2009 ANNUAL REPORT

新時代能源有限公司*
NEW TIMES ENERGY
corporation limited
(formerly known as New Times Group Holdings Limited)
(incorporated in Bermuda with limited liability)
(Stock code: 00166)

*For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Kam Chiu, Stewart
Mr. Cheng Ming Kit

Non-executive Directors

Mr. Wong Man Kong, Peter
Mr. Chan Chi Yuen

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Yu Wing Cheung

AUDITOR

CCIF CPA Limited

LEGAL ADVISER

On Hong Kong law

Chiu & Partners

On Bermuda law

Conyers Dill & Perman

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
ICBC (Asia) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1007-08 New World Tower I,
18 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

http://www.166hk.com

STOCK CODE

00166

Chairman's Statement

On behalf of the Board of Directors (the "Board") of New Times Energy Corporation Limited (the "Company"), I present herein the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

The year of 2009 has been a year of transition for the Company in many important aspects. During the year, the Company has changed its name to "New Times Energy Corporation Limited" to better reflect the company's focus on the natural resources industry. While the global economy began to recover from the worldwide financial tsunami in late 2008, the pace of growth remains gradual and uneven. Despite the turbulence in the global markets as well as the general business environment throughout 2009, the up-rising trend of demands for various forms of energy and natural resources, in long run, has barely been interrupted. The company's commitment is clearer than ever: to build on the Group's position as a strong energy developer through the acquisitions and development of exploration, exploitation, and investment projects with great business potential in the natural resources sector. The Group's strategy not only focuses on oil exploration and exploitation, but also on businesses in other natural resources, such as coal, non-ferrous metal, and precious metal. During this transitional period, the Group recorded sales of HK$9.20 million, representing a decrease of 72.1% as compared to previous year. Loss for the year was HK$35.97 million, 14.7% lower than the same figure in 2008, partly due to the disposal of non-core assets of the Group. The above are anticipated, as the Board recognizes that the Group is in a relatively early stage in establishing its position in the energy and resources sector.

In December 2009, the Group entered into a memorandum of understanding and in February 2010, entered into a sales and purchase agreement in relation to the acquisition of Fortune Ease Holdings Limited, which holds 90% equity interest in three producing gold mines with certain gold mining licenses. The three gold mines, namely Banbishan Gold Mine, Sanjia Gold Mine, and Qingheyan Gold Mine (collectively the "Gold Mines"), are located within the rich gold mineralization shear zones in Qinglong Manchu Autonomous County, Hebei Province, the People's Republic of China ("PRC"). The amount of gold ore resource and gold metal of the Gold Mines are estimated at 3.9 million tonnes and 21,000 kilograms respectively. The legitimate mining areas covered by the Gold Mines amount to 6.3549 square kilometers, and may be further expanded to 11.853 square kilometers upon the completion of the proposed integration of gold mines. The Group expects to complete the acquisition within the year of 2010.

The Board believes that the acquisition of the Gold Mines is an attractive opportunity to ride on the trend of the rising gold price, as well as to diversify the Group's involvement in the natural resources sector. Global demand for gold has increased significantly in recent years. The world gold price has increased from around US$870 per oz in early 2009 to around US$1,160 recently, representing a 33.3% increase in merely 16 months. The Board is of the view that the PRC gold market, along with the economy of the PRC, will continue to grow. Upon completion of the acquisition of the Gold Mines, the Group will seek to expand the production capacities of the Gold Mines through further exploration works and improvements in the efficiency of the existing production lines, resulting in immediate revenue contribution for the Group.

Chairman's Statement

During 2009, the acquisition of 60% interest in the Tartagal Concession and Morillo Concession (collectively the "Concessions") has been completed, symbolizing the formation of the Group's arm in oil exploration and exploitation. The exploration and potential exploitation concessions of oil and natural gas, granted by the Government of the Argentine Republic ("Argentina"), are located in the Tartagal and Morillo area in the province of Salta, northern Argentina, and cover a total surface area of approximately 7,065 and 3,518 square kilometers respectively. The Board has long been convinced that the global consumption of petroleum and petroleum-related products will remain strong, and the world price for crude oil will continue to rise in the future due to the long lasting shortage of this irreplaceable form of energy. In light of the above, the Group has made significant capital investments in the Concessions throughout 2009, and will continue to support the exploration works in the Concessions in both financial and operational aspects. The Board has confidence that the investment spending in the oilfields will allow the Group to capitalize on the expected growth in the demands and prices of energy.

The search for sources of energy amongst nations and enterprises is a global phenomenon. Aligned with the initiative to broaden the Group's business horizon and diversify its income stream, the Board will continue to enhance the Group's financial strength and proactively seek and capture new viable business opportunities with good growth prospects in the natural resources sector, with an aim to enhancing shareholders' return in the future.

Management Discussion and Analysis

GENERAL REVIEW

Turnover of the Group for the year ended 31 December 2009 was about HK$9.20 million (31 December 2008: HK$33.02 million). The Group recorded a loss of approximately HK$35.97 million. (31 December 2008: loss of HK$42.15 million). Reduction in loss was mainly resulted from the disposal of non-core and loss-making operations during the year of 2008. As the Group has no discontinued operation in the year of 2009, loss for the year from discontinued operations dropped to zero in the year (31 December 2008: HK$15.02 million).

Administrative expenses of the Group for the year amounted to approximately HK$28.50 million (31 December 2008: HK$24.70 million), representing an increase of approximately HK$3.80 million. Administrative expenses mainly comprised legal and professional expenses, surety bond premium, staff's salaries, and rental expenses.

Loss per share for the year from continuing and discontinued operations was HK1.10 cents (31 December 2008: HK5.40 cents) and from continuing operations was HK1.10 cents (31 December 2008: HK3.48 cents). In 2009, the Group has no discontinued operation. The Board does not recommend any final dividends for this financial year (31 December 2008: Nil).

DIVIDENDS

The directors do not recommend any payment of final dividend for the year ended 31 December 2009.

BONUS ISSUE OF WARRANTS

The Board intends to propose a bonus issue of new warrants to shareholders of the Company. The details of which will be disclosed in a separate announcement.

REVIEW OF BUSINESS OPERATIONS

Trading business

During the financial year, sales of trading business amounted to approximately HK$9.20 million (31 December 2008: HK$33.02 million), with a gross profit of approximately HK$0.05 million (31 December 2008: HK$1.01 million). In terms of the Group's trading business, the Board considers 2009 a transitional year for the Group. A 72.1% decline in revenue signifies the Group's shift of business focus: from the trading of general consumable goods, to trading in broader and more profitable areas within the energy and resources sector. During the year, the Board has identified various investment opportunities with high commercial value and significant growth potential in relation to the trading of a wide range of resources-related products. New projects will commence in the coming year, and are expected to provide stronger and steadier income inflow for the group in the near future. Significance of the current sales contribution under the existing trading business, therefore, would be reduced.

REVIEW OF BUSINESS OPERATIONS *(Continued)*

Oilfield exploration and exploitation business

In May 2009, the Group completed the acquisition of oil exploration and exploitation rights through the acquisition of the entire issued share capital of Jade Honest Limited. The principal assets of Jade Honest Limited is its wholly owned subsidiary, which has 60% interest in the Tartagal and Morillo concessions of hydrocarbon exploration and exploitation, in a surface area of approximately 7,065 square kilometers in the Tartagal area and approximately 3,518 square kilometers in the Morillo area in Salta Province of northern Argentina. Referring to the assessment of the unrisked potential original hydrocarbons-in-place and gross (100 Percent) prospective resources for the Tartagal and Morillo license areas located in the Chaco-Parana' and Chaco-Tarija Basins, Salta Province, Argentina, as stated in the technical report dated 9 February 2009 ("Technical Report") issued by Netherland, Sewell & Associates, Inc., the independent qualified technical adviser, the unrisked gross (100 percent) prospective oil and gas resources for the oilfield are as follows:

	Oil			Gas		
Prospect[1]	**Low Estimate**	**Best Estimate**	**High Estimate**	**Low Estimate**	**Best Estimate**	**High Estimate**
	(Million of Barrels)			*(Million of Cubic Feet)*		
EM Deep 1	0.4	2.6	16.2	22,162	135,654	820,614
EM Deep 2	1.8	8.9	44.3	91,755	459,065	2,281,286
EM Deep 3	1.7	6.8	24.4	88,461	351,294	1,214,154
EM Deep 4	1.6	6.3	24.8	81,431	322,479	1,222,154
PET North	0.7	3.5	16.1	38,527	175,296	817,560
ZH South	13.7	39.2	107.3	11,246	34,281	101,999
EQ East	16.6	41.1	100.7	13,190	35,470	90,762
Probabilistic Total[2]	83.6	144.5	256.5	1,115,954	2,342,209	5,089,858

(1) The 2007 PRMS defines a prospect as a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target. The chance of geologic success for the seven identified prospects ranges from 5 to 16 percent, which equals 84 to 95 percent chance of failure and therefore represents moderate risk to very high risk exploration.

(2) The probabilistic total is based on combined portfolio sampling for all prospects and is not equal to the sum of the individual prospects.

Based on the information on the Technical Report, BMI Appraisals Limited, the independent qualified valuer, has estimated the market value of the 100% equity interest in the oilfield under the Tartagal and Morillo concession is US$1,500 million (equivalent to HK$11,700 million).

High Luck entered into a Temporary Union of Enterprises (the "UTE") agreement with Maxipetrol – Petroleros de Occidente S.A. and JHP International Petroleum Engineering Limited, and is responsible for the arrangement of the required capital commitment, human resources and equipment for the exploration and exploitation projects in Tartagal and Morillo. A work plan was accepted by the Secretariat of Energy, Salta, and exploration works have been commenced. Geophysical survey work and further 3D seismic survey have been commenced in early 2010. Oil well drilling is expected to begin upon the completion of data analysis from the 3D seismic survey.

Management Discussion and Analysis

PROSPECTS

The Group's strategy is to focus on the energy and natural resources industry and to further expand its business in the natural resources sector. The Group is proactively seeking investment opportunities with significant growth potential to broaden its revenue base, as well as to diversify its sources of income.

Throughout the year, the Board has identified a significant future growth opportunity in the gold mining industry. The Group entered an acquisition of 90% interest in a corporation with access to gold ore resources, mining facilities, and infrastructures in Hebei, PRC in December 2009. The total consideration for this acquisition is approximately HK$600 million, and may be adjusted to a total of approximately HK$700 million in the event that the confirmed gold resources of the Gold Mines attains or exceeds a certain level, which is agreed by the related parties, within two years from the completion of this acquisition. The principle assets of the said corporation primarily comprise three gold mines in operation, namely Banbishan Gold Mine, Sanjia Gold Mine, and Qingheyan Gold Mine (collectively the "Gold Mines"), and certain gold mining licenses, facilities, and infrastructures. The Gold Mines are located within the rich gold mineralization shear zones in Qinglong Manchu Autonomous County, Hebei Province, the PRC. Based on the respective gold mine resources investigation reports prepared by Hebei Province Geological Mining Bureau 5 Geology Team, the Gold Mines have an aggregate gold ore resource estimate of up to about 3.9 million tonnes, with a reserve of gold metal of about 21,000 kilograms. The legitimate mining areas covered by the Gold Mines amount to 6.3549 square kilometers, and may be further expanded to 11.853 square kilometers upon the completion of the proposed integration of gold mines.

A sales and purchase agreement has been signed in February 2010. Upon the satisfaction of a number of conditions precedent stated in the above sales and purchase agreement, the acquisition of the Gold Mines will be completed soon. In order to explore the full potential of the Gold Mines, as well as to manage the business in an efficient and effective manner, the Group has recruited a management team with extensive experiences in the mining business. In addition, the Board is prepared to provide funding to the Gold Mines to support further exploration works and to seek professional advice and assistance from independent experts when need arise. With its strong financial and capital position, a management team with expertise in mining, and its excellent and established business networks in the PRC, the Group will take this opportunity to commence and expand its reach to the gold mining industry of the PRC.

In the coming year, the Group will seek to build its existing operations and, at the same time, to expand its business in the energy and natural resources sector, from oil to coal, non-ferrous metal, and precious metal business. The Group will continue its effort in searching for and capturing quality investment opportunities in different geographical locations, aiming to generate the best possible return for investors.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure, liquidity and financial resources

On 4 May 2009, the Company issued 93,750,000 new shares of HK$0.10 each and convertible notes for an aggregate principal amount of HK$1,832.4 million at a conversion price of HK$0.32 per share, pursuant to the agreement of acquisition of 100% interest in Jade Honest Limited. Upon full conversion of all the said convertible notes, the number of shares will be increased by 5,726,250,000. As at 31 December 2009, HK$1,354.97 million convertible notes were converted into 4,234,281,250 shares of the Company, and the remaining principal amount of the said convertible notes was HK$477.43 million.

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Capital structure, liquidity and financial resources *(Continued)*

On 20 November 2009, the Company issued convertible notes for an aggregate principal amount of HK$124 million at a conversion price of HK$0.31 per share, pursuant to the placing agreement to place the said convertible notes to independent third parties. As at 31 December 2009, the said convertible notes were exercised in full, and were converted into 399,999,990 shares of the Company.

As at 31 December 2009, the total equity of the Group was HK$3,429.53 million (31 December 2008: HK$311.70 million) and the net asset value per share was HK$0.62 (31 December 2008: HK$0.40). The debt ratio, calculated by total liabilities divided by total assets, was 3.02% as at 31 December, 2009 (As at 31 December 2008: 1.93%).

As at 31 December 2009, the total asset value of the Group is approximately HK$3,536.38 million (31 December 2008: HK$317.84 million) and the total cash and bank balances is approximately 201.37 million (31 December 2008: HK$154.09 million).

As at 31 December 2009, working capital, calculated by current assets minus current liabilities, was HK$136.97 million (As at 31 December 2008: HK$239.69 million).

The Group's borrowings as at 31 December 2009 comprised an other borrowing of HK$40 million, bearing interest at 3.5% per annum, and bank borrowings totaling approximately HK$45.37 million, dominated in Renminbi, bearing interest at 4.779% per annum. As at 31 December 2009, the gearing ratio, calculated on the basis of interest bearing borrowings to total equity, was 2.49% (31 December 2008: nil).

Capital expenditure

The Group's capital expenditure during the year amounted to approximately HK$3,251.89 million (31 December 2008: HK$4.06 million).

Charge on assets

As at 31 December 2009, a fixed deposit of approximately HK$28.36 million, dominated in Renminbi, of an indirect subsidiary of the Company in a PRC bank was pledged to secure banking facilities granted to its supplier. The financial guarantee was released on 6 April 2010.

Contingent liability

Details of contingent liabilities of the Group as at 31 December 2009 are set out in note 39 to the financial statements.

Capital commitments

Details of capital commitments of the Group as at 31 December 2009 are set out in note 38(a) to the financial statements.

Foreign exchange and interest rate exposure

Assets and liabilities of the Group are mainly denominated in Hong Kong dollar, Renminbi, United States dollar, and Argentine peso. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the Group's foreign exchange exposure on an ongoing basis and will consider hedging significant foreign currency exposure should the need arise. Details of the Group's exposure to interest rate risk and currency risk are set out in note 34(c) and 34(d) to the financial statements.

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Employees

As at 31 December 2009, the Group employed a total of 26 employees (31 December 2008: 10) in Hong Kong ,the PRC, and Argentina. The cost of employees (including directors' emoluments and benefits) amounted to HK$4.93 million (2008: HK$8.27 million). The Group provides its employees with competitive remuneration packages which were determined by their personal performance, qualifications, experience, and relevant market conditions in the respective geographical locations and businesses in which the Group operates.

Share Option Scheme

Detailed movements of the share option scheme in the year are set out in pages 25 to 26 of this report.

ACKNOWLEDGEMENT

Finally, on behalf of the Board of Directors, I would like to express and acknowledge our heartfelt gratitude to all shareholders and investors for their continued supports to the Group. I would also like to extend our deepest appreciation to our staff members for their valuable dedication and hard work in the year of 2009.

Cheng Kam Chiu, Stewart
Chairman and Executive Director

Hong Kong, 27 April 2010

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Cheng Kam Chiu, Stewart, aged 56, joined the Group in February 2008 as an executive director. Mr. Cheng holds a Bachelor's Degree in Civil and Environmental Engineering from the University of Wisconsin-Madison; a Master's Degree in Civil Engineering from the University of California, Berkeley, United States; and a degree in Master of Business Administration from the Chinese University of Hong Kong. Being a member of the Hong Kong Institution of Engineers, Mr. Cheng is a professional engineer with extensive experience in property development and construction management. Mr. Cheng is a Member of the Shunde District, Foshan City Committee of the Chinese People's Political Consultative Conference since November 2006.

Mr. Cheng joined Hip Hing Construction Company Limited in 1984 as project manager and had subsequently become a director. From 1993 to 1997, Mr. Cheng was transferred to New World Development (China) Limited as director and assistant general manager, overseeing property development in the PRC. He was a director of NWS Service Management Limited (formerly known as New World Services Limited) from 1997 to 2006, and was mainly responsible for the construction and the E&M engineering businesses and pursuing business opportunities in the PRC. Mr. Cheng is an executive director of International Entertainment Corporation (stock code: 8118) and was an executive director of Grand T G Gold Holdings Limited (stock code: 8299) from November 2008 to May 2009, which shares are listed on the Stock Exchange.

Mr. Cheng is the nephew of Dato' Dr. Cheng Yu-Tung, *DPMS, LLD(Hon), DBA(Hon), DSSc(Hon), GBM,* the ultimate beneficial owner of Max Sun Enterprises Limited and the uncle of Mr. Cheng Ming Kit, an executive director of the Company.

Mr. Cheng Ming Kit, aged 36, holds a bachelor degree in Commerce from the University of Alberta, Canada. From 1995 to 2003, Mr. Cheng held various positions which were responsible for corporate finance and property development activities in the PRC. From 2003 to 2008, Mr. Cheng was involved in the investment and operations in the gold mining industry in the PRC and had held senior positions in a mining company listed in the Toronto Stock Exchange Venture Board with mining and exploration operations in the PRC. Mr. Cheng was an executive director of Grand T G Gold Holdings Limited (stock code: 8299) from November 2008 to June 2009. He is the nephew of Mr. Cheng Kam Chiu, Stewart, the Chairman and an executive director of the Company.

Biographical Details of Directors

NON-EXECUTIVE DIRECTORS

Mr. Wong Man Kong, Peter, *BBS, JP*, aged 61, was appointed as a non-executive director of the Company in February 2008. Mr. Wong graduated from the University of California at Berkeley in the United States with a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture), was awarded the Bronze Bauhinia Star by the Hong Kong Government, and was an awardee of the "Young Industrialist Award of Hong Kong". Mr. Wong is a Deputy of the 8th, 9th, 10th and 11th National People's Congress. He is also the Executive Vice Chairman of Hong Kong Pei Hua Education Association, a Vice Chairman of Chamber of Tourism, All-China Federation of Industry & Commerce, a director of Ji Nan University, and a founding senior member of the University of Hong Kong Foundation for Educational Development and Research.

Mr. Wong is a non-executive director of Hong Kong Ferry (Holdings) Company Limited (stock code: 50) and an independent non-executive director of Glorious Sun Enterprises Limited (stock code: 393), China Travel International Investment Hong Kong Limited (stock code: 308), Sun Hung Kai & Company Limited (stock code: 86), Sino Hotels (Holdings) Limited (stock code: 1221), Chinney Investments Limited (stock code: 216), and Far East Consortium International Limited (stock code: 35) which shares are listed on the Main Board of the Stock Exchange. He is also the Chairman of the M.K. Corporation Limited and North West Development Limited.

Mr. Chan Chi Yuen, aged 44, joined the Group in May 2006 as the Chairman and an executive director of the Group and re-designated as a non-executive director in October 2006. Mr. Chan holds a bachelor degree with honours in Business Administration and a Master of Science degree in Corporate Governance and Directorship. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and is an associate member of the Institute of Chartered Accountants in England and Wales. He is a practicing certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

Mr. Chan is currently an independent non-executive director of Asia Energy Logistics Group Limited (formerly known as China Sciences Conservational Power Limited) (stock code: 351), China Gogreen Assets Investment Limited (formerly known as Hong Kong Health Check and Laboratory Holdings Company Limited) (stock code: 397), China Gamma Group Limited (formerly known as Premium Land Limited) (stock code: 164), Superb Summit International Timber Company Limited (stock code: 1228), China Grand Forestry Green Resources Group Limited (stock code: 910), Rojam Entertainment Holdings Limited (stock code: 8075), the Hong Kong Building and Loan Agency Limited (stock code: 145) and Richly Field China Development Limited (formerly known as Dickson Group Holdings Limited) (stock code: 313), which shares are listed in Hong Kong. Mr. Chan was also an executive director of Kong Sun Holdings Limited (stock code: 295) from February 2007 to November 2009, Amax Holdings Limited (formerly known as Amax Entertainment Holdings Limited) (stock code: 959) from August 2005 to January 2009, and China E-Learning Group Limited (formerly known as Prosticks International Holdings Limited) (stock code: 8055) from July 2007 to September 2008.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fung Chi Kin, aged 61, was appointed as an independent non-executive director in October 2006. Mr. Fung is the Permanent Honorary President of the Chinese Gold & Silver Exchange Society and has been an international advisor of Shanghai Gold Exchange. Mr. Fung has over 30 years of experience in banking and finance business. From October 1998 to June 2000, he served as the Council Member of First Legislative Council of the HKSAR. He also held important office in various public organizations, namely President of the Chinese Gold and Silver Exchange Society, Vice Chairman of the Stock Exchange of Hong Kong Limited, director of the Hong Kong Futures Exchanges Limited and Hong Kong Securities Clearing Company Limited, Hong Kong Affairs Advisor. Mr. Fung is an independent non-executive director of Chaoda Modern Agriculture (Holdings) Limited (stock code: 682) and Emperor Capital Group Limited (stock code: 717).

Mr. Fung Siu To, Clement, aged 61, was appointed as an independent non-executive director in December 2008. Mr. Fung has over 25 years of experience in project management and construction. He is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. Mr. Fung is currently the Chairman and executive director of Asia Orient Holdings Limited (stock code: 214) and Asia Standard International Group Limited (stock code: 129) and is an executive director of Asia Standard Hotel Group Limited (stock code: 292).

Mr. Chiu Wai On, aged 41, was appointed as an independent non-executive director in November 2006. Mr. Chiu is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chiu possesses 13 years of professional experience in accounting and auditing services. Mr. Chiu is an independent non-executive director of Hua Yi Copper Holdings Limited (stock code: 559) which shares are listed on the Main Board of the Stock Exchange.

Corporate Governance Report

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

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. This report describes the Group's corporate governance practices and explains the applications of the principles of the CG Code and deviations, if any. In respect of the year ended 31 December 2009, save as disclosed below, all code provisions set out in the CG Code were met by the Company.

Code Provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the role of Chairman and Managing Director (or chief executive officer ("CEO")) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company does not presently have any officer with the title of "Managing Director" or "CEO". In the period under review, Mr. Tse On Kin, being the Chairman and an executive director of the Company from 1 January 2009 to 30 April 2009 and Mr. Cheng Kam Chiu, Stewart, being the Chairman and an executive director of the company from 1 May 2009 to 31 December 2009, were assuming the role of the CEO of the Company and were responsible for the strategic planning and corporate policy of the Group. The Board considers that the current structure facilitates the execution of the Group business strategies and maximizes effectiveness of its organization. The Board shall nevertheless review the structure from time to time to ensure appropriate move being taken should suitable circumstances arise.

Code Provision A.4.1

Pursuant to code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. All non-executive and independent non-executive directors of the Company are not appointed for a specific term. They are, however, subject to the requirement of retirement and re-election at least once every three years at the annual general meetings of the Company, in accordance with the relevant provisions of the Company's Bye-laws.

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

Corporate Governance Report

THE BOARD OF DIRECTORS

Composition

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

The Board of the Company comprises the following directors:

Executive Directors:
Mr. Cheng Kam Chiu, Stewart *(Chairman)*
Mr. Cheng Ming Kit

Non-executive Directors:
Mr. Wong Man Kong, Peter
Mr. Chan Chi Yuen

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

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

Chairman and Chief Executive Officer

As mentioned above, Mr. Cheng Kam Chiu, Stewart performs both roles of the Chairman and CEO. The Directors consider that vesting the roles the Chairman and CEO in Mr. Cheng Kam Chiu, Stewart is presently the most beneficial structure and is in the best interest of the Company and the shareholders of the Company.

Independent Non-executive Directors

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

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

THE BOARD OF DIRECTORS *(Continued)*

Appointment and Re-election of Directors

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

Responsibilities of directors

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

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

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

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

Responsibilities in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the Company's accounts. The financial statements for the year ended 31 December 2009 have been prepared in accordance with Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standards and applicable Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and the applicable disclosure requirements of the Listing Rules and other applicable regulatory requirements.

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

The reporting responsibilities of the external auditors, CCIF CPA Limited, are set out in the Independent Auditor's Report on page 29.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2009.

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

BOARD AND COMMITTEE MEETINGS

Number of Meetings and Directors' Attendance

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

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

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

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

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

BOARD AND COMMITTEE MEETINGS *(Continued)*

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

Director Name	Attendance
Executive directors	
Mr. Cheng Kam Chiu, Stewart *(Chairman)*	37/37
Mr. Cheng Ming Kit (Appointed on 19 October 2009)	9/37
Mr. Cheng Chi Him (Resigned on 19 October 2009)	9/37
Mr. Li Guoping (Resigned on 2 March 2009)	0/37
Non-executive directors	
Mr. Wong Man Kong, Peter	6/37
Mr. Chan Chi Yuen	14/37
Mr. Tse On Kin (Resigned on 5 November 2009)	21/37
Mr. Pei Cheng Ming, Michael (Resigned on 21 December 2009)	9/37
Independent non-executive directors	
Mr. Fung Chi Kin	12/37
Mr. Fung Siu To, Clement	12/37
Mr. Chiu Wai On	17/37

Board Committees

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

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

Audit Committee

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

BOARD AND COMMITTEE MEETINGS *(Continued)*

Audit Committee *(Continued)*

The main duties of the Audit Committee include the followings:

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

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

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

In 2009, the audit committee convened two meetings. Members and their attendance are as follows:

Director Name	Attendance
Mr. Chiu Wai On *(Chairman of the audit committee)*	2/2
Mr. Fung Chi Kin	2/2
Mr. Fung Siu To, Clement	2/2

Remuneration Committee

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

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

In 2009, the remuneration committee convened one meeting. Members and their attendance are as follows:

Director Name	Attendance
Mr. Fung Chi Kin *(Chairman of the remuneration committee)*	1/1
Mr. Fung Siu To, Clement	1/1
Mr. Chiu Wai On	1/1

BOARD AND COMMITTEE MEETINGS *(Continued)*

Nomination Committee

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

The main duties of the Nomination Committee include the followings:

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

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

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

The Nomination Committee did not hold any committee meeting during the year of 2009.

AUDITORS' REMUNERATION

CCIF CPA Limited ("CCIF") has been appointed as the Company's external auditors since 2005. The Audit Committee has been notified of the nature and service charges of the non-audit services to be performed by CCIF and considered that such services have no adverse effect on the independence of their audit works.

A summary of audit and non-audit services provided by the external auditor for the year ended 31 December 2009 and their corresponding remunerations is as follows:

Nature of services	**Amount** (HK$)
Audit services for the year ended 31 December 2009	870,000
Review of interim result	180,000
Tax review	10,000
Services relating to the Company's circular of Acquisition of Fortune Ease Holdings Limited	700,000

INTERNAL CONTROL

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

INTERNAL CONTROL *(Continued)*

The Company conducted an overall review of the Group's internal control system and give recommendation to the Company to improve the internal control procedures. The independent auditor assessed the enhancement procedures adopted by the Group and is generally satisfied with the enhancement procedures adopted and implemented.

COMMUNICATIONS WITH SHAREHOLDERS

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

Report of the Directors

The directors present their annual report together with the audited financial statements of New Times Energy Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 19 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 30 to 33. The directors do not recommend the payment of any dividend in respect of the year.

CHANGE OF COMPANY'S NAME

By a special resolution passed on 27 May 2009, the name of the Company was changed from New Times Group Holdings Limited to New Times Energy Corporation Limited, and the Company adopted the Chinese name 新時代能源有限公司 for identification purposes.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five financial years/periods are set out on page 123.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 17 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2009 are set out in note 19 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 33 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in notes 33(a) and 33(d) to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

At 31 December 2009, the Company had no retained profits available for cash distribution and/or distribution in specie, under the Company Act 1981 of Bermuda (as amended) the Company's contributed surplus of approximately HK$122,864,000 is currently not available for distribution. In addition, the Company's share premium account of HK$2,185,338,000 as at 31 December 2009, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 100% and the largest customer accounted for approximately 100% of the Group's total turnover for the year. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 100% and the largest suppliers accounted for approximately 92.3% of the Group's total purchases for the year.

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

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the material related party transactions for the year are set out in note 37 to the financial statements.

MANAGEMENT CONTRACTS

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

Report of the Directors

DIRECTORS

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

Executive directors

Mr. Cheng Kam Chiu, Stewart *(Chairman)*	
Mr. Cheng Ming Kit	(Appointed on 19 October 2009)
Mr. Cheng Chi Him	(Resigned on 19 October 2009)
Mr. Li Gouping	(Resigned on 2 March 2009)

Non-executive director

Mr. Wong Man Kong, Peter	
Mr. Chan Chi Yuen	
Mr. Tse On Kin	(Resigned on 5 November 2009)
Mr. Pei Cheng Ming, Michael	(Resigned on 21 December 2009)

Independent non-executive directors

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

During the year, Mr. Tse On Kin has resigned as Chairman and re-designated from executive director to non-executive Director on 1 May 2009. Mr. Cheng Kam Chiu, Stewart, an executive director, was appointed as Chairman on the same day.

In accordance with the Company's bye-law no. 87(1), Mr. Cheng Kam Chiu, Stewart, Mr. Wong Man Kong, Peter, and Mr. Chiu Wai On shall retire by rotation from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the directors of the Company of the Group are set out on pages 10 to 12 of this report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTOR INTEREST IN CONTRACTS

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

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

As at 31 December 2009, the interests and short positions of the directors and or their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies were as follows:

Long positions of Directors' interests in shares of the Company

Name of Directors	Nature of interest	Number of ordinary shares of the Company held	Approximate percentage of the total issued share capital
Mr. Cheng Ming Kit	Beneficial owner	20,000	0.0003%
Mr. Fung Siu To, Clement	Beneficial owner	600,000	0.01%

Save as disclosed above, as at 31 December 2009, none of the directors or chief executives of the Company and their associates had any personal, family, corporate or other interests had registered an interest or short position in the shares underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBENTURES

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

DIRECTORS' REMUNERATION AND HIGHEST PAID INDIVIDUAL'S EMOLUMENTS

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

RETIREMENT SCHEME

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

SHARE OPTION SCHEME

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

Pursuant to the Scheme, the maximum number of share options may be granted under the scheme and any other share option schemes of the Company is an amount equivalent to, upon their exercise, in aggregate not exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. As at 31 December 2009, the number of share issuable under the Scheme was 43,330,200. The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit is subject to shareholders' approval in a general meeting.

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

SHARE OPTION SCHEME *(Continued)*

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

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

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

				Number of share options					
Category of grantees	Date of grant	Exercisable period	Exercisable price	Balance at beginning of the year	Granted during the year	Exercised/ transferred during the year	Transfer from/ (to) other category during the year	Lapsed during the year	Balance at the end of the year
Other employees in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK$0.60	8,666,000	–	–	–	–	8,666,000
Other participants in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK$0.60	25,998,000	–	–	–	–	25,998,000
				34,664,000	–	–	–	–	34,664,000

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 December 2009, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any directors of chief executive of the Company, the following persons had, or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long positions:

Name of shareholder	Notes	Capacity and Nature of Interest	Number of ordinary share held	Percentage of the Company's issued share capital
Max Sun Enterprises Limited	(i)	Beneficially owned	370,023,530	6.72%
Chow Tai Fook Nominee Limited	(ii)	Interest in a controlled corporation	370,023,530	6.72%
Pride City Holdings Limited	(iii)	Beneficially owned	695,187,500	12.62%

Notes:

(i) Max Sun Enterprises Limited is wholly owned by Chow Tai Fook Nominee Limited.

(ii) So far is known to the directors, Chow Tai Fook Nominee Limited is wholly owned by Dato' Dr. Cheng Yu Tung.

(iii) The total number of 695,187,500 underlying shares (may be converted into ordinary shares of the Company upon exercise of conversion right under the convertible notes for the principal amount of HK$222,460,000 at HK$0.32 per share) were held by Pride City Holdings Limited, which is 50% owned by Ms. Wu Yan Mei and 50% owned by Ms. Wu Qiong.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float throughout the year ended 31 December 2009.

Report of the Directors

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year except under the Code Provision A.2.1 and A.4.1. The full details of corporate governance practices adopted by the Company during the year ended 31 December 2009, or where applicable, up to the date of this report, are set out in pages 13 to 20 of this report.

AUDITORS

The financial statements for the year ended 31 December 2009 have been audited by CCIF CPA Limited ("CCIF"). CCIF will retire as auditor at the conclusion of the forthcoming annual general meeting and will not offer themselves for re-appointment, following the merger of business with PCP CPA Limited resulting in Crowe Horwath (HK) CPA Limited operating as the merged firm. Crowe Horwath (HK) CPA Limited is a new member firm in Hong Kong of Crowe Horwath International.

As a result of these changes, a resolution for the appointment of Crowe Horwath (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Cheng Kam Chiu, Stewart
Chairman and Executive Director

Hong Kong, 27 April 2010

Independent Auditor's Report

CCIF

CCIF CPA LIMITED

34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

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

We have audited the consolidated financial statements of New Times Energy Corporation Limited (formerly known as "New Times Group Holdings Limited") (the "Company") set out on pages 30 to 122, which comprise the consolidated and Company statements of financial positions as at 31 December 2009, and the consolidated income statement, 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 issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

Without qualifying our opinion we draw attention to note 16 to the financial statements. The exploration permits to the Concessions in Argentina will expire in December 2010. The Group has submitted an application to the Secretary of Energy of Province of Salta, Argentina for an extension of the permits on 22 April 2010. According to the legal opinion, there are precedents, both national and provincial, to support that the extension of time of primitive term will probably be granted by the Department of Energy. The approval of the application cannot presently be determined which may have a significant effect on the net assets and results of the Group.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 27 April 2010

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

Consolidated Income Statement

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
CONTINUING OPERATIONS			
Turnover	4 & 15(a)	**9,196**	33,020
Cost of sales		**(9,150)**	(32,010)
Gross profit		**46**	1,010
Other revenue	5(a)	**2,111**	2,977
Other net income	5(b)	**8,055**	256
Other operating income	5(c)	**476**	–
Administrative expenses		**(28,501)**	(24,698)
Other operating expenses		**(10,819)**	(2,225)
Loss from operations		**(28,632)**	(22,680)
Finance costs	6(a)	**(1,847)**	(1)
		(30,479)	(22,681)
Gain on disposal of subsidiaries	36(b)(iii)	**–**	80
Share of losses of a jointly controlled entity	7	**(5,522)**	(4,372)
Loss before taxation		**(36,001)**	(26,973)
Income tax	8(a)	**27**	(154)
Loss for the year from continuing operations		**(35,974)**	(27,127)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	9(d)	**–**	(15,024)
Loss for the year	6	**(35,974)**	(42,151)
Loss for the year attributable to:			
Owners of the Company		**(31,934)**	(42,151)
Minority interests		**(4,040)**	–
		(35,974)	(42,151)
Loss per share	14		
From continuing and discontinued operations – Basic and diluted		**(1.10 cents)**	(5.40 cents)
From continuing operations – Basic and diluted		**(1.10 cents)**	(3.48 cents)

The notes on pages 37 to 122 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Loss for the year		**(35,974)**	(42,151)
Other comprehensive income			
Exchange difference arising on translation of financial statements of overseas subsidiaries:			
– Exchange (losses)/gains arising during the year		**(51)**	845
– Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations		**–**	(4,604)
Total comprehensive income for the year (net of tax)		**(36,025)**	(45,910)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(31,968)**	(45,910)
Minority interests		**(4,057)**	–
		(36,025)	(45,910)

Tax effects relating to each component of other comprehensive income

	2009			2008		
	Before-tax amount HK$'000	**Tax (expense)/ benefit HK$'000**	**Net-of-tax amount HK$'000**	Before-tax amount HK$'000	Tax (expense)/ benefit HK$'000	Net-of-tax amount HK$'000
Exchange differences on translation of financial statements of overseas subsidiaries						
– Exchange (losses)/gains arising during the year	**(51)**	**–**	**(51)**	845	–	845
– Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations	**–**	**–**	**–**	(4,604)	–	(4,604)
	(51)	**–**	**(51)**	(3,759)	–	(3,759)

The notes on pages 37 to 122 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Exploration and evaluation assets	16	**3,247,828**	–
Property, plant and equipment	17(a)	**1,885**	2,309
Intangible assets	18	**3,246**	–
Deposit paid for potential investment	20	**30,000**	54,600
Interest in a jointly controlled entity	21	**9,606**	15,128
		3,292,565	72,037
CURRENT ASSETS			
Trade and other receivables	22	**42,447**	91,715
Restricted bank deposits		**9,265**	–
Pledged bank deposits	23	**28,355**	–
Cash and cash equivalents	24	**163,747**	154,085
		243,814	245,800
CURRENT LIABILITIES			
Trade and other payables	25	**13,736**	6,084
Bank and other borrowings	28	**85,368**	–
Obligations under finance leases	29	**12**	12
Current taxation	30(a)	**12**	18
Provisions	31	**7,713**	–
		(106,841)	(6,114)
NET CURRENT ASSETS		**136,973**	239,686
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,429,538**	311,723
NON-CURRENT LIABILITIES			
Obligations under finance leases	29	**13**	25
NET ASSETS		**3,429,525**	311,698
CAPITAL AND RESERVES	33(b)		
Share capital		**551,000**	78,197
Reserves		**2,880,889**	233,501
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,431,889**	311,698
MINORITY INTERESTS		**(2,364)**	–
TOTAL EQUITY		**3,429,525**	311,698

Approved and authorised for issue by the board of directors on 27 April 2010.

Cheng Kam Chiu, Stewart
Director

Cheng Ming Kit
Director

The notes on pages 37 to 122 form part of these financial statements.

Statement of Financial Position

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17(b)	**809**	1,079
Investment in subsidiaries	19	**2,395,092**	–
Deposit paid for potential investment	20	**–**	54,600
		2,395,901	55,679
CURRENT ASSETS			
Prepayments, deposits and other receivables	22	**265**	34,597
Amounts due from subsidiaries	19	**1,028,050**	120,044
Cash and cash equivalents	24	**94,505**	128,813
		1,122,820	283,454
CURRENT LIABILITIES			
Other payables	25	**4,513**	3,567
Other borrowing	28	**40,000**	–
Current taxation	30(a)	**12**	18
		(44,525)	(3,585)
NET CURRENT ASSETS		**1,078,295**	279,869
NET ASSETS		**3,474,196**	335,548
CAPITAL AND RESERVES	33(a)		
Share capital		**551,000**	78,197
Reserves		**2,923,196**	257,351
TOTAL EQUITY		**3,474,196**	335,548

Approved and authorised for issue by the board of directors on 27 April 2010.

Cheng Kam Chiu, Stewart	**Cheng Ming Kit**
Director	*Director*

The notes on pages 37 to 122 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium** HK$'000	**Employee share-based com-pensation reserve** HK$'000	**Capital reserve** HK$'000	**Exchange fluctuation reserve** HK$'000	**Shares to be issued** HK$'000	**Convertible notes reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
At 1 January 2008	77,764	353,001	11,554	9,585	3,759	–	–	(100,655)	355,008	–	355,008
Total comprehensive income for the year	–	–	–	–	(3,759)	–	–	(42,151)	(45,910)	–	(45,910)
Transactions with owners											
Shares issued under share option scheme (note 33(b)(iii))	433	3,451	(1,284)	–	–	–	–	–	2,600	–	2,600
Total transactions with owners	433	3,451	(1,284)	–	–	–	–	–	2,600	–	2,600
At 31 December 2008	78,197	356,452	10,270	9,585	–	–	–	(142,806)	311,698	–	311,698
At 1 January 2009	78,197	356,452	10,270	9,585	–	–	–	(142,806)	311,698	–	311,698
Total comprehensive income for the year	–	–	–	–	(34)	–	–	(31,934)	(31,968)	(4,057)	(36,025)
Transactions with owners											
Issue of consideration shares (note 35(a))	9,375	38,437	–	–	–	–	–	–	47,812	–	47,812
Shares to be issued pursuant to the acquisition of subsidiaries (note 35(a))	–	–	–	–	–	95,625	–	–	95,625	–	95,625
Issue of convertible notes (note 26(a))	–	–	–	–	–	–	2,897,132	–	2,897,132	–	2,897,132
Shares issued upon conversion of convertible notes (note 33(b)(ii))	463,428	1,790,449	–	–	–	–	(2,142,287)	–	111,590	–	111,590
Acquisition of subsidiaries (note 35(c))	–	–	–	–	–	–	–	–	–	1,693	1,693
Total transactions with owners	472,803	1,828,886	–	–	–	95,625	754,845	–	3,152,159	1,693	3,153,852
At 31 December 2009	**551,000**	**2,185,338**	**10,270**	**9,585**	**(34)**	**95,625**	**754,845**	**(174,740)**	**3,431,889**	**(2,364)**	**3,429,525**

The notes on pages 37 to 122 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES			
Loss before taxation from continuing and discontinued operations		**(36,001)**	(41,997)
Adjustments for:			
Depreciation and amortisation		**760**	1,274
Valuation loss on investment properties		**–**	22,224
Finance costs	6(a)	**1,847**	854
Interest income	5(a)	**(1,460)**	(2,293)
Net loss on disposal of property, plant and equipment	6(c)	**–**	2,224
Loss on early settlement of promissory notes	6(c)	**10,817**	–
Waive of interest upon early settlement of promissory notes	5(c)	**(476)**	–
Net fair value gain on financial derivative instruments	5(b)	**(8,055)**	–
Share of losses of a jointly controlled entity	7	**5,522**	4,372
Gain on disposal of subsidiaries	36(b)(iii)	**–**	(80)
Gain on disposal of subsidiaries attributable to discontinued operations	9(d)	**–**	(7,556)
Foreign exchange gain		**87**	845
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL		**(26,959)**	(20,133)
Decrease in inventories		**–**	19,540
Decrease/(increase) in trade and other receivables		**23,700**	(11,875)
(Decrease)/increase in trade and other payables		**(9,228)**	4,494
CASH USED IN OPERATIONS		**(12,487)**	(7,974)
Interest paid		**(181)**	(854)
Interest received		**1,460**	2,293
Income tax paid			
– Hong Kong		**–**	(1,643)
– PRC		**(50)**	(136)
Income tax refunded – Hong Kong		**–**	970
NET CASH USED IN OPERATING ACTIVITIES		**(11,258)**	(7,344)

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment		**(168)**	(4,062)
Payment for the purchase of exploration and evaluation assets		**(620)**	–
Payment for the deposit for potential investment	20	**(30,000)**	–
Payment for the investment in a jointly controlled entity		**–**	(19,500)
Proceeds from disposal of subsidiaries attributable to discontinued operations, net of cash disposed of	36(a)(iv)	**–**	22,206
Proceeds from disposal of subsidiaries	36(b)(iii)	**–**	1
Increase in restricted bank deposits		**(9,265)**	–
Increase in pledged bank deposits	23	**(28,355)**	–
Cash acquired upon acquisition of subsidiaries	35(c)	**50,253**	–
NET CASH USED IN INVESTING ACTIVITIES		**(18,155)**	(1,355)
FINANCING ACTIVITIES			
Loans borrowed		**40,000**	–
Capital element of finance lease rental payments		**(12)**	(11)
Proceeds from shares issued under share option scheme		**–**	2,600
Proceed from issue of convertible notes, net of transaction cost		**119,387**	–
Repayment of promissory notes	27	**(120,300)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		**39,075**	2,589
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9,662**	(6,110)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**154,085**	160,195
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**–**	–
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	24	**163,747**	154,085

Note:

Major non-cash transaction

(a) For the disposal of Elegant Pool Limited, the deferred consideration of HK$39,880,000 was recorded under trade and other receivables as at 31 December 2008 (see note 36(a)(ii)).

(b) For the acquisition of Shenzhen Zhilai Trading Company Limited, the deferred consideration of RMB2,550,000 (equivalent to HK$2,892,000) was recorded under trade and other payables as at 31 December 2009 (see note 35(b)).

The notes on pages 37 to 122 form part of these financial statements.

1. BACKGROUND INFORMATION

The Company is a limited liability company incorporated in Bermuda and its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 1007-8, 10/F, New World Tower 1, 16-18 Queen's Road Central, Hong Kong respectively. The Company is listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 2 June 2009, the Company changed its name from "New Times Group Holdings Limited" to "New Times Energy Corporation Limited" to accurately reflect the core business of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries and the Group's interest in a jointly controlled entity.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments (see note 2(g)) are carried at their fair value as explained in the accounting policies set out below.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 43.

(c) Subsidiaries and minority interest

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

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

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

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

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(o), (p) or (q) depending on the nature of the liability.

In the Company's statement of financial position, an investment in a subsidiary is carried at cost less any impairment losses (see note 2(l)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Jointly controlled entities

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

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment losses relating to the investment (see note 2(l)(i)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

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

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

(e) Investment Property

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

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is recognised on a straight-line basis over the period of the respective leases.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Other investments in debt and equity securities

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

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

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

Dated debt securities that the Group have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are carried in the statement of financial position at cost less impairment losses (see note 2(l)).

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

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(v)(ii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(v)(iii). When these investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss is reclassified from equity to profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(h) Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are carried at cost less any accumulated impairment losses (see note 2(l)(iii)).

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for natural resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible assets or property, plant and equipment. These assets are assessed for impairment, and any impairment loss recognised, before reclassification.

(i) Property, plant and equipment

Property, plant and equipment are carried in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (note 2(x)).

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Intangible assets (other than goodwill)

Intangible assets with finite useful lives acquired by the Group are carried in the statement of financial position at cost less accumulated amortisation and impairment losses (see note 2(l)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over its remaining licence period of 28 months. Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Leased assets *(Continued)*

(iii) Operating lease charges

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

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

(l) Impairment of assets

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

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

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

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

- For investment in a jointly controlled entity recognised using the equity method (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).

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

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

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

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

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

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

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

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

(ii) Impairment of other assets

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

– property, plant and equipment;

– intangible assets; and

– investments in subsidiaries (except for those classified as held for sale).

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

– Reversals of impairment losses

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

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

(iii) Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 Impairment of Assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, such as:

– the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

– substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

– exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the entity has decided to discontinue such activities in the specific area.

– sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount.

(iv) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Inventories

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

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

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

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

(n) Trade and other receivables

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

(o) Convertible notes

(i) Convertible notes that contain an equity component

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Convertible notes *(Continued)*

(ii) Other convertible notes (Continued)

Convertible notes which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments (see note 2(g)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible note are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 2(g). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

If the note is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(p) Interest-bearing borrowings

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

(q) Trade and other payables

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

(r) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Employee benefits

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

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

(ii) Share-based payments

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

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

(iii) Termination benefits

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

(t) Income tax

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Income tax *(Continued)*

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Income tax *(Continued)*

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

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

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

  - the same taxable entity; or

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

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

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

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

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

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

(ii) Dividends

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

(iii) Interest income

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

(iv) Service income

Service income is recognised when services are rendered.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Translation of foreign currencies *(Continued)*

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve. Goodwill on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

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

(y) Discontinued operations

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

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

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

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

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

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

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

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

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
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
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 which 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
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
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

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

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker, and has resulted in additional reportable segments being identified and presented (see note 15). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with owners in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognized as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

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

- The "Improvements to HKFRSs (2008)" comprise a number of amendments to a range of HKFRSs. Of these, the following amendment has resulted in changes to the Group's accounting policies:

  – As a result of amendments to HKAS 28, Investments in associates, impairment losses recognised in respect of the jointly controlled entity carried under the equity method are no longer allocated to the goodwill inherent in that carrying amount. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries and jointly controlled entity, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognizing dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

4. TURNOVER

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

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

	2009 **HK$'000**	2008 HK$'000
Continuing operations		
Trading of non-ferrous metals	**–**	26,046
Trading of frozen food	**9,196**	6,974
	9,196	33,020
Discontinued operations (note 9(d))	**–**	–
	9,196	33,020

5. OTHER REVENUE, NET INCOME AND OPERATING INCOME

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
(a) Other revenue						
Bank interest income	**176**	1,945	**–**	–	**176**	1,945
Other interest income	**1,284**	348	**–**	–	**1,284**	348
Total interest income from financial assets not at fair value through profit or loss	**1,460**	2,293	**–**	–	**1,460**	2,293
Commission income	**–**	684	**–**	–	**–**	684
Sundry income	**651**	–	**–**	–	**651**	–
	2,111	2,977	**–**	–	**2,111**	2,977
(b) Other net income						
Net realised gain on trading securities	**–**	194	**–**	–	**–**	194
Net foreign exchange gain	**–**	62	**–**	2,453	**–**	2,515
Net fair value gain on financial derivative instruments (note 26(b))	**8,055**	–	**–**	–	**8,055**	–
	8,055	256	**–**	2,453	**8,055**	2,709
(c) Other operating income						
Interest waived upon early settlement of promissory notes (note 27)	**476**	–	**–**	–	**476**	–

6. LOSS FOR THE YEAR

Loss for the year is arrived at after charging:

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
(a) Finance costs						
Interest on bank and other borrowings wholly repayable within five years	**180**	–	**–**	700	**180**	700
Interest on amount due to a securities dealer	**–**	–	**–**	153	**–**	153
Effective interest expenses on:						
– promissory notes (note 27)	**1,408**	–	**–**	–	**1,408**	–
– convertible notes (note 26(b))	**258**	–	**–**	–	**258**	–
Finance charges on obligations under finance leases	**1**	1	**–**	–	**1**	1
Total interest expenses on financial liabilities not at fair value through profit or loss	**1,847**	1	**–**	853	**1,847**	854
(b) Staff costs (including directors' emoluments)						
Salaries, allowances and benefits in kind	**4,776**	8,039	**–**	147	**4,776**	8,186
Retirement scheme contributions	**151**	79	**–**	–	**151**	79
	4,927	8,118	**–**	147	**4,927**	8,265
(c) Other items						
Cost of inventories	**9,150**	32,010	**–**	–	**9,150**	32,010
Amortisation of intangible assets	**120**	–	**–**	–	**120**	–
Depreciation for property, plant and equipment	**640**	1,268	**–**	6	**640**	1,274
Valuation loss on investment properties	**–**	–	**–**	22,224	**–**	22,224
Net foreign exchange loss	**139**	–	**–**	–	**139**	–
Net loss on disposal of property, plant and equipment	**–**	2,224	**–**	–	**–**	2,224
Minimum lease payments under operating leases on leasehold land and buildings	**1,575**	4,758	**–**	–	**1,575**	4,758
Loss on early settlement of promissory notes (note 27)	**10,817**	–	**–**	–	**10,817**	–
Auditor's remuneration	**862**	500	**–**	80	**862**	580

7. SHARE OF LOSSES OF A JOINTLY CONTROLLED ENTITY

	2009 HK$'000	2008 HK$'000
Share of losses of a jointly controlled entity before taxation	**(5,522)**	(4,372)
Share of jointly controlled entity's taxation	**–**	–
	(5,522)	(4,372)

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Current tax						
– Hong Kong Profits Tax	**–**	–	**–**	–	**–**	–
– PRC Enterprise Income Tax	**44**	154	**–**	–	**44**	154
	44	154	**–**	–	**44**	154
Over-provision in respect of prior periods						
– Argentina Corporate Tax	**(71)**	–	**–**	–	**(71)**	–
Deferred income tax	**–**	–	**–**	–	**–**	–
	(27)	154	**–**	–	**(27)**	154

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the current and prior years.

PRC and Argentina subsidiaries of the Group are subject to PRC Enterprise Income Tax and Argentina Corporate Tax at 25% and 35% respectively.

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

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

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

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

	2009 HK$'000	2008 HK$'000
Loss before taxation		
Continuing operations	**(36,001)**	(26,973)
Discontinued operations	**–**	(15,024)
	(36,001)	(41,997)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the tax jurisdictions concerned	**(6,935)**	3,730
Tax effect of non-taxable income	**(1,438)**	(8,274)
Tax effect of non-deductible expenses	**7,502**	3,622
Tax effect of unused tax losses not recognised	**168**	857
Tax effect of deductible temporary differences not recognised	**703**	65
Tax effect of PRC income tax on representative office	**44**	154
Over-provision of Argentina Corporate Tax in prior periods	**(71)**	–
Actual tax expense	**(27)**	154

9. DISCONTINUED OPERATIONS

(a) Smart Wave Limited

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

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

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

9. DISCONTINUED OPERATIONS *(Continued)*

(a) Smart Wave Limited *(Continued)*

The profit for the year 2008 from the discontinued operation of Smart Wave Limited is analysed as follows:

	2008 HK$'000
Loss from operation of Smart Wave Limited for the period	(2,782)
Gain on disposal of Smart Wave Limited (note 36(a)(i))	4,800
	2,018

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

	Period ended 30 June 2008 HK$'000
Other net income	(139)
Administrative expenses	(581)
Other operating expenses	(1,362)
Loss from operations	(2,082)
Finance costs	(700)
Loss before taxation	(2,782)
Income tax	–
Loss for the period	(2,782)

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

In the year 2008, Smart Wave Limited used HK$269,000 of the Group's net operating cashflows, paid HK$Nil in respect of investing activities and received HK$Nil in respect of financing activities.

The carrying amounts of the assets and liabilities of Smart Wave Limited at the date of disposal are disclosed in note 36(a)(i).

9. DISCONTINUED OPERATIONS *(Continued)*

(b) Elegant Pool Limited

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

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

The Elegant Pool Disposal was completed on 24 December 2008.

The loss for the year 2008 from the discontinued operation of Elegant Pool Limited is analysed as follows:

	2008 HK$'000
Loss from operation of Elegant Pool Limited for the period	(19,637)
Gain on disposal of Elegant Pool Limited (note 36(a)(ii))	1,232
	(18,405)

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

	Period ended 24 December 2008 HK$'000
Other net income	2,592
Valuation loss on investment properties	(22,224)
Administrative expenses	(5)
Loss from operations	(19,637)
Finance costs	–
Loss before taxation	(19,637)
Income tax	–
Loss for the period	(19,637)

9. DISCONTINUED OPERATIONS *(Continued)*

(b) Elegant Pool Limited *(Continued)*

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

In the year 2008, Elegant Pool Limited contributed HK$Nil to the Group's net operating cashflow, and paid HK$Nil in respect of investing activities and financial activities respectively.

The carrying amounts of the assets and liabilities of Elegant Pool Limited at the date of disposal are disclosed in note 36(a)(ii).

(c) New Times Finance Limited and Jefta Holdings Limited

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

The NTHL Disposal was completed on 1 December 2008.

The profit for the year 2008 from the discontinued operation of provision of financial services is analysed as follows:

	2008 HK$'000
Loss of financial services operation for the period	(161)
Gain on disposal of financial services operation (note 36(a)(iii))	1,524
	1,363

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

	Period ended 1 December 2008 HK$'000
Administrative expenses	(8)
Loss from operations	(8)
Finance costs	(153)
Loss before taxation	(161)
Income tax	–
Loss for the period	(161)

9. DISCONTINUED OPERATIONS *(Continued)*

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

No charge or credit arose on loss on the discontinuance of the financial services operation.

In the year 2008, New Times Finance Limited and Jefta Holdings Limited used HK$134,000 of the Group's net operating cashflow, and paid HK$Nil in respect of investing activities and financing activities respectively.

The carrying amounts of the assets and liabilities of New Times Finance Limited and Jefta Holdings Limited at the date of disposal are disclosed in note 36(a)(iii).

(d) Summary of the discontinued operations

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

	2008 HK$'000
Loss of discontinued operations for the year	(22,580)
Gain on disposal of discontinued operations (note 36(a)(iv))	7,556
	(15,024)

The results of the discontinued operations from 1 January 2008 to the respective dates of discontinued operation, which had been included in the consolidated income statement, were summarised as follows:

	2008 HK$'000
Other net income	2,453
Valuation loss on investment properties	(22,224)
Administrative expenses	(594)
Other operating expenses	(1,362)
Loss from operations	(21,727)
Finance costs	(853)
Loss before taxation	(22,580)
Income tax	–
Loss for the year	(22,580)

10. DIRECTORS' EMOLUMENTS

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

		Year ended 31 December 2009				
	Note	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Chairman						
Mr. Cheng Kam Chiu, Stewart	(i)	100	–	–	–	100
Executive directors						
Mr. Li Guoping	(iv)	–	–	–	–	–
Mr. Cheng Chi Him	(iv)	–	–	–	–	–
Mr. Cheng Ming Kit, Tommy	(ii)	20	–	–	–	20
Non-executive directors						
Mr. Chan Chi Yuen		100	–	–	–	100
Mr. Wong Man Kong, Peter		100	–	–	–	100
Mr. Pei Cheng Ming, Michael	(iv)	97	–	–	–	97
Mr. Tse On Kin	(iv)	51	400	–	4	455
Independent non-executive directors						
Mr. Fung Chi Kin		100	–	–	–	100
Mr. Chiu Wai On		100	–	–	–	100
Mr. Fung Siu To, Clement		100	–	–	–	100
		768	400	–	4	1,172

10. DIRECTORS' EMOLUMENTS *(Continued)*

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

Note:

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

(ii) Appointed during the year ended 31 December 2009.

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

(iv) Resigned during the year ended 31 December 2009.

10. DIRECTORS' EMOLUMENTS *(Continued)*

As at 31 December 2009, none of the directors held any share options under the Company's share option scheme. The details of the share options are disclosed under the paragraph "share option scheme" in the report of the directors and note 32.

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

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, nil (2008: two) were directors of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining five (2008: three) individuals were as follows:

	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,322**	1,998
Retirement scheme contributions	**40**	24
	2,362	2,022

Analysis of the emoluments of the remaining five (2008: three) individuals with the highest emoluments by the number of individuals and remuneration range is as follows:

	Number of individuals	
	2009	2008
Band		
Nil – HK$1,000,000	**5**	3

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

12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$13,511,000 (2008: loss of HK$31,464,000) which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

No dividend was paid or proposed during the year 2009, nor has any dividend been proposed since the end of the reporting period (2008: HK$ Nil).

14. LOSS PER SHARE

(a) Basic loss per share

(i) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$31,934,000 (2008: loss of HK$42,151,000) and the weighted average number of 2,897,868,159 ordinary shares (2008: 780,110,626 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares

	2009	2008
Issued ordinary shares at 1 January (note 33(b)(i))	**781,971,030**	777,638,030
Effect of issue of consideration shares (note 35(a))	**62,157,534**	–
Effect of shares issued upon conversion of convertible notes (note 33(b)(ii))	**2,053,739,595**	–
Effect of share options exercised (note 33(b)(iii))	**–**	2,472,596
Weighted average number of ordinary shares at 31 December	**2,897,868,159**	780,110,626

(ii) From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operation of HK$31,934,000 (2008: loss of HK$27,127,000) and the weighted average number of 2,897,868,159 ordinary shares (2008: 780,110,626 ordinary shares) in issue during the year.

(iii) From discontinued operations

The calculation of basic loss per share from discontinued operations attributable to owners of the Company is based on the loss for the year from discontinued operations of HK$Nil (2008: loss of HK$15,024,000) and the weighted average number of 2,897,868,159 ordinary shares (2008: 780,110,626 ordinary shares) in issue during the year.

(b) Diluted loss per share

Diluted loss per share for both years ended 31 December 2008 and 2009 were the same as the basic loss per share as the potential ordinary shares outstanding during the years had an anti-dilutive effect on the basic loss per share for the years.

15. SEGMENT INFORMATION

The Group manages its businesses by divisions which are organized by a mixture of both business lines (products and services) and geography. On first-time adoption of HKFRS 8 and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

General trading	This segment includes trading of non-ferrous metal and frozen foods. Currently, the Group's general trading activities are carried out in Hong Kong.
Exploration of natural resources	This segment is engaged in the exploration of natural resources in Argentine Republic ("Argentina"). The activities carried out in Argentina are through a non-wholly owned subsidiary.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the annual financial report has been prepared in a manner consistent with the information used by the Group's chief operating decision maker for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current assets and current assets with the exception of interest in a jointly controlled entity and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of current taxation and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is "profit/(loss) from operations". In addition to receiving segment information concerning profit/(loss) from operations, the chief operating decision maker is provided with segment information concerning revenue, interest income, interest expenses, depreciation and additions to non-current segment assets used by the segments in their operations.

15. SEGMENT INFORMATION *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	General trading		Exploration of natural resources		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
For the year ended 31 December						
Revenue from external customers	**9,196**	33,020	**–**	–	**9,196**	33,020
Reportable segment revenue	**9,196**	33,020	**–**	–	**9,196**	33,020
Reportable segment loss	**(312)**	(3,011)	**(12,269)**	–	**(12,581)**	(3,011)
Depreciation and amortisation	**121**	498	**–**	–	**94**	498
Interest income	**(393)**	(1,827)	**–**	–	**(393)**	(1,827)
Interest expenses	**181**	–	**–**	–	**181**	–
As at 31 December						
Reportable segment assets	**80,963**	43,739	**3,302,904**	–	**3,383,867**	43,739
Additions in non-current segment assets during the year	**3,425**	7	**3,248,137**	–	**3,251,562**	7
Reportable segment liabilities	**(54,203)**	(2,554)	**(8,218)**	–	**(62,421)**	(2,554)

15. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	Year ended 31 December	
	2009	2008
	HK$'000	HK$'000
Revenue		
Reportable segment revenue	**9,196**	33,020
Consolidated turnover	**9,196**	33,020
Loss		
Reportable segment loss	**(12,581)**	(3,011)
Unallocated operating income and expenses	**(13,289)**	(19,589)
Finance costs	**(1,847)**	(1)
Share of post-tax loss of a jointly controlled entity	**(5,522)**	(4,372)
Loss on early settlement of promissory notes	**(10,817)**	–
Net fair value gain on financial derivative instruments	**8,055**	–
Consolidated loss before taxation from continuing operations	**(36,001)**	(26,973)

	As at 31 December	
	2009	2008
	HK$'000	HK$'000
Assets		
Reportable segment assets	**3,383,867**	43,739
Interest in a jointly controlled entity	**9,606**	15,128
Cash and cash equivalents	**110,525**	128,813
Deposit paid on potential investment	**30,000**	54,600
Unallocated corporate assets	**2,381**	75,557
Consolidated total assets	**3,536,379**	317,837
Liabilities		
Reportable segment liabilities	**(62,421)**	(2,554)
Current taxation	**(12)**	(18)
Other borrowing	**(40,000)**	–
Unallocated corporate liabilities	**(4,421)**	(3,567)
Consolidated total liabilities	**(106,854)**	(6,139)

15. SEGMENT INFORMATION *(Continued)*

(c) Geographical information

The Group's operations are located in Hong Kong (country of domicile), Mainland China and Argentina.

All of the Group's revenue from continuing operations from external customers are generated in Hong Kong. Information about its non-current assets by geographical location of the assets is detailed below:

	Non Current assets	
	2009	2008
	HK$'000	HK$'000
Hong Kong (country of domicile)	**41,297**	72,037
Mainland China	**3,302**	–
Argentina	**3,247,966**	–
	3,292,565	72,037

(d) Information about major customers

Revenue from sales of goods to customers in Hong Kong representing more than 10% of the Group's total revenue is shown as follows:

	Year ended 31 December	
	2009	2008
	HK$'000	HK$'000
Customer A[1]	**–**	26,046
Customer B[2]	**9,196**	4,108

1 Revenue from trading of non-ferrous metals

2 Revenue from trading of frozen funds

16. EXPLORATION AND EVALUATION ASSETS

The Group

	Exploration rights HK$'000	Exploratory drilling HK$'000	Others HK$'000	Total HK$'000
At 1 January 2008 and 2009	–	–	–	–
Exchange adjustments	(38)	–	(122)	(160)
Arising on acquisition of subsidiaries (note 35(c))	3,217,023	–	359	3,217,382
Additions	–	21,530	9,076	30,606
At 31 December 2009	3,216,985	21,530	9,313	3,247,828

Notes:

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

On 9 March 2009, an Union of Temporary Enterprise ("UTE") agreement was executed by High Luck Group Limited ("High Luck"), an indirect wholly-owned subsidiary of the Company and the Consortium whereunder the Consortium agreed to distribute the interest in the Concessions as to 60% by High Luck, as to 10% by JHP and as to 30% by Maxipetrol. An UTE was set up to take up the interests distributed and to ultimately be the title owner of the concession of exploration permits to the Concessions. The UTE was registered in the Public Register of Commerce in April 2009, in which High Luck became one of the cooperators of the UTE.

The UTE is managed by an Executive Committee ("Committee"), which composes of ten committee members. High Luck is entitled to appoint up to six members in the Committee. High Luck also acts as the UTE's representative that carries out the duties in regard to all legal acts, contracts and other operations related to the purpose of the UTE and pursuant to Section 379 of Law 19,550 on Business Companies. In the opinion of the directors of the Company, High Luck has the power to govern the financial and operating policies of the UTE so as to obtain benefits from its activities and is classified as a subsidiary of the Company.

(b) As for the fair value of the interest in the Concessions acquired, since the valuation was based on prospective resources which indicate exploration opportunities and development potentials only in the event of a petroleum discovery is made, the range of reasonable fair value estimates is so large that the directors of the Company are of the opinion that its fair value cannot be measured reliably. As a result, the directors of the Company are of the opinion that the fair value of the consideration paid for the acquisition of the Concessions was taken to be the fair value of the Group's interest in the Concessions which are determined in accordance with HKFRS 2 "Share-based Payments" and HKAS 39 "Financial Instruments: Recognition and Measurement".

(c) As at the end of the reporting period, according to the accounting policy set out in note 2(l)(iii), the management of the Group determines that there is no impairment of exploration and evaluation assets.

16. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Notes: *(Continued)*

(d) Pursuant to the legal opinion obtained dated 30 April 2009, the exploration permits are subject to the Bidding Terms and the legal regime established by the Federal Hydrocarbons Law nº17,319, as amended and supplemented, as established in the Bid.

According to the aforementioned applicable Argentine law, holders of exploration permits and exploitation concessions are subject to certain obligations, in addition to those expressly imposed in the permits granted by the Province of Salta, including: (i) undertaking all necessary works to discover or extract hydrocarbons utilizing appropriate techniques; (ii) making the investments specified in the concession documents; (iii) avoiding damage to oil & gas fields and wasting of hydrocarbons; (iv) adopting adequate measures to avoid accidents and damage to agricultural activities, the fishing industry and communications networks; (v) paying royalties to the province in which the production occurs; and (vi) complying with all applicable federal, provincial and municipal laws and regulations.

Exploration permits and exploitation concessions may be terminated by the Province upon the occurrence of certain events (generally, as a consequence of lack of fulfilment of obligations assumed under the permit or concession, as the case may be). In particular, section 9.18 of the Bidding Terms establishes that the lack of fulfilment of obligations assumed by the permit holder under the Bid will authorize the authority to apply the sanctions contained in section 80 of Hydrocarbons Federal Law nº17,319 (revocation of permits and concessions). Section 80 of Hydrocarbons Federal Law prescribes that the authority must serve notice to the permit holder or concessionaire requesting it to cure the default within a term that must be fixed by the authority in the notice before revoking the permit or concession as a sanction for the lack of fulfilment of the assumed obligation.

Under Hydrocarbons Federal Law and the Bidding Terms, there is no particular provision that establishes the term that the authority has to give the permit holder or the concessionaire to rectify its default situation before being sanctioned with the revocation of the permit or concession.

Under general principles of law, the term that the authority has to provide to the permit holder or concessionaire has to be reasonable for the permit holder or concessionaire to be able to rectify its default.

The exploration permits to the Concessions will expire on 29 December 2010. On 22 April 2010, the Group submitted an application to the Secretary of Energy of Province of Salta, Argentina for an extension of the exploration permits. The application is in process and no approval was granted up to the date of this report.

Pursuant to another legal opinion obtained in April 2010 as regards the extension of the initial 4-year exploration period, given the existence of reasons arising from natural causes and third parties, duly justified and documented, and essentially beyond the control of the management of the Group, which directly influence, delay and in many cases prevents compliance in a timely manner of the work involved, and extension of primitive term will be obtained to complete the work plan submitted to the Department of Energy, which covers the total investment committed for the initial 4-year exploration period. There are precedents, both national and provincial in which extensions of time limits were considered in cases similar to mentioned above. Based on the above, it is concluded that the Group is able to request an extension of time of a year and that it will be granted.

(e) Pursuant to the agreements for the acquisition of Jade Honest Group (note 35(a)), if within 3 years subsequent to the completion on 4 May 2009, the Company having obtained a technical report in a form and substance reasonably acceptable to the Company having been prepared and issued by a firm of independent technical consultants to be appointed by the Company and agreed by the Vendors showing, and the Company being satisfied, that the aggregate proved reserves (as defined in the PRMS) in the Concessions are not less than 100 million tons of oil, the Company shall forthwith arrange to issue the Contingent Announcement and within 90 days after the publication of the Contingent Announcement on the website of the Stock Exchange, at the choice of the Company after consultation with the Vendors, either (i) pay to the Vendors by a cheque a sum of HK$780,000,000 as to HK$259,740,000 to Vendor 1 and as to HK$520,260,000 to Vendor 2; or (ii) in the event of the Company having obtained the necessary legal and regulatory approvals, pay to the Vendors in aggregate HK$780 million by allotment and issue of new Shares at the price equivalent to the average closing price of the Shares as stated in the Stock Exchange daily quotations sheet for the 10 Business Days immediately preceding the date of the Contingent Announcement in the same proportion as stated in (i) above, or (iii) in the event of the Company having obtained the necessary legal and regulatory approvals, pay to the Vendors in aggregate HK$780 million in the same proportion as stated in (i) above by a combination of cheque and allotment and issue of new Shares at the price equivalent to the average closing price of the Shares as stated in the Stock Exchange daily quotations sheet for the 10 Business Days immediately preceding the date of the Contingent Announcement in any proportion in the absolute discretion of the Company.

The above contingent consideration is a derivative in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement". At the date of acquisition, the estimated reserves are classified as prospective resources by reference to technical report prepared by an international independent technical advisor. Having considered the technical report and the fact that the Concessions are still at the exploration stage, the directors of the Company does not expect that the proved reserves in the areas will exceed 100 million tons of oil. Hence, in the opinion of the directors of the Company, the fair value of the contingent consideration at the date of acquisition and at the end of the reporting period is not significant.

17. FIXED ASSETS

(a) The Group

	Property, plant and equipment				
	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Sub-Total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Cost or valuation					
At 1 January 2008	325	1,580	1,905	73,585	75,490
Exchange adjustments	2	–	2	2,591	2,593
Additions	2,713	1,349	4,062	–	4,062
Disposals	(2,724)	–	(2,724)	–	(2,724)
Fair value adjustment (note d)	–	–	–	(22,224)	(22,224)
Disposal of subsidiaries attributable to discontinued operations (note 36(a)(iv))	(96)	–	(96)	(53,952)	(54,048)
At 31 December 2008	220	2,929	3,149	–	3,149
Representing:					
Cost	220	2,929	3,149	–	3,149
At 1 January 2009	220	2,929	3,149	–	3,149
Exchange adjustments	(2)	–	(2)	–	(2)
Additions	168	–	168	–	168
Additions – through acquisition of subsidiaries (note 35(c))	50	–	50	–	50
At 31 December 2009	**436**	**2,929**	**3,365**	**–**	**3,365**
Representing:					
Cost	436	2,929	3,365	–	3,365

17. FIXED ASSETS *(Continued)*

(a) The Group *(Continued)*

	Property, plant and equipment				
	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Sub-Total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Accumulated depreciation					
At 1 January 2008	67	53	120	–	120
Charge for the year	550	724	1,274	–	1,274
Written back on disposals	(500)	–	(500)	–	(500)
Disposal of subsidiaries attributable to discontinued operations (note 36(a)(iv))	(54)	–	(54)	–	(54)
At 31 December 2008	63	777	840	–	840
At 1 January 2009	63	777	840	–	840
Charge for the year	54	586	640	–	640
At 31 December 2009	**117**	**1,363**	**1,480**	**–**	**1,480**
Carrying amount					
At 31 December 2009	**319**	**1,566**	**1,885**	**–**	**1,885**
At 31 December 2008	157	2,152	2,309	–	2,309

17. FIXED ASSETS *(Continued)*

(b) The Company

	Furniture, fixtures and office equipment HK$'000	Motor vehicle HK$'000	Total property plant and equipment HK$'000
Cost			
At 1 January 2008	18	–	18
Additions	2,706	1,349	4,055
Disposals	(2,724)	–	(2,724)
At 31 December 2008 and 1 January 2009	–	1,349	1,349
Additions	–	–	–
Disposals	–	–	–
At 31 December 2009	**–**	**1,349**	**1,349**
Accumulated depreciation			
At 1 January 2008	1	–	1
Charge for the year	499	270	769
Written back on disposals	(500)	–	(500)
At 31 December 2008 and 1 January 2009	–	270	270
Charge for the year	–	270	270
At 31 December 2009	**–**	**540**	**540**
Carrying amount			
At 31 December 2009	**–**	**809**	**809**
At 31 December 2008	–	1,079	1,079

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

At the end of the reporting period, the carrying amount of the furniture, fixtures and office equipment held under finance leases of the Group was approximately HK$26,000 (2008: HK$38,000).

(d) The investment property of the Group carried at fair value were revalued as at the date of disposal of Elegant Pool Limited, i.e. 24 December 2008, on an open market value basis calculated by reference to recent market transactions. The valuations were carried out by an independent firm of surveyors, who have among their Staff Associates of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

18. INTANGIBLE ASSETS

	The Group	
	2009	2008
	HK$'000	HK$'000
Cost		
At 1 January	**–**	–
Exchange adjustment	**(2)**	–
Arising on acquisition of subsidiaries (note 35(c))	**3,368**	
At 31 December	**3,366**	–
Accumulated amortisation		
At 1 January	**–**	–
Charge for the year	**120**	–
At 31 December	**120**	–
Carrying amount		
At 31 December	**3,246**	–

Intangible assets represents the coal trading licenses held by the Group. The amortisation charge for the year is included in "Administrative expenses" in the consolidated income statement.

During the year, the management of the Group determines that there is no impairment to the intangible assets.

19. INTEREST IN SUBSIDIARIES

	The Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**2,395,092**	–
Less: Impairment loss	**–**	–
	2,395,092	–
Due from subsidiaries	**1,028,050**	120,044
Less: allowance for doubtful debts (note (a))	**–**	–
	1,028,050	120,044
	3,423,142	120,044

Notes:

(a) Movement in the allowance for doubtful debts

	The Company	
	2009	2008
	HK$'000	HK$'000
At 1 January	**–**	48,146
Disposal of subsidiaries	**–**	(48,146)
At 31 December	**–**	–

(b) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

19. INTEREST IN SUBSIDIARIES *(Continued)*

Notes: *(Continued)*

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

Name of company	Place of establishment/ incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Total Belief Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
深圳市源協貿易有限公司 ("Shenzhen Yuanxie") *	PRC	US$1,000,000	100%	–	100%	Investment holding
深圳市志來貿易有限公司 ("Shenzhen Zhilai") **	PRC	RMB5,000,000	51%	–	51%	Investment holding
四會市志來煤炭實業有限公司 ("Sihui Zhilai") **	PRC	RMB5,000,000	51%	–	100%	Coal trading
Jumbo Hope Group Limited	Hong Kong	1 share of HK$1	100%	–	100%	Investment holding
Rich Result Limited	Hong Kong	1 share of HK$1	100%	–	100%	Trading of frozen food
Cheer Profit Group Limited	British Virgin Islands	1 share of US$1	100%	–	100%	Investment holding
High Luck Group Limited	British Virgin Islands/ Hong Kong/ Argentina	100 shares of US$1	100%	–	100%	Investment holding
Maxipetrol Petroleros de Occidente – UTE	Argentina	N/A	60%	–	60%	Exploration of natural resources

* Registered under the laws of the PRC as a wholly foreign owned enterprise ("WFOE").

** Private limited liability company.

20. DEPOSIT PAID FOR POTENTIAL INVESTMENT

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
As at 31 December	**30,000**	54,600	**–**	54,600

On 8 December 2009, Techno Wealth Limited ("Techno Wealth"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding ("MOU") with an independent third party ("Vendor") in relation to the proposed acquisition of 90% of the equity interests of 青龍滿族自治縣宏文黃金有限責任公司 (Qinglong Manzu Autonomous County Hongwen Gold Company Limited) ("Hongwen Gold"), for an initially-agreed consideration of HK$630,000,000. Hongwen Gold is principally engaged in mining and selling of gold concentrates. A refundable deposit of HK$30,000,000 for the proposed acquisition was paid to the Vendor upon execution of the MOU.

On 6 February 2010, Techno Wealth, the Vendor, Hongwen Gold and Mr. Sun Jingzu, an independent third party, entered into a sale and purchase agreement ("Agreement") to acquire the entire issued share capital of Fortune Ease Holdings Limited, which in turn indirectly holds 90% equity interest in Hongwen Gold, and the shareholder's loan for an adjusted aggregate consideration of HK$600,000,000. The adjusted consideration of HK$600,000,000 is to be satisfied by (i) set-off of the HK$30,000,000 deposit paid under the MOU; (ii) HK$30,000,000 payable to the Vendors in cash after the signing of the Agreement; and (iii) HK$540,000,000 by the issue of consideration shares upon completion. The further sum of HK$30,000,000 was paid in cash on 8 February 2010.

The balance of HK$30,000,000 as at the end of the reporting period represents the deposit money paid by the Group in relation to the acquisition of Hongwen Gold. In the previous year, the balance as at the end of the reporting period represents the deposit money paid by the Group in relation to the acquisition of Jade Honest Limited (see note 35(a)).

21. INTEREST IN A JOINTLY CONTROLLED ENTITY

	The Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets	**9,606**	15,128

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

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

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

	2009	2008
	HK$'000	HK$'000
Current assets	**9,646**	15,201
Current liabilities	**(40)**	(73)
Net assets	**9,606**	15,128
Income	**3,467**	–
Expenses	**(8,989)**	(4,372)
Loss for the year	**(5,522)**	(4,372)

22. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (note a)	**2,829**	5,212	**–**	–
Other receivables (note d)	**5,987**	51,718	**–**	236
Amount due from a minority shareholder	**2**	–	**–**	–
Loans and receivables	**8,818**	56,930	**–**	236
Held-to-maturity securities (note e)	**11,342**	–	**–**	–
Prepayment and deposits	**22,287**	34,785	**265**	34,361
	42,447	91,715	**265**	34,597

All of the trade and other receivables (including amount due from a minority shareholder) are expected to be recovered or recognised as expense within one year.

Notes:

(a) Ageing analysis

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the reporting date.

	The Group	
	2009	2008
	HK$'000	HK$'000
0 – 14 days	**–**	5,212
15 – 60 days	**480**	–
61 – 90 days	**441**	–
Over 90 days	**1,908**	–
	2,829	5,212

Trade receivables are due within 14 days (2008: 90 days) from the date of billing. Further details on the Group's credit policy are set out in note 34(a).

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(b) Impairment of trade and other receivables

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

The movement in the allowance for doubtful debts during the year including both specific and collective loss components, is as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
At 1 January	**–**	8,722
Impairment losses recognised	**–**	–
Uncollectible amounts written off	**–**	(1,000)
Disposal of subsidiaries attributable to discontinued operations	**–**	(7,722)
At 31 December	**–**	–

The Group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

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

	The Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**–**	5,212
Past due but not impaired		
– Less than 1 month past due	**480**	–
– 1 to 3 months past due	**973**	–
– 3 to 6 months past due	**1,376**	–
	2,829	5,212

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

Receivable that was past due nor impaired related to an independent customer that the balance was fully settled subsequent to the end of the reporting period. The Group does not hold any collateral over this balance.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

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

(i) the remaining consideration receivable of HK$39,880,000 on disposal of Elegant Pool Limited and as disclosed in note 36(a)(ii). The balance bore interest at 5% per annum, repayable on 24 September 2009 and secured by the equity shares of Elegant Pool Limited. The balance was fully repaid during the current year; and

(ii) the consideration receivable of HK$11,600,000 for the disposal of the sub-underwriting shares of a company listed on the main board of the Stock Exchange to an independent third party. The balance was unsecured, bearing interest at 6% per annum and repayable on 1 July 2009. The balance was fully repaid during the current year.

(e) Held-to-maturity securities are unlisted with maturity date on 5 January 2010. Their carrying amount as at 31 December 2009 approximates to their fair value.

23. PLEDGED BANK DEPOSITS

The amounts represent deposits pledged to a bank to secure banking facilities granted to an independent third party. The deposits carry fixed interest rate of 1.71% per annum. These deposits have been pledged to secure a short-term financial guarantee (see note 39(b)) and therefore are classified as current assets. The pledged deposits were released on 6 April 2010 when the financial guarantee was released and expired. There was no pledged bank deposit in the previous year.

24. CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks	**93,001**	107,607	**93,001**	107,607
Cash at bank and in hand	**70,746**	46,478	**1,504**	21,206
Cash and cash equivalents in the statement of financial position and statement of cash flows	**163,747**	154,085	**94,505**	128,813

Bank balances carry interest at market rates ranged from 0.02% to 1.71% (2008: 0.1% to 2.45%) per annum.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (note a)	**257**	2,504	**–**	–
Other payables and accruals	**13,277**	2,942	**4,191**	2,929
Amounts due to directors	**202**	638	**202**	638
Amount due to a subsidiary	**–**	–	**120**	–
Financial liabilities measured at amortised cost	**13,736**	6,084	**4,513**	3,567

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

Notes:

(a) The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	The Group	
	2009	2008
	HK$'000	HK$'000
0 – 14 days	**–**	2,504
15 – 60 days	**257**	–
	257	2,504

26. CONVERTIBLE NOTES

(a) On 4 May 2009, pursuant to the agreements for the acquisition of the Jade Honest Group (note 35(a)), the Company issued HK$1,832,400,000 zero coupon convertible notes to nominees of the Vendors. The convertible notes confer to the noteholder the right to convert into the Company's shares at a conversion price of HK$0.32 per share, with maturity date falling on the thirtieth anniversary of the date of issue for the settlement of part of the consideration of the acquisition of the Jade Honest Group.

Pursuant to the terms of the convertible notes, the Company has no obligation to repay any outstanding amount of the convertible notes at any time of the conversion period up to maturity, but has the right to redeem the whole or any part of the outstanding principal amount of the convertible notes at an amount equal to 100% of the principal amount of the convertible notes being redeemed at any time after the issue of the convertible notes up to maturity.

26. CONVERTIBLE NOTES *(Continued)*

(a) *(Continued)*

The convertible notes are interest-free and are freely transferable with the prior consent of the Company and, if required, that of Stock Exchange.

The noteholders may at any time before the maturity date convert the whole or part of the principal amount of the convertible notes into new ordinary shares of the Company at the conversion price of HK$0.32 per share, provided that (i) no conversion rights attached to the convertible notes may be exercised, to the extent that following such exercise, a holder of the convertible notes and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 20% or more of the voting rights of the Company (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer); and (ii) no holder of the convertible notes shall exercise the conversion right attached to the convertible notes held by such holders if immediately after such conversion, the public float of the shares falls below the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules as required by the Stock Exchange. The conversion price of HK$0.32 per share is subject to adjustment for the consolidation or sub-division of shares, capitalisation of profits or reserves or subsequent issue of securities by the Company.

In the opinion of the directors of the Company, since the convertible notes are not repayable by the Company and the Company has no intention to redeem any convertible notes at any time up to maturity, the convertible notes are therefore classified as equity instruments containing an equity element only and are presented in equity heading "convertible notes reserve".

The total number of ordinary shares of the Company to be issued under the convertible notes is 5,726,250,000 of HK$0.10 each. The fair value of the convertible notes are determined by reference to the closing market price of the ordinary shares of the Company, being HK$0.51, at the issue date of the convertible notes.

The movement of the amount of the convertible notes during the year is set out below:

	2009 **HK$'000**	2008 HK$'000
At the beginning of the year	**–**	–
Issued upon the acquisition of Jade Honest (note 35(a))	**2,897,132**	–
Converted during the year	**(2,142,287)**	–
At the end of the year	**754,845**	–

26. CONVERTIBLE NOTES *(Continued)*

(a) *(Continued)*

At the time when the convertible notes are converted into ordinary shares of the Company, the nominal value of the shares issued upon conversion will be transferred from the convertible notes reserve to the share capital account while the difference between the fair value of the convertible notes at their issue dates and the nominal value of the shares issued will be transferred from the convertible notes reserve to the share premium. During the year, convertible notes with an aggregate carrying amount of HK$2,142,287,000 (principal amount of HK$1,354,970,000) were converted into 4,234,281,000 of the Company's shares. Accordingly, HK$423,428,000 was transferred to share capital account while HK$1,718,859,000 was transferred to share premium. If the remaining convertible notes with an aggregate carrying amount of HK$754,845,000 are fully converted into ordinary shares of the Company subsequently, HK$149,197,000 will be transferred to the share capital account while the remaining HK$605,648,000 will be transferred to the share premium.

(b) On 20 November 2009, the Company issued convertible notes with maturity date on the second anniversary of the date of issue (the "Second Tranche") for an aggregate principal amount of HK$124,000,000. The convertible notes bear interest at 3% per annum payable semi-annually and are unsecured and freely transferrable.

The noteholders may at any time before maturity convert the whole or part of the principal amount of the convertible notes into new ordinary shares of the Company at the conversion price of (i) HK$0.31 per share from the issue date up to the date falling six months after the issue date of the convertible notes; and (ii) HK$0.35 per share from the next date falling six months after the issue date of the convertible notes up to maturity. The conversion prices are subject to adjustment for the consolidation or sub-division of shares, capitalisation of profits or reserves or subsequent issue of securities in the Company.

Upon maturity, the convertible notes, in respect of which the conversion rights have not been exercised, will be redeemed at their principal amount together with any accrued interest in cash.

As the convertible notes have different convertible prices during the conversion period, the conversion of the convertible notes will not be settled by an exchange of a fixed number of the Company's equity instruments. In accordance with the requirements of HKAS 39 "Financial Instruments: Recognition and Measurement", the convertible notes must be separated into a liabilities component consisting of the straight debt element and an option right of the noteholders to convert the convertible notes into equity. The proceeds received from the issue of the convertible notes have been split as follows:

(i) Liability components were initially measured by deducting the fair value of the embedded financial derivative from the proceeds of issue of the convertible notes as a whole.

The interest charged for the period is calculated by applying an effective interest rate of 19.88% to the liabilities component since the convertible notes were issued.

(ii) Embedded derivative comprise the fair value of the conversion option of the noteholders to convert the convertible notes into the Company's shares.

26. CONVERTIBLE NOTES *(Continued)*

(b) *(Continued)*

(iii) The fair value of the embedded financial derivative was calculated using the Trinomial Option Pricing Model. The major inputs used in the model as at the issue date were as follows:

Stock price	HK$0.365
Exercise price	HK$0.310
Risk-free rate	0.09%
Expected option period	0.5 year
Expected volatility	57.423%
Expected dividend yield	0%

The risk-free rate was determined with reference to the Hong Kong Exchange Fund Notes Yields. The expected option period is estimated based on the terms of the convertible notes. The expected volatility was determined based on the historical price volatilities of the Company under the same period as the expected option period.

Any changes in the major inputs into the model will result in changes in the fair value of the embedded financial derivative. The variables and assumptions used in calculating the fair value of the embedded financial derivative are based on the directors' best estimates.

The movement of the liability component and embedded financial derivative of the Second Tranche of the convertible notes for the year is set out below:

	Liability component HK$'000	**Embedded financial derivatives** HK$'000	**Total** HK$'000
As at 1 January 2008 and 2009	–	–	–
Issued during the year	92,251	31,749	124,000
Transaction cost incurred	(4,613)	–	(4,613)
Effective interest charged during the year (note 6(a))	258	–	258
Changes in fair value during the year (note 5(b))	–	(8,055)	(8,055)
Converted during the year	(87,896)	(23,694)	(111,590)
As at 31 December 2009	–	–	–

The fair value of the liabilities component of the convertible notes is calculated using cash flows discounted at a rate based on the effective interest rate of 23.08%

The changes in the fair value of the embedded financial derivative for the year resulted in a fair value gain of HK$8,055,000 (2008: HK$Nil)

At the time when the convertible notes are converted into ordinary shares of the Company, the nominal value of the shares issued upon conversion will be transferred from the liability component and the embedded financial derivative component of the convertible notes to the share capital account while the difference will be transferred to the share premium. During the year, all convertible notes were converted into 400,000,000 number of the Company's shares. Accordingly, HK$40,000,000 was transferred to share capital account while HK$71,590,000 was transferred to share premium.

27. PROMISSORY NOTES

	2009 HK$'000	2008 HK$'000
At beginning of year	–	–
Issued upon acquisition of Jade Honest Group (note 35(a))	108,551	–
Effective interest charged (note 6(a))	1,408	–
Interest waived upon early settlement (note 5(c))	(476)	–
Settled during the year	(120,300)	–
Loss on early settlement (note 6(c))	10,817	–
At end of year	–	–

On 4 May 2009, pursuant to the agreements for the acquisition of the Jade Honest Group (note 35(a)), the Company issued promissory notes of HK$123,000,000 to the nominees of the Vendors, with maturity date falling on the third anniversary of the date of issue for the settlement of part of the consideration for the acquisition of the Jade Honest Group. The promissory notes bear interest at 2% per annum payable on the maturity date and are unsecured and freely transferrable.

The carrying amount of the promissory notes is denominated in Hong Kong dollars and effective interest rate as at the issue date was 6.30% based on the maturity period of 3 years.

All promissory notes were fully repaid on 3 December 2009.

28. BANK AND OTHER BORROWINGS

	The Group		The Company	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Bank borrowings, unsecured and guaranteed	45,368	–	–	–
Other borrowing, unsecured	40,000	–	40,000	–
	85,368	–	40,000	–

The bank and other borrowings as at 31 December 2009 were expected to be settled within one year.

The other borrowing was obtained from an independent third party, and bears interest at 3.5% per annum and is repayable on 22 December 2010.

29. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2009, the Group had obligations under finance leases payable as follows:

	The Group			
	2009		2008	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**12**	**13**	12	13
After 1 year but within 2 years	**12**	**13**	12	13
After 2 years but within 5 years	**1**	**1**	13	13
	13	**14**	25	26
	25	**27**	37	39
Less: total future interest expenses		**(2)**		(2)
Present value of lease obligations		**25**		37

30. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	The Group and the Company	
	2009	2008
	HK$'000	HK$'000
Provision for the year		
– PRC Enterprise Income Tax	**44**	154
Provisional tax paid		
– PRC Enterprise Income Tax	**(32)**	(136)
	12	18

(b) Deferred tax liabilities recognised:

The component of deferred tax liability recognised in the consolidated statement of financial position and the movements during the current and the previous year is as follows:

	Revaluation of investment properties HK$'000
The Group	
At 1 January 2008	1,286
Charged to income statement	–
Disposal of subsidiaries attributable to discontinued operations (note 36(a)(iv))	(1,286)
At 31 December 2008 and 1 January 2009	–
Charged to income statement	–
At 31 December 2009	**–**

30. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(Continued)*

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$19,662,000 (2008: HK$15,721,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and for the entity. The tax losses do not expire under current tax legislation.

31. PROVISIONS

Provision for compensation to landowners

The Group	HK$'000
As 1 January 2009	–
Additional provision made	7,713
Provisions utilised	–
At 31 December 2009	7,713
Less: Amount included under "current liabilities"	(7,713)
	–

Pursuant to the terms and conditions set out in the bidding documents in relation to the exploration permits of the Concessions, the Group is obliged to indemnify the surface owners for any damage caused by the activities conducted by them. Provision is therefore made for the best estimate of the expected settlement by the directors of the Company, after seeking advice from an Argentine solicitor, for the compensation to be paid for the entry permit and implementation of work as regards to property involved in explorative operations within one year prior to the end of the reporting period. As at the end of the period, Argentine Peso 3,800,000 (equivalent to approximately HK$7,713,000) was included in the exploration and evaluation assets in respect of such compensation to be incurred.

32. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

The total number of shares which may be issued upon exercise of all options to be granted under the scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on the adoption date of the scheme (i.e., 433,302,000 shares). As at the date of this report, 7,372,466,000 shares of the Company were in issue.

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

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

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

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

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

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

	2009 Weighted average exercise price HK$'000	**2009** Number of shares issuable under options granted HK$'000	2008 Weighted average exercise price HK$'000	2008 Number of shares issuable under options granted HK$'000
Outstanding at the beginning of the year	**HK$0.6**	**34,664,000**	HK$0.6	38,997,000
Granted during the year	**HK$0.6**	**–**	HK$0.6	–
Exercised during the year	**HK$0.6**	**–**	HK$0.6	(4,333,000)
Outstanding at the end of the year	**HK$0.6**	**34,664,000**	HK$0.6	34,664,000
Exercisable at the end of the year	**HK$0.6**	**34,664,000**	HK$0.6	34,664,000

The weighted average share price at the date the share options were exercised during the year was HK$Nil (2008: HK$1.17).

The share options outstanding at 31 December 2009 had an exercise price of HK$0.60 (2008: HK$0.60) (note 33(b)(iv)) and a weighted average remaining contractual life of 2 years (2008: 3 years).

33. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Contributed surplus HK$'000	Shares to be issued HK$'000	Convertible notes reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 January 2008	77,764	353,001	11,554	122,864	–	–	(200,771)	364,412
Change in equity for 2008								
Shares issued under share option scheme (note 33(b)(iii))	433	3,451	(1,284)	–	–	–	–	2,600
Total comprehensive income for the year	–	–	–	–	–	–	(31,464)	(31,464)
At 31 December 2008	78,197	356,452	10,270	122,864	–	–	(232,235)	335,548
At 1 January 2009	78,197	356,452	10,270	122,864	–	–	(232,235)	335,548
Changes in equity for 2009								
Issue of consideration shares (note 35(a))	9,375	38,437	–	–	–	–	–	47,812
Shares to be issued pursuant to the acquisition of subsidiaries (note 35(a))	–	–	–	–	95,625	–	–	95,625
Issue of convertible notes (note 26(a))	–	–	–	–	–	2,897,132	–	2,897,132
Shares issued upon conversion of convertible notes (note 33(b)(ii))	463,428	1,790,449	–	–	–	(2,142,287)	–	111,590
Total comprehensive income for the year	–	–	–	–	–	–	(13,511)	(13,511)
At 31 December 2009	**551,000**	**2,185,338**	**10,270**	**122,864**	**95,625**	**754,845**	**(245,746)**	**3,474,196**

33. CAPITAL AND RESERVES *(Continued)*

(b) Share capital

(i) Authorised and issued share capital

	2009		2008	
	Number of shares '000	**HK$'000**	Number of shares '000	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**20,000,000**	**2,000,000**	20,000,000	2,000,000
Ordinary shares, issued and fully paid:				
At 1 January	**781,971**	**78,197**	777,638	77,764
Shares issued under share option scheme (note iii)	**–**	**–**	4,333	433
Issue of consideration shares (note 35(a))	**93,750**	**9,375**	–	–
Shares issued upon conversion of convertible notes (note (ii))	**4,634,281**	**463,428**	–	–
At 31 December	**5,510,002**	**551,000**	781,971	78,197

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

(ii) Share issued upon conversion of convertible notes

– On 4 May 2009, the Company issued convertible notes for an aggregate principal amount of HK$1,832,400,000 (note 26(a)). During the year, convertible notes for a principal amount of HK$1,354,970,000 were converted and 4,234,281,000 ordinary shares of the Company were issued. Up to the date of this report, convertible notes totalling HK$1,609,940,000 were converted into 5,031,063,000 ordinary shares of the Company.

– On 20 November 2009, the Company issued convertible notes for an aggregate principal amount of HK$124,000,000 (note 26(b)). In November 2009, all convertible notes were converted and 400,000,000 ordinary shares of the Company were issued.

(iii) Shares issued under share option scheme

On 6 June 2008, options were exercised to subscribe for 4,333,000 ordinary shares in the Company for a consideration of HK$2,600,000 of which HK$433,000 was credited to share capital and the balance of HK$2,167,000 was credited to the share premium account. HK$1,284,000 has been transferred from the employee share-based compensation reserve to the share premium account in accordance with the accounting policy set out in note 2(s)(ii). No option was exercised during the year 2009.

33. CAPITAL AND RESERVES *(Continued)*

(b) Share capital *(Continued)*

(iv) Terms of unexpired unexercised share options at the end of the reporting period:

Exercisable period	Exercise price	**2009** Number of shares issuable under option granted	2008 Number of shares issuable under option granted
8 May 2007 to 7 May 2012	HK$0.60	**34,664,000**	34,664,000

(v) Shares issued under subscription and placement

– On 18 January 2010, Max Sun Enterprises Limited ("Max Sun"), the immediate holding company of the Company, entered into a subscription agreement with the Company to subscribe for 322,582,000 new ordinary shares of HK$0.1 each of the Company at HK$0.31 per share. The new ordinary shares of HK$0.1 each were issued on 26 February 2010.

– On 19 January 2010, the Company entered into a placing agreement with an independent placing agent to place an aggregate of 743,100,000 new ordinary shares of HK$0.1 each of the Company at HK$0.31 per share. The new ordinary shares of HK$0.1 each were issued on 28 January 2010 and the placement was then completed in February 2010.

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) Employee share-based compensation reserve

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

(iii) Capital reserve

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

(iv) Exchange fluctuation reserve

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

33. CAPITAL AND RESERVES *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(v) Contributed surplus

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

(vi) Convertible notes reserve

The convertible notes reserve comprises the value of the unexercised equity component of convertible notes issued by the Group.

(vii) Shares to be issued

An obligation to issue a fixed number of the Company's own shares at a fixed amount is an equity instrument and recognised in the reserve (shares to be issued). The balance will be transferred to share capital and share premium once shares are issued. Any excess of par value of issued shares will be transferred to share premium.

(d) Distributability of reserves

At 31 December 2009, the Company had no reserves available for cash distribution and/or distribution in specie. Under the Companies Act 1981 of Bermuda (as amended), the Company's contributed surplus in the amount of HK$122,864,000 (2008: HK$122,864,000) is currently not available for distribution. The Company's share premium account in the amount of HK$2,185,338,000 as at 31 December 2009 (2008: HK$356,452,000), may be distributed in the form of fully paid bonus shares.

(e) Capital management

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

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

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

33. CAPITAL AND RESERVES *(Continued)*

(e) Capital management *(Continued)*

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain the ratio within 10% to 40%. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

The net debt-to-capital ratio as at 31 December 2009 and 2008 was as follow:

	2009	2008
	HK$'000	HK$'000
Bank and other borrowings (note 28)	**85,368**	–
Obligations under finance leases (note 29)	**25**	37
Total borrowings	**85,393**	37
Less: Cash and cash equivalents (note 24)	**(163,747)**	(154,085)
Net debt	**(78,354)**	(154,048)
Total equity	**3,429,525**	311,698
Adjusted gearing ratio	**(2%)**	(49%)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk

(i) As at 31 December 2009, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance and the amount of contingent liabilities in relation to financial guarantees issued by the Group as disclosed in note 39(b).

(ii) In respect of trade and other receivables, in order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 14 days (2008: 90 days) from the date of billing.

(iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the reporting period, the Group had a certain concentration of credit risk as 93% (2008: nearly all) of the total trade and other receivables was due from two (2008: four) customers/debtors of the Group.

(iv) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group monitors closely the credit ratings of these counterparties and will take appropriate action when their ratings change. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22.

(v) As set out in note 39(a), the financial guarantees given by the Group in 2009 was released on 6 April 2010.

(b) Liquidity risk

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

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk *(Continued)*

The following table sets out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company are required to pay:

The Group

	2009						2008					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities												
Trade and other payables	13,736	–	–	–	13,736	13,736	6,084	–	–	–	6,084	6,084
Bank and other borrowings	88,566	–	–	–	88,566	85,368	–	–	–	–	–	–
Obligations under finance leases	13	13	1	–	27	25	13	13	13	–	39	37
	102,315	13	1	–	102,329	99,129	6,097	13	13	–	6,123	6,121
Financial guarantee issued												
Maximum amount guaranteed (note 39(a))	26,654	–	–	–	26,654	–	–	–	–	–	–	–

The amounts included above for financial guarantee contracts represent the maximum amounts that could be required to be paid if the guarantee were called upon in entirety.

The Company

	2009						2008					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payable	4,513	–	–	–	4,513	4,513	3,567	–	–	–	3,567	3,567
Other borrowing	41,365	–	–	–	41,365	40,000	–	–	–	–	–	–
	45,878	–	–	–	45,878	44,513	3,567	–	–	–	3,567	3,567

(c) Interest rate risk

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

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

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk *(Continued)*

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

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank deposits, receivables and borrowings at the end of the reporting period:

	2009		2008	
	Effective interest rates %	**HK$'000**	Effective interest rates %	HK$'000
Fixed rate bank deposit and receivables:				
Restricted bank deposits	**0%**	**9,265**	–	–
Pledged bank deposit	**1.71%**	**28,355**	–	–
Deposit with banks	**0.02% – 0.3%**	**93,001**	0.1% – 1.4%	107,607
Other receivables	**–**	**–**	5% – 6%	51,480
Total bank deposits and receivables		**130,621**		159,087
Fixed rate borrowings:				
Bank borrowings	**4.779%**	**45,368**	–	–
Other borrowing	**3.5%**	**40,000**	–	–
Obligations under finance leases	**2.85%**	**25**	2.85%	37
Total borrowings		**85,393**		37
Total bank deposits, receivables and borrowings		**216,014**		159,124
Fixed rate bank deposits and receivables as a percentage of total bank deposits, receivables and borrowings		**60%**		100%
Fixed rate borrowings as a percentage of total bank deposits, receivables and borrowings		**40%**		–

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

All of the borrowings and other receivables of the Group which are fixed rate instruments are insensitive to any changes in interest rates. A change in interest rate at the end of the reporting period would not affect profit or loss.

At 31 December 2009, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax and accumulated losses by approximately HK$314,000 (2008: HK$229,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for variable rate interest bearing financial instruments in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for 2008.

(d) Currency risk

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

(i) Exposure to currency risk

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

Exposure to foreign currencies (expressed in Hong Kong dollars)

	2009			2008		
	Renminbi HK$'000	**United States Dollars HK$'000**	**Euros HK$'000**	Renminbi HK$'000	United States Dollars HK$'000	Euros HK$'000
The Group						
Trade and other receivables	**–**	**159**	**–**	1,002	–	–
Cash and cash equivalents	**–**	**7,362**	**10**	10	51	9
Trade and other payables	**–**	**–**	**–**	(1,703)	(47)	–
Net exposure arising from recognised assets and liabilities	**–**	**7,521**	**10**	(691)	4	9

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(i) Exposure to currency risk (Continued)

Exposure to foreign currencies (expressed in Hong Kong dollars)

	2009			2008		
	Renminbi HK$'000	**United States Dollars HK$'000**	**Euros HK$'000**	Renminbi HK$'000	United States Dollars HK$'000	Euros HK$'000
The Company						
Other receivables	**–**	**–**	**–**	1,002	–	–
Cash and cash equivalents	**–**	**–**	**–**	10	51	–
Other payables	**–**	**–**	**–**	(1,703)	(47)	–
Exposure arising from recognised assets and liabilities	**–**	**–**	**–**	(691)	4	–

(ii) Sensitivity analysis

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

The Group

	2009			2008		
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses HK$'000**	**Effect on other components of equity HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK$'000	Effect on other components of equity HK$'000
Renminbi	**5%**	**–**	**–**	5%	107	107
	-5%	**–**	**–**	-5%	163	163
United States dollars	**5%**	**384**	**384**	5%	–	–
	-5%	**(368)**	**(368)**	-5%	(1)	(1)
Euros	**5%**	**–**	**–**	5%	–	–
	-5%	**(1)**	**(1)**	-5%	(1)	(1)

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. The analysis excludes differences that would result from the transaction of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2008.

(e) Fair values

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

(f) Estimation of fair values

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

(i) Interest-bearing loans and borrowings

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

(ii) Financial guarantees

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

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Jade Honest

On 4 May 2009, the Company completed its acquisition of 100% equity interest in Jade Honest Limited ("Jade Honest"), a company that directly held 100% equity interest in High Luck which is the beneficial and registered owner of 60% interest in the Concessions, from independent third parties for a consideration of HK$3,213,001,000 and a contingent consideration of HK$780,000,000 (see note 16(e)). This transaction has been reflected as purchases of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of Jade Honest are summarised below:

	HK$'000
NET ASSETS ACQUIRED	
Exploration and evaluation assets (note 16)	3,217,382
Other receivables	9
Cash and cash equivalents	2,723
Other payables and accruals	(8,128)
Current taxation	(72)
Amounts due to shareholders	(817,909)
Net assets	2,394,005
Minority interests	1,087
Assignment of shareholders' loan	817,909
	3,213,001
Consideration satisfied by:	
Deposit for acquisition of subsidiaries paid in previous years (note 20)	54,600
Issuance of new shares (note)	143,437
Promissory notes (note 27)	108,551
Convertible notes (note 26(a))	2,897,132
Direct expenses incurred in connection with acquisition of subsidiaries	
– paid in previous years	3,758
– paid during the year	5,523
	3,213,001
Cash and cash equivalents acquired	2,723
Cash consideration paid	(5,523)
Net outflow of cash and cash equivalents in respect of the acquisition of Jade Honest	(2,800)

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of Jade Honest *(Continued)*

Note:

Pursuant to the agreements for the acquisition of Jade Honest, three tranches of share issue will be made on completion, three months after completion and six months after completion respectively.

In the first tranche, 93,750,000 new shares were issued on 4 May 2009. The fair value of the shares issued amounting to approximately HK$47,813,000 was determined using the published closing price of HK$0.51 on 4 May 2009.

As at 31 December 2009, the Company had approximately 187,500,000 shares to be issued in connection with the acquisition of Jade Honest. The fair value of the shares to be issued was determined using the published closing price of HK$0.51 at the date of completion, amounting to approximately HK$95,625,000.

In July 2009, Mr. Wong Cheung Yiu and Mr. Chan Koon Wa (the "Vendors"), instructed the Company to stop the issue of the second tranche consideration shares ("T2 Shares") to the nominees assigned by them under an irrevocable payment instructions but issue the consideration shares to them directly instead. However, under the irrevocable payment instructions, the Company is obliged to issue the consideration shares to the nominees directly. After seeking the legal advice from an independent legal adviser, the Company made an application to the High Court of Hong Kong ("Court") on 4 August 2009 for an interpleader relief for the purpose of seeking an order or direction from the Court concerning the allotment and issue of the T2 Shares ("First Proceedings"). First hearing in respect of the interpleader relief took place on 16 December 2009. It was adjudged on the same date that the Company is to abide by and be bound by the Court's determination of the issues in relation to the entitlement of the T2 Shares and to allot and issue the T2 Shares as the Court may direct after the final determination of the issues. Up to the date of this report, the Company has not been informed that the issues have been determined and the issue of the T2 Shares was suspended.

Prior to the due date of issue of the third tranche consideration shares ("T3 Shares") on 4 November 2009, the Company faced the same issue as mentioned in the preceding paragraph. On 4 November 2009, the Company initiated proceedings ("Second Proceedings") of a similar nature to the First Proceedings. The hearing of the Second Proceedings has been fixed to be on 24 May 2010.

A legal opinion was obtained from the Company's legal advisor on 23 April 2010. Pursuant to the legal opinion obtained, the legal advisor is of the opinion that:

(i) there is a possibility, but most unlikely, that the Vendors and the nominees assigned by the Vendors (collectively "Respondants") in the interpleader proceedings (i.e., First Proceedings and Second Proceedings) could make allegations against the Company in view of that no allegations have made until now;

(ii) any claim that the Respondants may make would be for non-delivery of the T2 shares and T3 shares. However, the Company had made it clear in the interpleader proceedings that it was ready, willing and able to make delivery, but is confounded as to whom delivery should be made. The reason for the interpleader proceedings was to protect the Company against possible allegations that the Company was in default by not delivering. The Court has awarded costs in favour of the Company in the interpleader proceedings. This is a clear indication that there is nothing before the Court to lead it to believe that there was any impropriety on the part of the Company. From this, it can be seen that a probable claim against the Company is remote at best; and

(iii) the issue of the two tranches of consideration shares after completion are post-completion events. The first tranche of consideration shares were issued on 4 May 2009 in accordance with the irrevocable payment Instructions. The mere fact that the second and third tranches of consideration shares have not yet been issued did not affect the fact that completion of the sale and purchase agreements have taken place so far as the Company is concerned.

Based on the above legal opinion, the directors of the Company were of the opinion that the possible allegations make against the Company was remote. No provision is considered necessary.

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Acquisition of Shenzhen Zhilai

On 7 December 2009, the Company completed its acquisition of 51% equity interest in 深圳市志來貿易有限公司 ("Shenzhen Zhilai"), a company that directly held 100% equity interest in 四會市志來煤炭實業有限公司 ("Sihui Zhilai") which holds a coal trading license in PRC, from an independent third party for a consideration of RMB2,550,000 (approximately HK$2,894,000). This transaction has been reflected as purchases of assets and liabilities.

Details of the net assets acquired at fair value in respect of the acquisition of Shenzhen Zhilai are summarised below:

	HK$'000
NET ASSETS ACQUIRED	
Property, plant and equipment	50
Intangible assets	3,368
Prepayments, deposits and other receivables	454
Cash and cash equivalents	53,053
Other payables and accruals	(5,858)
Bank borrowings	(45,393)
Net assets	5,674
Minority interests	(2,780)
Total consideration – satisfied by deferred consideration (note)	2,894
Cash and cash equivalents acquired	53,053
Cash consideration paid	–
Net inflow of cash and cash equivalents in respect of the acquisition of Shenzhen Zhilai	53,053

Note:

The deferred consideration will be settled by cash on or before 24 November 2010 according to the terms under share transfer agreement.

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) Summary of acquisition of subsidiaries

Details of the net assets acquired at fair value in respect of the acquisition of the above subsidiaries are summarised below:

	HK$'000
NET ASSETS ACQUIRED	
Exploration and evaluation assets (note 16)	3,217,382
Property, plant and equipment (note 17(a))	50
Intangible assets (note 18)	3,368
Prepayments, deposits and other receivables	463
Cash and cash equivalents	55,776
Other payables and accruals	(13,986)
Bank borrowings	(45,393)
Current taxation	(72)
Amounts due to shareholders	(817,909)
Net assets	2,399,679
Minority interests	(1,693)
Assignment of shareholders' loan	817,909
	3,215,895
Total purchase consideration satisfied by:	
Deposit for acquisition of subsidiaries paid in previous years (note 20)	54,600
Issuance of new shares	143,437
Promissory notes (note 27)	108,551
Convertible notes (note 26(a))	2,897,132
Direct expenses incurred in connection with acquisition of subsidiaries	
– paid in previous years	3,758
– paid during the year	5,523
Deferred consideration	2,894
	3,215,895
Cash and cash equivalents acquired	55,776
Cash consideration paid	(5,523)
Net cash inflow arising on acquisitions	50,253

36. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries attributable to discontinued operations

For the year ended 31 December 2008

(i) Smart Wave Limited

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

	HK$'000
NET LIABILITIES DISPOSED OF	
Other property, plant and equipment	42
Inventories	152,512
Trade and other receivables	33,669
Cash and cash equivalents	44
Amount due to intermediate holding company	(33,764)
Trade and other payables	(164,579)
Other borrowing	(11,389)
	(23,465)
Assignment of amounts due from subsidiaries	33,764
Exchange fluctuation reserve realised	(2,849)
Gain on disposal of discontinued operation (note 9(a))	4,800
Total consideration – satisfied by cash	12,250
Cash consideration received	12,250
Cash and cash equivalents disposed of	(44)
Net cash inflow arising from disposal	12,206

The impact of Smart Wave Limited on the Group's results and cash flows for the period from 1 January 2008 to 30 June 2008 has been disclosed in note 9(a).

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

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

(ii) Elegant Pool Limited

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

	HK$'000
NET LIABILITIES DISPOSED OF	
Investment properties	53,952
Amount due to immediate holding company	(54,287)
Deferred tax liabilities	(1,286)
Current taxation	(2,263)
	(3,884)
Assignment of amounts due from the subsidiaries	54,287
Exchange fluctuation reserve realised	(1,755)
Gain on disposal of discontinued operation (note 9(b))	1,232
	49,880
Satisfied by:	
Cash consideration received	10,000
Deferred consideration (note 22(d)(i))	39,880
	49,880
Cash consideration received	10,000
Net cash inflow arising from disposal	10,000

The impact of Elegant Pool Limited on the Group's results and cash flows for the period from 1 January 2008 to 24 December 2008 has been disclosed in note 9(b).

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

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

(iii) New Times Finance Limited and Jefta Holdings Limited

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

	HK$'000
NET LIABILITIES DISPOSED OF	
Trade and other receivables	159
Loan receivables	–
Trade and other payables	(1,683)
	(1,524)
Gain on disposal of discontinued operations (note 9(c))	1,524
Total consideration	–
Net cash inflow/outflow arising from disposal	–

The impact of New Times Finance Limited and Jefta Holdings Limited on the Group's results and cash flows for the period from 1 January 2008 to 1 December 2008 has been disclosed in note 9(c).

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

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

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

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

	HK$'000
Property, plant and equipment (note 17(a))	42
Investment properties (note 17(a))	53,952
Inventories	152,512
Trade and other receivables	33,828
Cash an cash equivalents	44
Amount due to immediate holding company	(54,287)
Amount due to intermediate holding company	(33,764)
Trade and other payables	(166,262)
Other borrowing	(11,389)
Deferred tax liabilities (note 30(b))	(1,286)
Current taxation	(2,263)
	(28,873)
Assignment of amounts due from subsidiaries	88,051
Exchange fluctuation reserve realised	(4,604)
Gain on disposal of discontinued operations (note 9(d))	7,556
Total consideration	62,130
Satisfied by:	
Cash consideration received	22,250
Deferred consideration (note 22(d)(i))	39,880
	62,130
Cash consideration received	22,250
Cash and cash equivalents disposed of	(44)
Net cash inflow arising from disposals	22,206

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

For the year ended 31 December 2008

(i) Disposal of New Times Holdings Limited

As explained in note 36(a)(iii), on 1 December 2008, the Group disposed of its entire equity interest in together with shareholders' loan of NTHL to an independent third party for an aggregate consideration of HK$500. Other than its principal investments in New Times Finance Limited and Jefta Holdings Limited, NTHL held various dormant subsidiaries. The net liabilities of these subsidiaries at the date of disposal were as follows:

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

(ii) Disposal of Optima Worldwide Investment Limited

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

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

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

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

(iii) Summary of disposal of subsidiaries

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

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

37. MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
Taifook Securities Company Limited New World Development Company Limited New World Insurance Management Limited	The company's controlled by Dato' Dr. Cheng Yu Tung, the ultimate beneficiary of the single largest shareholder of the Company

(a) The following is a summary of significant related party transactions entered into in the normal course of business between the Group and its related party during the year.

Related parties	Nature of transactions	Term and pricing policies	**2009 HK$'000**	2008 HK$'000
Taifook Securities Company Limited	Commission income	(i)	**–**	684
	Brokerage charges	(i)	**–**	14
New World Development Company Limited	Rent, rates and management fee	(i)	**8**	–
New World Insurance Management Company Limited	Insurance	(i)	**22**	3

Note:

(i) agreed by parties concerned.

37. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management personnel remuneration

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

	2009 **HK$'000**	2008 HK$'000
Salaries, allowances and benefits in kind	**1,858**	4,582
Discretionary bonuses	**–**	79
Retirement scheme contributions	**16**	41
	1,874	4,702

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

(c) Amount due from/(to) related parties

	The Group		**The Company**	
	2009 **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Amount due from minority shareholder (note 22)	**2**	–	**–**	–
Amounts due from subsidiaries (note 19)	**–**	–	**1,028,050**	120,044
Amount due to a subsidiary (note 25)	**–**	–	**(120)**	–
Prepayment and deposits	**287**	16	**–**	–

38. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2009 not provided for in the consolidated financial statements were as follows:

	The Group	
	2009 **HK$'000**	2008 HK$'000
Contracted for		
– Activities of exploration	**153,780**	**–**

38. COMMITMENTS *(Continued)*

(b) Commitments under operating leases

As at 31 December 2009, the Group had commitments for future minimum lease payments under non-cancellable operating leases payable as follows:

	The Group	
	2009 **HK$'000**	2008 HK$'000
Within one year	**1,334**	1,215
In the second to fifth year inclusive	**1,933**	102
	3,267	1,317

The Group leases its offices under operating lease arrangements. The lease for properties is negotiated for a term of a range of one to three years.

(c) Other commitments

Other commitments outstanding at 31 December 2009 not provided for in the consolidated financial statements were as follows:

	The Group	
	2009 **HK$'000**	2008 HK$'000
Contracted for		
– Investment cost of potential investment (note 20)	**600,000**	2,045,400

In addition, as at 31 December 2009, the Group has the following obligations and commitments in respect of the exploration of natural resources operation in Argentina:

(i) it is the obligation of the Consortium to fulfill the investment commitment for the exploration work in the Tartagal and Morillo license areas up to a total amount of US$35,990,000 and US$13,000,000 respectively (the "Investment Commitment") within the initial four-year period of the Concessions. The amount not spent in the exploration work at the end of the initial four-year period must be paid to the government of Salta Province of Argentina. The Consortium is obliged to obtain a guarantee for the benefit of the government of Salta Province of Argentina for an amount equal to the Investment Commitment (the "Guarantee"). The Guarantee is to be fulfilled by posting a performance bond which shall consist of, among others, a surety bond issued by leading insurance companies in Argentina for an amount equal to the Investment Commitment (subject to the amount spent relating to the exploration work in the Concession sites) to the government of Salta Province of Argentina.

(ii) To place in the Province of Salta two Work-Over equipments capable of operating at 3,000/4,000 meters deep;

(iii) To provide its own personnel for the exploration of the Tartagal and Morillo license areas;

(iv) To reach agreements with surface owners and finish the survey of the Tartagal and Morillo license;

(v) To prepare a work plan for submission to UTE-Administration Committee within 45 days after JHP's technicians arrive to Argentina;

38. COMMITMENTS *(Continued)*

(c) Other commitments

(vi) To produce a monthly report regarding the status of the works, to be submitted to the Province of Salta;

(vii) An annual fee of AR$948,985 (equivalent to approximately HK$1,926,000) in relation to the exploration permits of the Concessions payable to the government of Salta Province of Argentina; and

(viii) To take an environmental liability insurance in favour of the government of Salta Province of Argentina and/or third persons to cover any damage that the work may cause in the Tartagal and Morillo license areas.

39. CONTINGENT LIABILITIES – FINANCIAL GUARANTEE

(a) In December 2009, Sihui Zhilai, a subsidiary indirectly owned by the Company, issued corporate guarantees to a bank in connection with banking facilities granted by the bank to 四會市鯤鵬物資回收有限公司 ("Sihui Kun Peng"), an independent third party of the Group. At 31 December 2009, such facilities was drawn down by Sihui Kun Peng to extent of USD3,406,000 (equivalent to HK$26,413,000). The maximum liabilities of the Group under the guarantee issued represents the amount drawn down by Sihui Kun Peng of USD3,406,000 (equivalent to HK$26,413,000). No recognition was made because, in the opinion of the director of the Company, the fair value of the guarantee was insignificant and that the directors did not consider it is probable that a claim would be made against the Group under the guarantee.

Subsequent to the end of the reporting period, the financial guarantee given by the Group was released on 6 April 2010.

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

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

Upon the disposal of Smart Wave Limited on 30 June 2008 as set out in note 36(a)(i), the Group had no financial guarantee outstanding as at the year-end date.

40. EVENT AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in the financial statements, the Group does not have any other significant events after the end of the reporting period which required to be disclosed.

41. PARENT AND ULTIMATE HOLDING COMPANY

At 31 December 2009, the directors consider the parent and ultimate controlling party of the Group to be Max Sun Enterprises Limited and Chow Tai Fook Nominee Limited, which is incorporated in the British Virgin Islands and Hong Kong respectively. These entities do not produce financial statements available for public use.

42. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

43. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period. Note 26, 32 and 34 contain information about the assumptions and their risk factors relating to convertible notes, equity-settled share-based transactions and financial instruments. Other judgements made by the management in the application of HKFRSs that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of exploration and evaluation assets

Recoverable amounts of exploration and evaluation assets are determined where there is impairment indication and requires an estimation of the existence and the amounts of hydrocarbons that can be explored in the oil fields. The Group relied on the expert to assess the geological risk of discovering hydrocarbons in the oil fields and estimated the value of exploration opportunities and development potential.

(b) Impairment of property, plant and equipment

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(c) Impairment receivables

The Group maintains an allowance for doubtful debts accounts based upon evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance might be required.

43. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Impairment for investment in subsidiaries and a jointly controlled entity

If circumstances indicate that the investment in subsidiaries and a jointly controlled entity may not be recoverable, investment in subsidiaries and a jointly controlled entity may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36, Impairment of Assets. The carrying amount of investment in subsidiaries and a jointly controlled entity is reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. The asset is tested for impairment whenever events or changes in circumstances indicate that the recorded carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling prices because quoted market prices for investment in subsidiaries and a jointly controlled entity are not readily available. In determining the value in use, expected cash flows generated by the investment in subsidiaries and a jointly controlled entity are discounted to their present value, which requires significant judgment relating to level of sale volume, tariff and amount of operating costs of the subsidiaries and a jointly controlled entity. The Company uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, tariffs and amount of operating costs of the subsidiaries and a jointly controlled entity.

(e) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated and amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of the useful lives and the residual values are based on the historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expense for future periods are adjusted if there are significant changes from previous estimates.

(f) Taxation

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

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and Interpretations which are not yet effective for the year ended 31 December 2009.

The Group has not early applied any of 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[5]
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 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[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are 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 January 2011.
6 Effective for annual periods beginning on or after 1 July 2010.
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 the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

Five Years Financial Summary

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

RESULTS

	Year ended 31 December			Nine month ended 31 December	Year ended 31 March
	2009	2008	2007	2006	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER					
Continuing operations	**9,196**	33,020	154,259	85,937	–
Discontinued operations	**–**	–	1,194	4,244	5,400
	9,196	33,020	155,453	90,181	5,400
LOSS BEFORE TAXATION					
Continuing operations	**(36,001)**	(26,973)	(30,822)	2,598	(153)
Discontinue operations	**–**	(15,024)	(28,676)	(27,453)	(2,285)
	(36,001)	(41,997)	(59,498)	(24,855)	(2,438)
INCOME TAX					
Continuing operations	**27**	(154)	–	(673)	–
Discontinued operations	**–**	–	(239)	(589)	(454)
	27	(154)	(239)	(1,262)	(454)
Net loss from ordinary activities attributable to:					
– Owners of the Company	**(31,934)**	(42,151)	(59,737)	(26,117)	(2,892)
– Minority interests	**(4,040)**	–	–	–	–
	(35,974)	(42,151)	(59,737)	(26,117)	(2,892)

Five Years Financial Summary

	As at 31 December				As at 31 March
	2009	2008	2007	2006	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**3,292,565**	72,037	129,970	87,502	130,320
Current assets	**243,814**	245,800	396,581	133,185	54,100
TOTAL ASSETS	**3,536,379**	317,837	526,551	220,687	184,420
Current liabilities	**106,841**	6,114	170,222	75,122	49,602
Non-current liabilities	**13**	25	1,321	1,286	1,393
TOTAL LIABILITIES	**106,854**	6,139	171,543	76,408	50,995
	3,429,525	311,698	355,008	144,279	133,425