder of certain mining rights comprised in :

   (a) an approved Exploration Permit denominated as OEP-2007-006-II dated 7 August 2007 issued by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources in the Philippines ("MGB") for the exploration of magnetite sand and other associated mineral deposits in an offshore area of 13,483.8069 hectares located at Sanchez Mira, Pamplona, Abulug, Ballesteros, Aparri, Buguey and Gonzaga in the province of Cagayan, Philippines; and

   (b) a pending Exploration Permit Application denominated as EPA-000106-II dated 1 February 2008 issued by MGB for the exploration of magnetite sand and other associated mineral deposits in an offshore area of 27,109.58 hectares located in the jurisdictions of the municipalities of Claveria, Sanchez Mira, Abulug, Ballesteros, Aparri, Buguey and Gonzaga in the province of Cagayan, Philippines.

2. On 29 December 2009 the Company paid to Myleader a refundable deposit of HK$17 million under the Memorandum upon terms, inter alia, that such deposit should be returned by Myleader to the Company if a formal sale and purchase agreement was not concluded by the parties thereto within one month from the date of the execution of the Memorandum.

3. On 22 January 2010 a letter of extension was entered into between the Company and Myleader, whereby the Exclusivity Period as defined in the Memorandum was extended until 22 July 2010.

4. By an agreement constituted by a facility letter dated 18 February 2010 and made between Almoray Limited ("Almoray") as lender (a direct wholly-owned subsidiary of the Company) and Gioberto Limited ("Gioberto") as borrower, Almoray agreed to advance to Gioberto a loan in the principal sum of HK$30 million on the security of a first fixed legal charge over the entire issued share capital of Gioberto. The loan was advanced in the midst of negotiations undertaken by the Group for a possible acquisition of the entire issued share capital of Gioberto, which had acquired all the issued share capital of Altamina Exploration & Resources Incorporated ("Altamina"), which was the holder of six (6) exploration permit applications bearing EXPA No. 063, 064, 065, 076, 077 and 078 issued by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources in the Philippines for the exploration of magnetite sand and other associated mineral deposits in the offshore magnetite mining area covered by such applications comprising an aggregate area of 9,789.9832 hectares located in the provinces of Ilocos Sur, Ilocos Norte and Pangasinan of the Philippines.

35. EVENTS AFTER THE REPORTING PERIOD – continued

5. On 18 February 2010 Almoray advanced to Gioberto the first tranche of HK$20 million, followed by the advance of the second tranche of HK$10 million which was made on 8 March 2010.

6. On 25 February 2010 the Company entered into an agreement with a placing agent for the placement of 36,000,000 new shares in the capital of the Company to independent placees at a price of HK$0.675 per share. Placing was completed on 8 March 2010 and consequently new shares ranking pari passu with the existing shares in issue of the Company were issued. The aggregate gross proceeds arising from the new issue was HK$24.3 million. It was the Group's intention to apply the net proceeds of placing in or towards acquiring mining business and the working capital requirements of the Group.

36. COMPARATIVE FIGURES

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