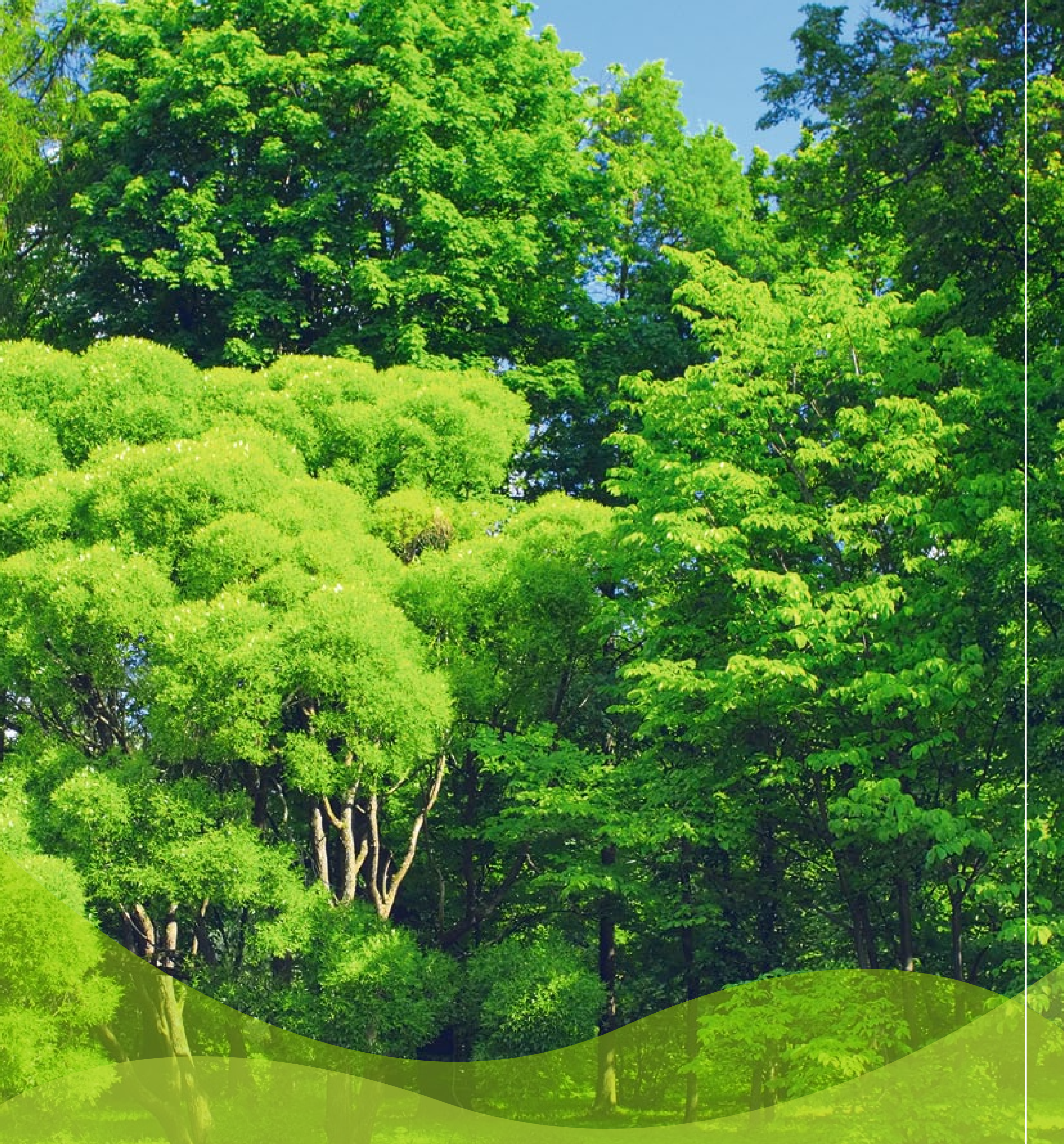

Yueshou Environmental Holdings Limited

粵首環保控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1191)

Annual Report 2010

Content

Corporate Information

DIRECTORS

Executive Directors

Mr. Yu Hong *(Chairman)*
Mr. Tan Cheow Teck *(Vice Chairman)*
Mr. Li Bin

Non-executive Director

Mr. Shen Xia

Independent Non-executive Directors

Mr. Kwong Ping Man
Mr. Zhang Xi Chu
Ms. Sun Zhili

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Wan Hon Keung

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F., Gloucester Tower
The Landmark, 11 Pedder Street, Central
Hong Kong

PRINCIPAL BANKERS

Hong Kong
The Hongkong and Shanghai Banking Corporation Limited

China
Agricultural Bank of China

WEBSITE

http:// www.yueshou.hk

STOCK CODE

1191

LEGAL ADVISERS

On Bermuda Law
Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place, Central
Hong Kong

On Hong Kong Law
Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

Lily Fenn & Partners
Room D, 32/F.
Lippo Centre, Tower 1
89 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit 2102, 21/F., World-Wide House,
19 Des Voeux Road Central, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Bermuda
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Hong Kong
Tricor Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

Chairman's Statement

On behalf of the Board of Directors (the "Board"), I hereby present to the shareholders the annual report and audited consolidated results of Yueshou Environmental Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 July 2010.

BUSINESS REVIEW

For the year ended 31 July 2010, the Group's total turnover was approximately HK$101,626,000, a decrease of 15.6% when compared with the same period last year. Of which, turnover of environmental protection operations was approximately HK$93,470,000, a decrease of 22.2% when compared with the same period last year; turnover of property development was approximately HK$8,156,000, an increase of 2,052.0% when compared with the same period last year.

Environmental Desulphurization and Denitration Businesses

As the PRC Government continued to reorganize and merge the domestic power plants and closed down the small scale power plants, sales volume of domestic desulphurization business continued to decrease and hence, our environmental protection (EP) desulphurization business had also slowed down. However, our improved EP sulphur fixing agents had started to supply to our customers and received good market response.

The Group also continued to develop its denitration business by introducing the current denitration technology from foreign enterprises and domestic sizable enterprises, thereby co-operating with them to expand the domestic EP denitration market.

Ecological Forestry Business Development

PRC

The Group has taken steps to commence a series of investments projects and construction projects in ecological forestry business since 2008. For this year and last year, the Group acquired the interests of certain pieces of forestry lands located in Raoping County, Guangdong Province, the PRC with a total area of approximately 9,100 Chinese Mou（畝）at an aggregate cash consideration of RMB65,000,000. The acquisition includes the right to use the forestry lands, and the rights to possess and utilize the trees grown on these forestry lands.

For the year ended 31 July 2010, there were about 600,000 eucalyptus planted in these forestry lands in the PRC. They are currently at their growing stage and their relevant logging and sales activities are expected to be started from 2013.

Chairman's Statement

Philippines

The Group completed a very substantial acquisition in early August this year, whereby the Group acquired certain corporate interests at a consideration of HK$2.5 billion by way of issuing promissory notes and preference shares for the completion. The acquisition includes shares in Philippine corporates which constituted the associates of the Group. One of these associates owns the development rights and management rights of certain pieces of public forestry lands in Philippines with a total area of approximately 223, 000 hectares.

The aforesaid associate in Philippines plans to set up the sales and marketing team for timber and other wood products sales of its forestry plantation business in Philippines from 2011 onwards. At the same time, it will start to take steps for procurement of related equipment to clear up harvesting works and to sell the standing trees and brushland in the original forestry area in Philippines, thereby generating revenue then. Thus it is expected that the Group will also be benefited. The target customers for sale of these products are for consumption by local mills in Philippine, and/or export to the PRC, Japan, Taiwan, Korea or elsewhere in Asia as wood chips for the pulp and paper industry.

Disposal of property development business

In order to enhance the strengths of our financial resources, the Group will focus its development in EP and ecological forestry business, and intends to dispose of its property development business by way of public auction, the sales proceeds will be used as general working capital for the Group. For details, please refer to the Company's announcement dated 27 October 2010.

PROSPECTS

Since the beginning of this year, with the surge of international wood prices, the Group is actively seeking co-operative partners to carry on the new projects in forestry ecological business, and seeking experienced experts in forestry plantation and excellent forest management team to participate in the operation of the Group's forestry lands, so as to enhance the growing momentum of our comprehensive EP business to create better returns to our shareholders.

APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to our shareholders for their trust and support. I would also like to thank our staffs for their dedication, contributions, diligence and integrity.

Yu Hong
Chairman

Hong Kong, 24 November 2010

Management Discussion and Analysis

BUSINESS REVIEW AND SEGMENT INFORMATION

Although during the past year, China's overall economy was gradually improving, some small power plants stopped production. As a result of this, sales order for sulphur fixing agents and the desulphurization projects were slowdown, the Group's turnover was significant decreased. For the year ended 31 July 2010, the Group's total turnover decreased by 15.6% to approximately HK$101,626,000 (2009: HK$120,473,000).

As the demand for sulphur fixing agents and the desulphurization projects decreased, there was a significant impairment loss of HK$497,480,000 recognized in respect of the goodwill of the environmental protection operations. The results of current year turned into loss as compared with the results of last year, the loss attributable to the equity holders of the Company was HK$521,130,000 (2009: profit of HK$21,837,000).

The entire turnover for the year was generated from the business segments in the PRC (2009: 100%).

Environmental Protection Operations

During the year ended 31 July 2010, environmental protection operations divided into three sections, namely installation services, sales of chemical agents and petroleum chemical products, and the provision of technical services. Total turnover was approximately HK$93,470,000 (2009: HK$120,094,000), decreased by HK$26,624,000 or 22.2% compared with last year, which accounted for approximately 92.0% of the Group's total turnover (2009: 99.7%).

For the financial year ended 31 July 2010, an impairment loss was recognized in respect of the goodwill of environmental protection operations for HK$497,480,000 (2009: Nil).

Property Development

Because the property market in Mainland China was more prosperous than before, the turnover recorded approximately HK$8,156,000 (2009: HK$379,000) for the year was derived from property development, an increase of HK$7,777,000 or 2,052.0% compared with last year, representing approximately 8.0% of the Group's total turnover (2009: 0.3%).

For the financial year ended 31 July 2010, there was a loss arising from change in value of investment properties located in Shunde, Guangdong Province, the PRC for about HK$1,203,000 (2009: HK$13,100,000).

Management Discussion and Analysis

Forestry and Logging Operation

The Group currently possesses the right to use the forestry lands for approximately 9,100 Chinese Mou located in Raoping County, Guangdong Province, the PRC together with the right to possess and use the trees grown on these forestry lands. There are now about 600,000 eucalyptus of age about 2 to 3 years old planted in these forestry lands, the Group expects the logging and sales activities will be started from 2013.

In early August 2010, the Group has completed a very substantial acquisition of certain corporate interests in forestry plantation business including shares in Philippines corporations which constituted the associates of the Group. One of these associates which owns the development rights and management rights of certain pieces of public forestry lands in Philippines, plans to invest more resources to start the logging and sales activities in early next year, this is expected that the Group will also be benefited.

LIQUIDITY, FINANCIAL RESOURCES & GEARING

The operation of the Group was mainly financed by internal resources generated and banking facilities such as bank loans and overdrafts. As at 31 July 2010, the total secured bank borrowings amounted to approximately HK$18,646,000, representing a decrease of approximately HK$26,065,000 as compared with the amount of HK$44,711,000 as at 31 July 2009. All the secured bank borrowings will be repayable within one year, the weighted average effective interest rate on the bank loans is 5.75% per annum.

As at the balance sheet date, the current ratio was 2.63 (2009: 2.54), whereas the gearing ratio (defined as a ratio of total bank borrowings to net asset) was 4.7% (2009: 5.4%). Due to a significant impairment loss of HK$497,480,000 was recognized in respect of the goodwill of the environmental protection operations, the shareholders' equity decreased by 52.1% to HK$393,352,000 (2009: HK$821.7 million).

Management Discussion and Analysis

FOREIGN CURRENCY EXPOSURE

Borrowings and sales and purchases of the Group are generally transacted in Hong Kong Dollar and Renminbi. For the year ended 31 July 2010, the Group was not subject to any significant exposure to foreign exchange rates risk. Hence, no financial instrument for hedging was employed.

PLEDGE OF ASSETS

Details of pledge of assets of the Group are set out in Note 42 to the financial statements.

FUTURE PLANS

After a relatively disappointing year, while the Group recently acquired forestry plantation business in the Philippines begin the logging and sales activities early next year, the Group expects the next financial year will remarkably bound back, the major plans include:

1. For the environmental protection operations, besides to consolidate the desulphurization business and exploit the operations services to existing customers, the Group will actively develop the denitration business by the introduction of existing denitration technology of foreign enterprises and large enterprises in China, and cooperate to develop the domestic environmental protection denitration market.

2. Since early last year, the Group has begun the expansion to the forestry business, this makes the business of the Group more diversified, the Group will invest more resources in forestry business next year. After the Group's associate company in Philippines start the logging and sales activities in early next year, it is expected that this can bring a better return to the Group.

3. As the Group plans to invest all resources to the core businesses, therefore the Group is now arranging to dispose the property development business by way of public auction.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS

On 15 April 2010, Guangzhou Yueshou Industry Company Limited, a wholly owned subsidiary of the Company, entered into a transfer agreement with an independent third party at a cash consideration of RMB20,000,000 for acquiring the right to possess and use the forestry and trees grown on a piece of forestry land with area of approximately 2,883 Chinese Mou（畝）(One Chinese Mou is equivalent to 66,667 square metres) located in Raoping County, Guangdong Province, the PRC (the "Forest Land") and the right to manage the operation of the Forest Land under the applicable laws and regulations in the PRC, including the right to use the Forest Land. The acquisition was completed in early May 2010.

EMPLOYEES

As at the balance sheet date, the Group hired about 80 employees both in Hong Kong and China (2009: about 80). Remuneration package of the employees includes monthly salary, medical claims and (if considered appropriate) share options. The remuneration policies are formulated on the basis of performance of individual employees, the prevailing industry practice and market condition. As to our investment on human resources, education subsidies would be granted to the Group's employees, with a view to reinforce the competence of all levels of our employees. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group are set out in Note 43 to the financial statements.

Brief Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Yu Hong, aged 41, has been an Executive Director of the Company since November 2007 and the Chairman of the Company since August 2008. Mr. Yu is the founder of Yueshou Environmental Group, and presides over the business development, corporate strategy, company policy and general management of the Group. He has over 15 years of experience in product development, marketing and corporate operation in desulphurization industry of environment-friendly construction field in the People's Republic of China. As one of the chief officers of the Group's research team, he has possessed six application patents granted by the State Intellectual Property Office of the People's Republic of China in the aspect of environment-friendly desulphurization. Mr. Yu is also the sole beneficial owner of Give Power Technology Limited, a corporate substantial shareholder of the Company.

Mr. Tan Cheow Teck, aged 63, has been an Executive Director and the Vice Chairman of the Company since September 2010. He has over 25 years of forest development and management experience in South East Asia. Mr. Tan is the father of Mr. Tan Shannon Siang-Tau (alias Shannon Chen Xiangdao), who is the controlling shareholder of two corporate substantial shareholders (namely, Linshan Limited and Corporate King Limited) of the Company.

Mr. Li Bin, aged 38, has been an Executive Director of the Company since November 2007. He holds a Bachelor's degree in Industrial and Commercial Management from Jinan University in the People's Republic of China. He has over 15 years of experience in shipping and logistic industry. Mr. Li is currently the managing director of Evertop Logistics Company Limited.

FORMER EXECUTIVE DIRECTOR

Mr. Chim Kim Lun, Ricky, aged 41, resigned as the Executive Director of the Company in November 2009. He holds a Bachelor's degree in Arts from the University of British Columbia in Canada and has over 10 years of commercial, industrial and investment experiences. He is also the chairman and an executive director of Asia Resources Holdings Limited, and an executive director of Bestway International Holdings Limited which are both listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was an executive director of Bel Global Resources Holdings Limited for the period from April 2007 to November 2008, Hengli Properties Development (Group) Limited for the period from June 2007 to December 2008, Karce International Holdings Company Limited for the period from August 2007 to April 2009 and Huscoke Resources Holdings Limited for the period from September 2007 to September 2010, which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Yu Shu Liang, aged 53, resigned as the Executive Director of the Company in November 2010. He is a veteran entrepreneur with over 20 years of experience in corporation establishment and business management. He is currently a director of Yueshou Environmental Group Limited and the Vice General Manager of Guangzhou Yueshou Industry Co. Ltd., both are the wholly owned subsidiaries of the Company.

Brief Biographical Details of Directors

NON-EXECUTIVE DIRECTOR

Mr. Shen Xia, aged 47, has been a Non-executive Director of the Company since August 2010. He holds a Bachelor's degree from Zhejiang University and a Master's degree from both Chinese Academy of Social Sciences and University of Oxford, respectively. Mr. Shen has over 15 years of working experience in corporate finance and investment banking field. He is currently an executive director of China International Holdings Limited, a property and infrastructural investment company in China with its shares listed on the Stock Exchange of Singapore. Mr. Shen is also the sole beneficial owner of Luckpath Limited and a substantial shareholder of Corporate King Limited, which are both corporate substantial shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwong Ping Man, aged 46, has been an Independent Non-executive Director of the Company since July 2007. He has over 15 years of experience in accounting and administration. Mr. Kwong is a graduate from Curtin University of Technology in Australia with a Bachelor's degree in Commerce Accounting, and obtained a Master's degree in Professional Accounting from the Hong Kong Polytechnic University in November 2003. Mr. Kwong is a Certified Practising Accountant of the Australian Society of Certified Practising Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is also an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Mr. Kwong is also an independent non-executive director of Century Sunshine Group Holdings Limited and Mitsumaru East Kit (Holdings) Limited, which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Zhang Xi Chu, aged 47, has been an Independent Non-executive Director of the Company since October 2008. He holds a professional title of Assistant Engineer in Construction & Installation of Architecture granted by the People's Republic of China. He has over 20 years of working experience in architectural design, construction and installation field.

Ms. Sun Zhili, aged 42, has been an Independent Non-executive Director of the Company since July 2009. She holds a Bachelor's degree from Nanjing Normal University and a Master's degree from the University of Houston. Ms. Sun has over 13 years of working experience in corporate finance and investment banking field. She is currently an executive director and vice president in charge of corporate development of China Mass Media Corp., a leading television advertising company in China with its shares listed on the New York Stock Exchange.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board is committed to establish and maintain high standards of corporate governance in order to protect the interests of our shareholders. The Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 July 2010, except for the following deviations:

1. Code Provision A.2.1

Code provision A.2.1 of the CG Code provides that, "The roles of chairman and chief executive officer ("CEO") should be separated 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." Mr. Yu Hong is the Chairman throughout the year ended 31 July 2010. The Company does not maintain the office of CEO and the day-to-day operation of the Company is managed by the Chairman. Since the Group is still at the development stage, the Board considers that vesting the roles of both Chairman and CEO in the same person can maximize effectiveness and ensure execution of the business plan and strategy of the Group.

2. Code Provision A.4.1

Under the code provision A.4.1 of the CG Code, Non-executive Directors should be appointed for a specific term and subjected to re-election. However, the Non-executive Director and all the Independent Non-executive Directors of the Company are not appointed for specific terms but are subjected to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. The Company considers that sufficient measures have been taken to ensure good corporate governance practices of the Company are maintained.

The Board will continuously review and improve the corporate governance standards and practices of the Company, including whether the separation of the roles of the Chairman and the CEO is necessary to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 of the Listing Rules. In response to specific enquiry made by the Company, all Directors confirmed they have complied with the required standard set out in the Model Code throughout the year ended 31 July 2010.

THE BOARD

As at the date of this report, the Board comprises 7 Directors. There are 3 Executive Directors (including the Chairman and the Vice Chairman), 1 Non-executive Director and 3 Independent Non-executive Directors. Detailed biographies outlining each individual Director's range of specialist experience are set out in the section entitled "Brief Biographical Details of Directors" in this Annual Report.

The Board has established two Board committees including the Audit Committee and Remuneration Committee. The Board and the Board committees meet regularly every fiscal year and additional meetings would be arranged if and when necessary. Ten meetings were held by the Board during the year ended 31 July 2010. Attendance of the meetings of the Board and those of the committees are set out as follows:

		Attendance/Number of Meetings		
			Audit	Remuneration
Name of Directors	*Notes*	**Board**	**Committee**	**Committee**
Executive Directors				
Mr. Yu Hong *(Chairman)*		10/10		
Mr. Tan Cheow Teck *(Vice Chairman)*	*2*	0/0		
Mr. Li Bin		10/10		
Mr. Chim Kim Lun, Ricky	*3*	1/3		
Mr. Yu Shu Liang	*4*	10/10		
Non-executive Director				
Mr. Shen Xia	*5*	0/0		
Independent Non-executive Directors				
Mr. Kwong Ping Man		10/10	2/2	1/1
Mr. Zhang Xi Chu		10/10	2/2	
Ms. Sun Zhili		10/10	2/2	1/1

THE BOARD *(Continued)*

Notes:

1. The counting of attendance for Directors started the joining date of Directors or committee members and finalized as at his resignation date.

2. Mr. Tan Cheow Teck was appointed as Executive Director and Vice Chairman of the Company with effect from 29 September 2010.

3. Mr. Chim Kim Lun, Ricky resigned as Executive Director of the Company with effect from 21 November 2009.

4. Mr. Yu Shu Liang resigned as Executive Director of the Company with effect from 1 November 2010.

5. Mr. Shen Xia was appointed as Non-executive Director of the Company with effect from 11 August 2010.

There is a clear division of responsibilities between the Board and the management. The Board is responsible for formulating and deciding on strategy, policy, guidance and monitoring implementation thereof and overseeing the performance of the management. While day-to-day management of the Group is delegated to the management team of each respective subsidiary under the overall management and leadership of the Chairman and other Executive Directors. Without prejudice to the generality of the responsibility aforesaid, the Board is responsible for:

- Formulating the strategy and policy for the operation and development of the businesses of the Group and monitoring the implementation thereof;

- Recommending dividends;

- Reviewing and approving the annual and interim reports;

- Establishing and maintaining good corporate governance standards and practices; and

- Ensuring and monitoring other continuing obligations and compliance of the Company under the Listing Rules.

The Board believes that the balance of power and authority is adequately ensured by the operating of the Board, which comprises experienced and high caliber individuals with a sufficient number thereof being Independent Non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company does not maintain the office of CEO. The usual leadership and day-to-day management duties of CEO are vested in the Chairman and Vice Chairman of the Company. Currently, Mr. Yu Hong is the Chairman, while Mr. Tan Cheow Teck has been the Vice Chairman since 29 September 2010.

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board currently has one Non-executive Director and three Independent Non-executive Directors. It is noted that there is a deviation in the appointment of Non-executive Directors from CG Code A.4.1 as discussed above. However, the Board considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are similar to those under the CG Code. According to the Bye-laws of the Company, every director (including every Non-executive Director) is subject to retirement by rotation at least once every three years. One-third of the directors must retire from office at each annual general meeting and their re-election is subjected to the votes of shareholders.

The roles of the Independent Non-executive Directors include the following:

- provision of independent judgment at the Board;
- dealing with issues arriving from potential conflicts of interests between the major shareholders (or, as the case may be, Directors or management and the minority shareholders);
- serving on audit and remuneration committees; and
- scrutinizing the performance of the Group as necessary.

The Board complied with Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of all the three Independent Non-executive Directors. Each of the Independent Non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

NOMINATION OF DIRECTORS

The Company has not established any nomination committee. The Board will identify individuals who are suitably qualified to become board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship based on the experience, qualification and other relevant factors of the candidates. All candidates must also meet the standards as set forth in Rule 3.09 of the Listing Rules. A candidate who is appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee was set up with the responsibilities of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises all three Independent Non-executive Directors, namely Mr. Kwong Ping Man (Chairman of the Audit Committee), Mr. Zhang Xi Chu and Ms. Sun Zhili.

The Audit Committee held two meetings during the year ended 31 July 2010 to review the annual and interim results of the year. The Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee was set up with the responsibility for providing recommendations to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee comprises two of the Independent Non-executive Directors, Mr. Kwong Ping Man (Chairman of Remuneration Committee) and Ms. Sun Zhili. The Remuneration Committee has specific written Terms of Reference which follow closely with the requirement of the CG code. During the year ended 31 July 2010, one meeting was held by the Remuneration Committee and it reviewed the remuneration packages of Directors and senior management.

The Remuneration Committee is authorized to investigate any matter within its Terms of Reference and seek any information it requires from any employee or Director of the Company and obtain outside legal or other independent professional advice at the cost of the Company if it considers necessary.

AUDITORS' REMUNERATION

HLB Hodgson Impey Cheng ("HLB") have been appointed by the shareholders annually as the external auditors of the Group since 2004. For the year ended 31 July 2010, the fees charged to accounts of the Group for HLB's statutory audit amounted to approximately HK$750,000 and approximately HK$998,000 was charged for other services.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 July 2010, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimations that are prudent and reasonable; and have prepared the accounts on the going concern basis.

INTERNAL CONTROL

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interests of the shareholders and the Group's assets.

The Board, with the assistance of the heads of the finance team and the operating units of the Group, performed financial, operational compliance controls and risk management reviews of the Company and its subsidiaries. Summaries of major audit findings and control weaknesses, if any, as identified by the Board will be related to the operating units who will take the follow-up actions under the monitoring of the Board.

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders could enhance the confidence of investors. The primary communication channel between the Company and its shareholders include the publication of interim and annual reports, annual general meeting and other general meetings; the Company encourages all shareholders to attend annual general meeting. The Company's website also provides regularly updated Group information to shareholders; enquires on matters relating to shareholdings and the business of the Group are welcome, and are dealt with in an informative and timely manner.

Report of the Directors

The Directors have pleasure in presenting their annual report and the audited financial statements of Yueshou Environmental Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 July 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in Note 47 to the financial statements.

SEGMENT INFORMATION

An analysis to the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 31 July 2010 is set out in Note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 July 2010 and the statements of financial position of the Company and the Group as at 31 July 2010 are set out in the financial statements on pages 28 to 33.

The Directors do not recommend the payment of a final dividend for the year ended 31 July 2010 (2009: Nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 121.

SHARE CAPITAL AND CONVERTIBLE NOTES

Details of movements in the share capital, convertible preference shares and convertible notes of the Company during the year are set out in Note 31 and 35 to the financial statements respectively.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 33 to the financial statements and in the consolidated statement of changes in equity on page 34 of the annual report respectively.

DISTRIBUTABLE RESERVES

The Company has no reserve, comprise share premium and accumulated losses, available for distribution to shareholders as at 31 July 2010 (2009: reserves available for distribution HK$129,243,000).

Pursuant to the Companies Act 1981 of Bermuda, the Company's share premium account of HK$373,387,000 (2009: HK$292,537,000) can be distributed in the form of fully paid shares.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in Note 17 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 19 to the financial statements.

DIRECTORS

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

Executive Directors:

Mr. Yu Hong *(Chairman)*	
Mr. Tan Cheow Teck *(Vice Chairman)*	Appointed on 29 September 2010
Mr. Li Bin	
Mr. Chim Kim Lun, Ricky	Resigned on 21 November 2009
Mr. Yu Shu Liang	Resigned on 1 November 2010

DIRECTORS *(Continued)*

Non-executive Director:

Mr. Shen Xia	Appointed on 11 August 2010

Independent Non-executive Directors:

Mr. Kwong Ping Man
Mr. Zhang Xi Chu
Ms. Sun Zhili

In accordance with bye-law 87(1) and 87(2) of the Bye-laws of the Company, Mr. Li Bin and Mr. Zhang Xi Chu, being an Executive Director and an Independent Non-executive Director respectively, will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with bye-law 86(2) of the Bye-laws of the Company, Mr. Tan Cheow Teck and Mr. Shen Xia, being an Executive Director and a Non-executive Director respectively, who were appointed subsequent to the last annual general meeting of the Company held on 29 December 2009, shall hold office only until the forthcoming annual general meeting after their respective appointment and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors of the Company are set out on pages 9 to 10 of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading of "Directors' and chief executives' interests in shares" and the "Share option scheme" as disclosed below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire such rights in any other body corporate.

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.

DIRECTORS' SERVICE CONTRACTS

None of the Directors 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 July 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in shares of the Company

Name of Director	**Number of shares held**	**Percentage of the issued share capital in the Company** *(Note c)*
Yu Hong	1,710,000,000 *(Note a)*	57.11%
Shen Xia	6,896,133,333 *(Note b)*	230.33%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Continued)*

Long positions in shares of the Company *(Continued)*

Note a: As at 31 July 2010, Mr. Yu Hong held 542,000,000 shares ("Shares") of HK$0.05 each in the Company and was the sole beneficial owner of Give Power Technology Limited ("Give Power") which in turn was the sole beneficial owner of HK$233,600,000 zero-coupon convertible notes due 2012 issued by the Company at a conversion price of HK$0.20 each (which entitled Give Power to 1,168,000,000 Shares upon exercise of the conversion rights attached to such convertible notes in full).

Note b: As at 31 July 2010, Mr. Shen Xia was the sole beneficial owner of Luckpath Limited ("Luckpath") which in turn was the sole beneficial owner of 3,346,400,000 convertible preference shares with nominal value of HK$0.05 each, issued by the Company on 9 August 2010 upon the completion of the acquisition of the Philippines forestry business (which entitled Luckpath to 3,346,400,000 Shares upon exercise of the conversion rights attached to such convertible preference shares in full).

Also, Mr. Shen Xia was interested in 34.204% of the shares in Corporate King Limited ("Corporate King") which in turn was the sole beneficial owner of 3,549,733,333 convertible preference shares with nominal value of HK$0.05 each, issued by the Company on 9 August 2010 upon the completion of the acquisition of the Philippines forestry business (which entitled Corporate King to 3,549,733,333 Shares upon exercise of the conversion rights attached to such convertible preference shares in full).

Note c: Based on the number of 2,993,999,999 Shares of the Company in issue as at 31 July 2010.

Save as disclosed above, as at 31 July 2010, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

SHARE OPTION SCHEME

Details of the Company's share option scheme is set out in Note 32 to the financial statements.

No options were granted to any Directors and employees of the Company during the two years ended 31 July 2009 and 31 July 2010 pursuant to i) the old share option scheme adopted on 10 January 2002 and terminated on 28 July 2010; and ii) the new share option scheme adopted on 28 July 2010.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS

Interests of substantial shareholders

So far as being known to the Directors, as at 31 July 2010, the following shareholders had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares of the Company

Name of shareholders	Capacity	Number of shares held	Percentage of the issued share capital in the Company *(Note k)*
Golden Mount Limited *(Note a)*	Beneficial owner	168,334,000	5.62%
Chim Pui Chung *(Note a)*	Interest in a controlled corporation	168,334,000	5.62%
Give Power Technology Limited *(Note b)*	Beneficial owner	1,168,000,000 *(Note c)*	39.01%
Yu Hong *(Note b)*	Personal interest and interest in a controlled corporation	1,710,000,000 *(Note c)*	57.11%
Able Expert Limited *(Note d)*	Beneficial owner	999,333,333 *(Note e)*	33.38%
Wong Sun Man *(Note d)*	Interest in a controlled corporate	999,333,333	33.38%
Luckpath Limited *(Note f)*	Beneficial owner	3,346,400,000 *(Note g)*	111.77%

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Long positions in shares of the Company *(Continued)*

Name of shareholders	Capacity	Number of shares held	Percentage of the issued share capital in the Company *(Note k)*
Shen Xia *(Note f)*	Interest in controlled corporations	6,896,133,333 *(Note g and j)*	230.33%
Linshan Limited *(Note h)*	Beneficial owner and interest in a controlled corporation	8,987,600,000 *(Note i and j)*	300.19%
Tan Shannon Siang-Tau *(Note h)*	Interest in controlled corporations	8,987,600,000	300.19%
Corporate King Limited	Beneficial owner	3,549,733,333 *(Note j)*	118.56%

Note a: Golden Mount Limited was wholly-owned by Mr. Chim Pui Chung.

Note b: Give Power Technology Limited was wholly-owned by Mr. Yu Hong.

Note c: As at 31 July 2010, Mr. Yu Hong held 542,000,000 shares ("Shares") of HK$0.05 each in the Company and was the sole beneficial owner of Give Power Technology Limited ("Give Power") which in turn was the sole beneficial owner of HK$233,600,000 zero-coupon convertible notes due 2012 issued by the Company at a conversion price of HK$0.20 each (which entitled Give Power to 1,168,000,000 Shares upon exercise of the conversion rights attached to such convertible notes in full).

Note d: Able Expert Limited was wholly-owned by Mr. Wong Sun Man.

Note e: As at 31 July 2010, Mr. Wong Sun Man was the sole beneficial owner of Able Expert Limited ("Able Expert") which in turn was the sole beneficial owner of 999,333,333 convertible preference shares with nominal value of HK$0.05 each, issued by the Company on 9 August 2010 upon the completion of the acquisition of the Philippines forestry business (which entitled Able Expert to 999,333,333 Shares upon exercise of the conversion rights attached to such convertible preference shares in full).

Note f: Luckpath Limited was wholly-owned by Mr. Shen Xia.

Note g: As at 31 July 2010, Mr. Shen Xia was the sole beneficial owner of Luckpath Limited ("Luckpath") which in turn was the sole beneficial owner of 3,346,400,000 convertible preference shares with nominal value of HK$0.05 each, issued by the Company on 9 August 2010 upon the completion of the acquisition of the Philippines forestry business (which entitled Luckpath to 3,346,400,000 Shares upon exercise of the conversion rights attached to such convertible preference shares in full). Also, Mr. Shen Xia was interested in 34.204% of the shares in Corporate King Limited.

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Long positions in shares of the Company *(Continued)*

Note h: Linshan Limited was wholly-owned by Mr. Tan Shannon Siang-Tau. Mr. Tan Shannon Siang-Tau is the son of Mr. Tan Cheow Teck, who has been an Executive Director and Vice Chairman of the Company.

Note i: As at 31 July 2010, Mr. Tan Shannon Siang-Tau was the sole beneficial owner of Linshan Limited ("Linshan") which in turn was the sole beneficial owner of 5,437,866,667 convertible preference shares with nominal value of HK$0.05 each, issued by the Company on 9 August 2010 upon the completion of the acquisition of the Philippines forestry business (which entitled Linshan to 5,437,866,667 Shares upon exercise of the conversion rights attached to such convertible preference shares in full). Also, Linshan was interest in 55.582% of the shares in Corporate King Limited.

Note j: As at 31 July 2010, Corporate King Limited ("Corporate King") was the sole beneficial owner of 3,549,733,333 convertible preference shares with nominal value of HK$0.05 each, issued by the Company on 9 August 2010 upon the completion of the acquisition of the Philippines forestry business (which entitled Corporate King to 3,549,733,333 Shares upon exercise of the conversion rights attached to such convertible preference shares in full).

Note k: Based on the number of 2,993,999,999 Shares of the Company in issue as at 31 July 2010.

Save as disclosed above, the Company has not been notified of any persons other than substantial shareholders who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 July 2010.

CONNECTED TRANSACTIONS

Details of the discloseable connected transactions of the Group are set out in Note 46 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The five largest customers of the Group for the year accounted for approximately 43.2% of the Group's turnover. The Group's largest customer accounted for approximately 12.6% of its turnover for the year.

The five largest suppliers of the Group for the year accounted for approximately 93.0% of the Group's purchase. The Group's largest supplier accounted for approximately 56.7% of its purchase for the year.

As far as the Directors are aware, neither the Directors, their associates nor those shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the Group's five largest customers.

PRE-EMPTIVE RIGHTS

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rule.

RETIREMENT BENEFITS SCHEME

Details of the Retirement Benefits Scheme of the Group is set out in Note 44 to the financial statements.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 11 to 16 of the annual report.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. HLB Hodgson Impey Cheng as auditors of the Company.

On Behalf of the Board

Yu Hong
Chairman

Hong Kong, 24 November 2010

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
YUESHOU ENVIRONMENTAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Yueshou Environmental Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 120, which comprise the consolidated and company statements of financial position as at 31 July 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 July 2010 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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 24 November 2010

Consolidated Statement of Comprehensive Income

for the year ended 31 July 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	8	**101,626**	120,473
Cost of sales		**(80,320)**	(59,200)
Gross profit		**21,306**	61,273
Other revenue	8	**4,245**	6,266
Other income	9	**4,073**	6,057
Administrative expenses		**(30,300)**	(26,498)
Impairment loss recognised in respect of trade and other debtors	25	**(3,430)**	(3,969)
Impairment loss recognised in respect of intangible assets	23	**(3,918)**	–
Impairment loss recognised in respect of goodwill	22	**(497,480)**	–
Loss arising from change in fair value of investment properties	17	**(1,678)**	(13,560)
(Loss)/gain arising from changes in fair value of plantation assets less costs to sell	18	**(1,981)**	6,203
(Loss)/profit from operations	9	**(509,163)**	35,772
Gain arising from disposal of subsidiaries		**–**	4,770
Finance costs	10	**(15,551)**	(17,901)
(Loss)/profit before taxation		**(524,714)**	22,641
Taxation	11	**3,584**	(804)
(Loss)/profit for the year		**(521,130)**	21,837
Other comprehensive income/(expenses)			
Exchange differences on translating foreign operations		**4,180**	(2,393)
Other comprehensive income/(expenses) for the year, net of tax		**4,180**	(2,393)
Total comprehensive (expenses)/income for the year		**(516,950)**	19,444

Consolidated Statement of Comprehensive Income

for the year ended 31 July 2010

	Notes	2010 HK$'000	2009 HK$'000
(Loss)/profit attributable to owners of the Company		**(521,130)**	21,837
Total comprehensive (expenses)/income attributable to owners of the Company		**(516,950)**	19,444
Dividends	*15*	**–**	–
(Loss)/profit per share	*16*		
– basic		**HK$(0.189)**	HK$0.009
– diluted		**HK$(0.189)**	HK$0.009

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

at 31 July 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Investment properties	17	**161,258**	119,844
Plantation assets	18	**49,123**	24,484
Property, plant and equipment	19	**35,906**	39,497
Properties under development	20	**–**	43,000
Goodwill	22	**218,388**	715,868
Intangible assets	23	**78,929**	71,805
		543,604	1,014,498
Current assets			
Properties held for sale	20	**13,692**	17,722
Trade and other debtors	25	**34,205**	139,494
Deposits and prepayments	26	**51,638**	25,118
Inventories	27	**13,576**	1,453
Amounts due from customers for contract work	28	**3,119**	10,202
Other deposit	29	**9,582**	9,268
Cash and bank balances	30	**28,138**	6,367
		153,950	209,624
Total assets		**697,554**	1,224,122
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	31	**149,700**	120,100
Reserves	33(a)	**243,652**	701,634
Total equity		**393,352**	821,734

Consolidated Statement of Financial Position

at 31 July 2010

	Notes	2010 HK$'000	2009 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings – due after one year, secured	34	–	18,450
Deferred income	24	**8,060**	7,975
Amount due to a shareholder	40	**22,000**	22,000
Convertible notes	35	**210,569**	259,216
Deferred taxation	36	**5,069**	12,109
		245,698	319,750
Current liabilities			
Bank borrowings – due within one year, secured	34	**18,646**	26,261
Trade and other creditors	37	**27,007**	40,192
Accrued charges	38	**3,391**	2,859
Amounts due to customers for contract work	28	–	513
Loan from a shareholder	39	**3,000**	3,000
Amount due to a director	40	**5,459**	5,305
Taxation payable		**1,001**	4,508
		58,504	82,638
Total liabilities		**304,202**	402,388
Total equity and liabilities		**697,554**	1,224,122
Net current assets		**95,446**	126,986
Total assets less current liabilities		**639,050**	1,141,484

Approved by the Board of Directors on 24 November 2010 and signed on its behalf by:

Yu Hong	**Li Bin**
Director	*Director*

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

at 31 July 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	21	**218,388**	384,002
Current assets			
Deposits and prepayments	26	**138**	122
Other deposit	29	**9,582**	9,268
Amounts due from subsidiaries	21	**261,360**	478,810
Cash and bank balances	30	**7,964**	98
		279,044	488,298
Total assets		**497,432**	872,300
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	31	**149,700**	120,100
Reserves	33(b)	**116,785**	433,367
Total equity		**266,485**	553,467

Statement of Financial Position

at 31 July 2010

	Notes	2010 HK$'000	2009 HK$'000
LIABILITIES			
Non-current liabilities			
Convertible notes	35	**210,569**	259,216
Deferred taxation	36	**3,814**	10,751
		214,383	269,967
Current liabilities			
Loan from a shareholder	39	**3,000**	3,000
Other creditor	37	**10,644**	10,644
Accrued charges	38	**2,920**	2,539
Amounts due to subsidiaries	21	**–**	32,683
		16,564	48,866
Total liabilities		**230,947**	318,833
Total equity and liabilities		**497,432**	872,300
Net current assets		**262,480**	439,432
Total assets less current liabilities		**480,868**	823,434

Approved by the Board of Directors on 24 November 2010 and signed on its behalf by:

Yu Hong	**Li Bin**
Director	*Director*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 July 2010

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Distri-butable reserve HK$'000	Contri-buted surplus HK$'000 (Note (a))	Convertible notes reserve HK$'000	Statutory reserves HK$'000	Retained profit/ (accumul-ated loss) HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 August 2008	120,100	292,537	11,613	22,288	77,033	143,218	83,873	9,764	41,864	802,290	888	803,178
Other comprehensive expenses for the year	–	–	–	(2,393)	–	–	–	–	–	(2,393)	–	(2,393)
Profit for the year	–	–	–	–	–	–	–	–	21,837	21,837	–	21,837
Total comprehensive income for the year	–	–	–	(2,393)	–	–	–	–	21,837	19,444	–	19,444
Transfer to statutory reserves	–	–	–	–	–	–	–	6,525	(6,525)	–	–	–
Release upon disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(888)	(888)
At 31 July 2009 and 1 August 2009	120,100	292,537	11,613	19,895	77,033	143,218	83,873	16,289	57,176	821,734	–	821,734
Other comprehensive income for the year	–	–	–	4,180	–	–	–	–	–	4,180	–	4,180
Loss for the year	–	–	–	–	–	–	–	–	(521,130)	(521,130)	–	(521,130)
Total comprehensive expenses for the year	–	–	–	4,180	–	–	–	–	(521,130)	(516,950)	–	(516,950)
Transfer to statutory reserves	–	–	–	–	–	–	–	2,577	(2,577)	–	–	–
Issue of shares	7,500	14,550	–	–	–	–	–	–	–	22,050	–	22,050
Conversion of convertible notes	22,100	66,300	–	–	–	–	(21,882)	–	–	66,518	–	66,518
At 31 July 2010	**149,700**	**373,387**	**11,613**	**24,075**	**77,033**	**143,218**	**61,991**	**18,866**	**(466,531)**	**393,352**	**–**	**393,352**

Notes:

(a) The distributable reserve of the Group represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the Company's share issued for the acquisition at the time of the group reorganisation in 1994.

(b) Pursuant to the Companies Act 1981 of Bermuda, the Company's share premium account can be distributed in the form of fully paid shares.

(c) In accordance with the relevant Mainland China rules and regulations, all PRC subsidiaries are required to appropriate 10% of its profit after tax calculated in accordance with the accounting regulations of Mainland China to the statutory general reserve. The appropriation to the statutory general reserve is required until the balance of the reserve reaches 50% of the registered capital of each subsidiary.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 July 2010

	2010 HK$'000	2009 HK$'000
Cash flows from operating activities		
(Loss)/profit before taxation	**(524,714)**	22,641
Adjustments for:		
Amortisation of intangible assets	**4,356**	3,570
Net loss arising from change in fair value of investment properties	**1,678**	13,560
Depreciation	**4,019**	4,314
Loss/(gain) arising from change in fair value of plantation assets less costs to sell	**1,981**	(6,203)
Finance costs	**15,551**	17,901
Impairment loss recognised in respect of goodwill	**497,480**	–
Gain arising from disposal of subsidiaries	**–**	(4,770)
Interest income	**(48)**	(141)
Impairment loss recognised in respect of trade and other debtors	**3,430**	3,969
Waiver of other creditors	**(86)**	(362)
Reversal of impairment loss in respect of trade and other debtors	**(3,977)**	(5,695)
Impairment loss recognised in respect of intangible assets	**3,918**	–
Operating profit before working capital changes	**3,588**	48,784
Decrease in properties held for sale	**4,030**	188
Decrease/(increase) in trade and other debtors	**105,836**	(15,811)
Increase in inventories	**(12,123)**	(814)
(Increase)/decrease in deposits and prepayments	**(26,520)**	3,014
Decrease/(increase) in amounts due from customers for contract work	**7,083**	(9,172)
Decrease in amounts due to customers of contract work	**(513)**	(572)
(Decrease)/increase in trade and other creditors	**(13,099)**	4,250
Increase/(decrease) in accrued charges	**532**	(2,451)
Increase in amount due to a director	**154**	3,918
Cash generated from operations	**68,968**	31,334
Interest paid	**(2,311)**	(1,149)
PRC income tax paid	**(2,348)**	(6,121)
Net cash generated from operating activities	**64,309**	24,064

Consolidated Statement of Cash Flows

for the year ended 31 July 2010

	2010	2009
	HK$'000	*HK$'000*
Cash flows from investing activities		
Interest received	**48**	141
Purchase of property, plant and equipment	**(40)**	(1,890)
Proceeds from disposal of property, plant and equipment	**–**	27
Purchase of intangible assets	**(14,696)**	(25,242)
Purchase of planation assets	**(26,419)**	(18,281)
Net cash used in investing activities	**(41,107)**	(45,245)
Cash flows from financing activities		
Repayment of bank loans	**(26,065)**	(25,905)
Proceed from issue of shares	**22,050**	–
New bank loan	**–**	44,711
Net cash (used in)/generated from financing activities	**(4,015)**	18,806
Net increase/(decrease) in cash and cash equivalents	**19,187**	(2,375)
Cash and cash equivalents at the beginning of the year	**6,367**	9,735
Effect of foreign exchange rate changes	**2,584**	(993)
Cash and cash equivalents at the end of the year	**28,138**	6,367
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	**28,138**	6,367

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 29 June 1994 as an exempted company with limited liability and its share are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Unit 2102, 21/F., World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the property development, provision of installation services, sales of chemical agents and petroleum chemical products, provision of technical services of environmental protection operations and forestry business in the People's Republic of China (the "PRC").

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

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

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
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 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
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 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to HKFRS 2, HKAS 38, Paragraph 80 of HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 6

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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.

HKAS 1 (Revised in 2007) Presentation of Financial Statements

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

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's operating segments.

Amendments to HKFRS 7 Financial Instruments: Disclosures

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Amendments to HKAS 40 Investment Property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, property under development was carried at cost less any recognised impairment loss. The Group has used the fair value model to account for its investment properties.

The Group has applied the amendment to HKAS 40 prospectively from 1 August 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment properties under construction that include in the properties under development have been reclassified as investment properties and measured at fair value as at 31 July 2010, with the fair value gain of approximately HK$6,368,000 recognised in profit or loss in the current year. As at 31 July 2010, the impact has been to decrease properties under development by approximately HK$43,000,000, to increase investment properties by approximately HK$49,368,000 and to increase retained earnings by HK$6,368,000.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of improvements to HKFRSs 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

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

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 are in the process of assessing the potential impact and so far concluded that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and 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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 6 to the financial statements.

A summary of the significant accounting policies followed by the Group in the preparation of the financial statements is set out below:

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost convention except for investment properties, plantation assets, financial assets and financial liabilities which have been carried at fair value as explained below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements included the financial statements of the Company and all of its subsidiaries and associates for the year ended 31 July 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of the Company.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 August 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding oldigation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries prior to 1 August 2009

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership in existing subsidiaries after 1 August 2009

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group losses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings at the date when control is lost). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in associate or a jointly controlled entity.

Business Combinations

Business combination prior to 1 August 2009

Acquisition of business was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair values at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combination prior to 1 August 2009 (Continued)

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

The non-controlling interest in the acquire was initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against goodwill.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Business combinations on or after 1 August 2009

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (2008) are recognised at their fair values, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations on or after 1 August 2009 (Continued)

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration the Gorup transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations on or after 1 August 2009 (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisitioned date are reclassified to profit or loss when the Group obtains control over the acquiree.

Goodwill

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

Goodwill arising on acquisition is presented separately in the consolidated statement of financial position.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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

A discount of acquisition arising on an acquisition of subsidiary represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in income statement.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets (other than goodwill)

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, investment properties, goodwill and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of comprehensive income in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the statement of comprehensive income in the period in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two categories, including financial assets held for trading and those designated at fair value through profit or loss at inception. A financial assets is classified this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Gains or losses on investments held for trading are recognised in the income statement. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investment in this category.

Available-for-sale financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate, being the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the statement of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the statement of comprehensive income. Impairment losses on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity

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

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and financial liabilities at amortised costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are classified into (i) financial liabilities held for trading and (ii) those designated as at fair value through profit or loss on initial recognition.

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At the end of each reporting period subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in the statement of comprehensive income in the period in which they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and interest-bearings loans advanced from shareholders are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Convertible notes

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument. For conversion option that does not meet the definition of an equity instrument, it is classified as a derivative financial liability and is carried at fair value.

Convertible notes that contain an equity component

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest rate method. The equity component will remain in convertible loan note equity reserve until the conversion option is exercised (in which case the amount will be transferred to the share premium account). Where the option remains unexercised at the expiry date, the amount stated in the convertible loan note equity reserve will be released to retained profits. No gain or loss is to be recognised in the statement of comprehensive income upon conversion or expiration of the option.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Convertible notes *(Continued)*

Convertible notes that do not contain an equity component

Conversion option that is classified as derivative financial liability are re-measured at the end of each reporting period subsequent to initial recognition with changes in fair value recognised directly in the statement of comprehensive income in the period in which they arise.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. The difference between the carrying value of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Plantation assets

Plantation assets comprise forest in the PRC.

Plantation assets are stated at fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of comprehensive income. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The fair value of plantation assets is determined independently by professional valuers.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after item of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that assets or as a replacement.

Land held under operating leases and buildings thereon, where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives. The principal annual rates used for this purpose are as follows:

Land and buildings:	Over the shorter of the term of the lease, or 20 years
Furniture, fixtures and equipment:	10 – 20%
Motor vehicles:	20 – $33\frac{1}{3}$%
Plant and machinery:	10%
Leasehold improvement:	50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is recognised is the difference between the net sale proceeds and the carrying amount of the relevant assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

From 1 August 2009, investment properties under construction have been accounted for in the same ay as completed investment properties. Specifically, construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in profit or loss in the period in which they arise. Prior 1 August 2009, the property under development was measured at cost less impairment losses, if any.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Net realizable value is determined by reference to sale proceeds received after the balance sheet date less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the statement of comprehensive income on a straight-line basis over the period of the lease.

Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased of property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance costs is recognised in the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are carried at their fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agent, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; and difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

Borrowing costs are interests and other costs incurred in connection with borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are charged to the statement of comprehensive income in the period in which the costs are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Government grants

Government grants are recognised as income over the periods necessary to match then with the related costs. Grant related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated statement of comprehensive income and are deducted in reporting the related expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

(i) The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

(ii) The relevant PRC subsidiaries are required to make contributions to the state retirement schemes in the PRC based on 18% to 22% of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to these retired staff.

(iii) The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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

Revenue recognition

Revenue is provided when it is probable that economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Revenue from the sale of completed properties is recognised upon the execution of a binding sale and purchase agreement.

(ii) Property rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(iii) Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

(iv) Revenue from the sale of chemical products is recognised when the significant risks and rewards of ownership have been transferred to the buyers, provided that Guangzhou Yueshou Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(v) Service fee income is recognised when the services are provided.

(vi) Income from installation service is recognised based on the percentage of completion basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Construction contracts

The accounting policy for contract revenue is set out in revenue recognition. When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded in the statement of financial position at net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position under "Deposits and prepayments". Amount received before the related work is performed are included in the statement of financial position, as a liability, as "Other payables".

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and loss resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies and recognised in the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(ii) Transactions and balances (Continued)

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

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

Cost 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 the 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.

Intangible assets

Patent

Patent is stated at cost less accumulated amortisation and less any identified impairment loss. The amortisation period adopted for intangible assets is twenty years.

Timber concession and plantation licences

Timber concession and plantation licences acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Timber concession licences give the Group rights to harvest trees in the allocated concession forests in designated areas in the PRC. Plantation licence gives the Group rights for tree plantation in the PRC.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Timber concession and plantation licences *(Continued)*

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

– Patent	Twenty years
– Timber concession and plantation licences	Over the remaining terms of the licences

Both the period and method of amortisation and any conclusion that the useful life of an intangible asset is indefinite are reviewed annually.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Current assets and current liabilities

Current assets are expected to be realised within twelve months of the balance sheet date or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the balance sheet date or in the normal course of the Group's operating cycle.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

4. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Financial assets		
Loan and receivables		
(including cash and cash equivalents)	**102,942**	165,505
Financial liabilities		
Amortised cost	**290,072**	377,283

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no major hedging activities are undertaken by management.

Market risk

(i) Foreign currency risk management

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar ("HKD") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposures should the need arise.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Foreign currency risk management (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Liabilities		Assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**39,646**	82,594	**455,218**	499,242

Sensitivity analysis on foreign exchange risk management

The Group is mainly exposed to the effects of fluctuation in RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. A negative number below indicates a decrease in profit where the Hong Kong dollars strengthen the relevant currency, there would be an equal and opposite impact on the profit, and the balance below would be positive.

	2010	2009
	HK$'000	*HK$'000*
Profit or loss#	**20,779**	20,832

This is mainly attributable to the exposure outstanding on receivables, cash and bank balances and payables denominated in RMB not subject to cash flow hedge at year end.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk management

The Group and the Company have no interest rate risk arises from bank borrowings.

The Group and the Company have no significant interest-bearing assets except for bank borrowings and loan from a shareholder, details of which have been disclosed in Note 34 and 39.

The Group and the Company has no significant interest rate risk as at 31 July 2010.

(iii) Price risks

The Group is exposed to equity price risk through its investment in listed equity securities listed in Hong Kong. As at 31 July 2010, the Group did not have investment in listed equity securities listed in Hong Kong.

The Group's equity price risk is mainly concentrated on listed equity securities operating in consumer credit finance services and related business quoted in The Stock Exchange of Hong Kong Limited. The management will monitor the price movements and take appropriate actions when it is required.

Sensitivity analysis on price risks management

The sensitivity analyses below have been determined based on the exposure to equity price risk on listed equity securities at the reporting date.

The Group did not have significant investment in listed equity securities and the sensitivity to equity prices has not changed significantly from prior year.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

As at 31 July 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge their obligations by the counterparties and financial guarantees provided by the Group is arising from (i) the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and (ii) the amount of contingent liabilities in relation to the financial guarantees provided by the Group.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group has set the policies in place to ensure that transactions are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. For construction transaction, back-to-back arrangements are made with the sub-contractors where applicable to minimise the credit risk. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk of the Company on the amounts due from subsidiaries, the management of the Company closely monitored the recoverability of the amounts due. In this regard, the directors of the Company consider that the Company's credit risk on it is significantly reduced.

The Group and the Company's bank balances and cash are deposited with banks in Hong Kong and the PRC. The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

Other than concentration of credit risk on liquid funds, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group has laid down an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management requirements, which is reviewed regularly by the Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and maintains a conservative level of long-term funding to finance its short-term financial assets.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue to those liabilities except where the Group are entitled and intends to repay the liability before its maturity.

At 31 July 2010

	Weighted average effective interest rate *%*	Within 1 year *HK$'000*	2 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flow *HK$'000*	Total carrying amount *HK$'000*
Non-derivative financial liabilities						
Trade and other creditors	–	27,007	–	–	27,007	27,007
Bank borrowings	5.75%	18,646	–	–	18,646	18,646
Accrued charges	–	3,391	–	–	3,391	3,391
Amount due to a shareholder	–	–	22,000	–	22,000	22,000
Amount due to a director	–	5,459	–	–	5,459	5,459
Loan from a shareholder	–	3,000	–	–	3,000	3,000
Convertible notes	10.52%	–	233,600	–	233,600	210,569
		57,503	255,600	–	313,103	290,072

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

At 31 July 2009

	Weighted average effective interest rate	Within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flow	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade and other creditors	–	40,192	–	–	40,192	40,192
Bank borrowings	5.75%	26,261	18,450	–	44,711	44,711
Accrued charges	–	2,859	–	–	2,859	2,859
Amount due to a shareholder	–	–	22,000	–	22,000	22,000
Amount due to a director	–	5,305	–	–	5,305	5,305
Loan from a shareholder	–	3,000	–	–	3,000	3,000
Convertible notes	10.52%	–	322,000	–	322,000	259,216
		77,617	362,450	–	440,067	377,283

(c) Fair value of financial instruments

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

(i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black-Scholes option pricing model and Binomial option pricing model).

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Fair value of financial instruments *(Continued)*

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

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

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

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

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which includes interest-bearing bank borrowings and variable rate bank borrowings), and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition of new borrowings.

Gearing ratio

The gearing ratio at 31 July 2010 and 31 July 2009 was as follows:

	2010	2009
	HK$'000	*HK$'000*
Debt *(note (a))*	**18,646**	44,711
Total equity	**393,352**	821,734
Gearing ratio	**0.05**	0.05

Notes:

(a) Debt comprises bank borrowings as detailed in Note 34.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

Impairment of trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for trade receivables are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivables to the income statements. Changes in the collectability of trade receivables for which provision are not made could affect the results of operations.

Impairment of assets

The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Critical accounting estimates and assumptions *(Continued)*

Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also perform annual reviews on whether the assumptions made on useful lives continue to be valid. The Group test annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

Fair value of other financial assets and liabilities

The fair values of loans and receivables and financial liabilities are accounted for or disclosed in the financial statements. The calculated of fair values requires the Group to estimate the future cash flows expected to arise from those assets and liabilities and suitable discount rates. Variations in the estimated future cash flows and the discount rates used may result in adjustments to the carrying amounts of these assets and liabilities and the amounts disclosed in the financial statements.

Income taxes and deferred taxation

The Group is subject to income taxes in different jurisdictions. Significant judgment is required in determining the provision for income taxes. 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 audit 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 were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Critical accounting estimates and assumptions *(Continued)*

Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect and changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance and repair requirement's and the appropriate discount rate.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Critical accounting estimates and assumptions *(Continued)*

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Measurement of convertible notes

On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in the convertible notes reserve, net of transaction costs. The splitting of the liability and equity components requires an estimation of the market interest rate.

Fair value of plantation assets

The Group's plantation assets are valued at fair value less costs to sell. In determining the fair value of the plantation assets, the professional valuers have applied the net present value approach which requires a number of key assumptions and estimates to be made such as discount rate, log price, harvest profile, plantation costs, growth, harvesting and establishment. Any change in the estimates may affect the fair value of the plantation assets significantly. The professional valuers and management review the assumptions and estimates periodically to identify any significant change in the fair value of plantation assets.

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 August 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segment (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segment. The adoption of HKFRS 8 has not resulted in re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group has three reportable segments, (i) property development; (ii) environmental protection operations; and (iii) forestry and logging operation.

Segment turnover and results

An analysis of the Group's turnover and results by business segment is presented below:

	Property development		Environmental protection operations		Forestry and logging operation		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER	**8,156**	379	**93,470**	120,094	**–**	–	**101,626**	120,473
RESULTS								
Segment profit/(loss)	**4,330**	(13,369)	**5,028**	61,704	**(1,018)**	(315)	**8,340**	48,020
Unallocated corporate income							**3**	12,016
Unallocated corporate expenses							**(14,127)**	(30,467)
Impairment loss in respect of goodwill	**–**	–	**(497,480)**	–	**–**	–	**(497,480)**	–
Impairment loss in respect of intangible assets	**–**	–	**–**	–	**(3,918)**	–	**(3,918)**	–
Loss/(gain) arising from change in fair value of plantation assets less cost to sell	**–**	–	**–**	–	**(1,981)**	6,203	**(1,981)**	6,203
(Loss)/profit from operations							**(509,163)**	35,772
Gain arising from disposal of subsidiaries							**–**	4,770
Finance costs							**(15,551)**	(17,901)
(Loss)/profit before taxation							**(524,714)**	22,641

7. SEGMENT INFORMATION *(Continued)*

Segment turnover and results *(Continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies, business segment represents the profit/(loss) from each segment without allocation of central operating expenses including staff costs, finance costs and gain arising from disposal of subsidiaries. This is the measure reported for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is analysis of the Group's assets and liabilities by reportable segment:

	Property development		Environmental protection operations		Forestry and logging operation		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**176,781**	185,420	**411,657**	976,079	**85,272**	49,388	**673,710**	1,210,887
Unallocated corporate assets							**23,844**	13,235
Consolidated total assets							**697,554**	1,224,122
LIABILITIES								
Segment liabilities	**772**	754	**38,151**	103,103	**–**	–	**38,923**	103,857
Convertible notes							**210,569**	259,216
Deferred taxation							**5,069**	12,109
Unallocated corporate liabilities							**49,641**	27,206
Consolidated total liabilities							**304,202**	402,388

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than corporate assets.

– all liabilities are allocated to reportable segments other than corporate liabilities, convertible notes and deferred tax liabilities.

7. SEGMENT INFORMATION *(Continued)*

Other segment information

The following is analysis of the Group's other segment information:

	Property development		Environmental protection operations		Forestry and logging operation		Unallocated		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital addition	**–**	–	**40**	1,677	**26,419**	18,281	**–**	213	**26,459**	20,171
Depreciation and amortization	**–**	–	**7,260**	4,250	**1,018**	–	**97**	64	**8,375**	4,314
Loss arising from change in fair value of investment properties	**1,203**	13,100	**475**	460	**–**	–	**–**	–	**1,678**	13,560
Impairment loss recognised in respect trade and other debtors	**–**	–	**3,430**	3,969	**–**	–	**–**	–	**3,430**	3,969
Impairment loss recognised in respect of intangible assets	**–**	–	**–**	–	**3,918**	–	**–**	–	**3,918**	–
Impairment loss recognised in respect of goodwill	**–**	–	**497,480**	–	**–**	–	**–**	–	**497,480**	–
(Loss)/gain arising from changes in fair value of plantation assets less cost to sell	**–**	–	**–**	–	**(1,981)**	6,203	**–**	–	**(1,981)**	6,203

7. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

For the year ended 31 July 2010, all of the Group's turnover are derived from the PRC. The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located:

	Non-current assets*		Additions to property, plant and equipment and plantation assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**325,047**	286,982	**26,459**	19,958
Hong Kong	**218,557**	727,516	**–**	213
	543,604	1,014,498	**26,459**	20,171

* *Non-current assets excluding deferred tax assets.*

Information about major customers

Included in turnover arising from environmental protection operations of approximately HK$93,470,000 (2009: HK$120,094,000) are turnover of approximately HK$12,833,000 (2009: HK$56,148,000) which arose from turnover to the Group's largest one (2009: three) customer with whom transactions have exceeded 10% of the Group's turnover during the year. No customer had exceeded 10% of the Group's turnover arising from property development during the year.

8. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of sales revenue from the sales of properties in the PRC, the sales of chemical agents and petroleum chemical products and the service income from the provision of technical and installation services.

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Turnover:		
Sales of properties in the PRC	**8,156**	379
Sales of chemical agents and petroleum chemical products	**85,363**	59,649
Provision of installation services	**5,652**	44,513
Provision of technical services	**2,455**	15,932
	101,626	120,473
Other revenue:		
Interest income	**48**	141
Rental income	**2,919**	2,773
Governmental grant	**94**	1,228
Management fee income	**1,181**	869
Sundry income	**3**	1,255
	4,245	6,266

9. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated at after charging:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration	**750**	725
Amortisation of intangible assets	**4,356**	3,570
Depreciation on owned assets	**4,019**	4,314
Operating lease rentals in respect of land and buildings	**1,150**	746
Impairment loss recognised in respect of trade and other debtors	**3,430**	3,969
Staff costs, including directors' remuneration:		
– Retirement benefits scheme contributions	**409**	463
– Salaries and other benefits	**4,114**	4,271

and after crediting:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Other income:		
Waiver of other creditors	**86**	362
Exchange gain	**10**	–
Reversal of impairment loss in respect of trade and other debtors	**3,977**	5,695
	4,073	6,057

10. FINANCE COSTS

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Imputed interest on convertible notes	**13,240**	16,752
Interest on bank borrowings and overdrafts wholly repayable within five years	**2,101**	938
Interest on loan from a shareholder	**210**	211
	15,551	17,901

11. TAXATION

No provision for Hong Kong Profits Tax has been made during the year (2009: Nil) as the Group had no assessable profit for the year.

Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Current taxation:		
Provision for the year in the PRC	**–**	8,918
Over provision in previous year	**(1,159)**	(5,235)
Deferred taxation:		
Reversal during the year	**(2,425)**	(2,879)
	(3,584)	804

11. TAXATION *(Continued)*

The (credit)/charge for the year can be reconciled to the (loss)/profit per the consolidated statement of comprehensive income as follows:

The Group	**2010**					
	Hong Kong		**The PRC**		**Total**	
	HK$'000	***%***	***HK$'000***	***%***	***HK$'000***	***%***
(Loss)/profit before taxation	**(525,054)**		**340**		**(524,714)**	
Tax at applicable tax rate	**(86,634)**	**(16.5)**	**85**	**25.0**	**(86,549)**	**(16.5)**
Over-provision in previous year	**–**	**–**	**(1,159)**	**(340.9)**	**(1,159)**	**(0.2)**
Estimated tax effect of income and expenses not taxable or deductible in determining taxable profit	**82,084**	**15.6**	**(205)**	**(60.3)**	**81,879**	**15.6**
Tax losses not recognised	**2,245**	**0.5**	**–**	**–**	**2,245**	**0.4**
Tax credited at the Group's effective rate	**(2,305)**	**(0.4)**	**(1,279)**	**(376.2)**	**(3,584)**	**(0.7)**

The Group	2009					
	Hong Kong		The PRC		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
(Loss)/profit before taxation	(27,809)		50,450		22,641	
Tax at applicable tax rate	(4,588)	(16.5)	12,613	25.0	8,025	35.4
Estimated tax effect of income and expenses not taxable or deductible in determining taxable profits	(1,155)	(4.2)	(3,810)	(7.6)	(4,965)	(21.9)
Under-provision in previous year	(1,963)	(7.1)	(3,272)	(6.4)	(5,235)	(23.1)
Tax losses not recognised	2,979	10.7	–	–	2,979	13.2
Tax (credited)/charged at the Group's effective rate	(4,727)	(17.1)	5,531	11.0	804	3.6

12. DIRECTORS' REMUNERATION

Details of remuneration of the directors of the Company for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Fees		Salaries and bonuses		Mandatory provident fund		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors								
Mr. Yu Hong	**–**	–	**500**	292	**2**	–	**502**	292
Mr. Li Bin	**–**	–	**300**	175	**1**	–	**301**	175
Mr. Chim Kim Lun, Ricky (Resigned on 21 November 2009)	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Guo Han Biao	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Fok Po Tin (Resigned on 11 August 2008)	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Yu Shu Liang	**–**	–	**300**	188	**1**	–	**301**	188
Independent non-executive directors								
Mr. Cheng Kwok Hing, Andy (Resigned on 23 April 2009)	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Sun Tak Keung (Resigned on 15 October 2008)	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Kwong Ping Man	**30**	32	**–**	–	**–**	–	**30**	32
Mr. Zhang Xi Chu	**–**	–	**–**	–	**–**	–	**–**	–
Ms. Sun Zhili	**60**	5	**–**	–	**–**	–	**60**	5
	90	37	**1,100**	655	**4**	–	**1,194**	692

The number of directors whose remuneration fell within the following bands is as follows:

	2010	2009
Nil – HK$1,000,000	**7**	8

During the year, no remuneration was paid by the Group to the directors as a discretionary bonus or an inducement to join or upon joining the Group or as compensation for loss of office.

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

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2009: nil) director, details of whose remuneration set out in Note 12 above. Details of the remuneration of the five (2009: five) highest paid employees are as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	**2,079**	1,168
Retirement benefits scheme contributions	**34**	43
Total emoluments	**2,113**	1,211

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2010	2009
Nil – HK$1,000,000	**3**	5

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the company is dealt with in the financial statements of the Company to the extent of HK$375,550,000 (2009: HK$15,255,000).

15. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 July 2010 (2009: Nil).

16. (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic and diluted (loss)/profit per share are based on:

	2010	2009
	HK$'000	*HK$'000*
(Loss)/profit		
(Loss)/profit attributable to owners of the Company, for the purpose of basic (loss)/profit per share calculation	**(521,130)**	21,837
Interest on convertible notes *(Note 10)*	**–**	16,752
Deferred tax relating to that interest expense	**–**	(2,764)
(Loss)/profit attributable to owners of the Company for the purpose of diluted (loss)/profit per share calculation	**(521,130)**	35,825

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic (loss)/profit per share calculation	**2,757,353**	2,402,000
Effect of dilution – weighted average number of ordinary shares: convertible notes	**–**	1,610,000
Weighted average number of ordinary shares for the purpose of diluted (loss)/profit per share calculation	**2,757,353**	4,012,000

For the year ended 31 July 2010, diluted loss per share is the same as the basic loss per share as the outstanding convertible notes had anti-dilutive effect on the basic loss per share.

17. INVESTMENT PROPERTIES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Fair value:		
Completed investment properties, in the PRC	**111,890**	119,844
Investment properties under construction, in the PRC	**49,368**	–
	161,258	119,844

	The Group		
	Completed investment properties in the PRC	**Investment properties under construction in the PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Fair value:			
At 1 August 2008	133,472	–	133,472
Fair value loss	(13,560)	–	(13,560)
Exchange alignment	(68)	–	(68)
At 31 July 2009 and 1 August 2009	119,844	–	119,844
Exchange alignment	92	–	92
Reclassified from properties under development *(Note 20)*	–	43,000	43,000
Fair value (loss)/gain	(8,046)	6,368	(1,678)
At 31 July 2010	111,890	49,368	161,258

17. INVESTMENT PROPERTIES *(Continued)*

Investment properties were valued at their open market values at 31 July 2010 by independent qualified valuers not connected with the Group, on an open market value basis. The valuation gave rise to a loss arising from change in fair value of HK$1,678,000 (2009: loss of HK$13,560,000) which has been charged to the consolidated statement of comprehensive income.

None of the Group's investment properties (2009: HK$Nil) have been pledged to secure credit facilities granted to the Group.

The carrying amount of investment properties shown above comprises:

	2010	2009
	HK$'000	*HK$'000*
Land outside Hong Kong:		
Long-term lease	**152,697**	110,900
Medium-term lease	**8,561**	8,944
	161,258	119,844

Property rental income earned during the year was approximately HK$2,919,000 (2009: HK$2,773,000). The property held had committed tenants for the next two years. At the balance sheet date, the Group contracted with tenants for the following future minimum lease receivables:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**2,182**	2,204
In the second to fifth year inclusive	**931**	1,066
	3,113	3,270

18. PLANTATION ASSETS

	2010 HK$'000	2009 HK$'000
At 1 August	**24,484**	–
Additions	**26,419**	18,281
Exchange alignment	**201**	–
(Loss)/gain arising from changes in fair value less costs to sell	**(1,981)**	6,203
At 31 July	**49,123**	24,484

The changes in fair value less costs to sell upon initial acquisition of the plantation assets represent the difference between the acquisition cost and the value of the new plantation assets at the date of acquisition.

The changes in fair value less costs to sell during the year represent the aggregate of the difference between the value of the existing plantation assets as of the beginning and end of the year and the difference between the value of the new plantation assets as of the second day of acquisition and end of the year.

Included in additions to the Group's plantation assets are interest capitalised of Nil (2009: HK$673,000). The interest rate is ranged from 5.4% to 5.94%.

The Group has been granted 8 (2009: 6) timber concession and plantation licences for a gross area of approximately 9,103.5 (2009: 5,320.5) Chinese Mou in PRC. The licences are for 30 to 61 years, the earliest of which expires in 2037.

At 31 July 2010, plantation assets represent standing timber planted by the Group and comprise approximately 9,103.5 (2009: 5,320.5) Chinese Mou of tree plantations, which range from newly established plantations to plantations that are 2 to 3 years old. As at 31 July 2010, there were approximately 609,324 standing timbers. During the year ended 31 July 2010, the Group did not harvest any of wood (2009: Nil). The Group has not harvested any wood during the year ended 31 July 2010.

18. PLANTATION ASSETS *(Continued)*

The Group's plantation assets in the PRC were valued by independent professional valuer. The independent professional valuer has applied the net present value approach which requires a number of key assumptions and estimates in determining the fair value of the plantation assets. The directors of the Company review these assumptions and estimates periodically to identify any significant change in the fair value. In view of the non-availability of market value for tree plantations in the PRC, net present value approach has been applied whereby projected future net cash flows, based on the assessments of current timber log prices, were discounted at the rate of 12% for the year applied to pre-tax cash flows to provide a current market value of the plantation assets.

The principal valuation methodology and assumptions adopted are as follows:

– stands are scheduled to be harvested at or near their optimum economic age;

– the cash flows are those arising from the current rotation of trees only. No account was taken of revenues or costs from re-establishment following harvest, or of land not yet planted;

– the cash flows do not take into account income taxation and finance costs;

– the cash flows have been prepared in real terms and have not therefore included inflationary effects;

– the impact of any planned future activity of the business that may impact the pricing of the logs harvested from the forest is not take into account;

– costs are current average costs. No allowance has been made for cost improvements in future operations;

– the logs are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value; and

– the factors of natural defects in the wood such as physical defects, rots and directions of grains have been allowed for reasonable recovery rate for the valuation.

19. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold improvement	Buildings	Furniture, fixtures and equipment	Motor vehicles	Plant and machinery	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
At 1 August 2008	38	29,141	5,861	7,522	15,965	58,527
Additions	100	–	151	1,299	340	1,890
Disposals	(38)	–	(33)	–	–	(71)
Exchange alignment	–	(209)	(9)	(47)	(93)	(358)
At 31 July 2009 and 1 August 2009	100	28,932	5,970	8,774	16,212	59,988
Additions	–	–	40	–	–	40
Exchange alignment	–	309	14	82	173	578
At 31 July 2010	100	29,241	6,024	8,856	16,385	60,606
Depreciation and impairment						
At 1 August 2008	17	3,393	5,369	4,072	3,450	16,301
Provided for the year	27	1,355	101	1,226	1,605	4,314
On disposal written back	(32)	–	(12)	–	–	(44)
Exchange alignment	–	(25)	(8)	(21)	(26)	(80)
At 31 July 2009 and 1 August 2009	12	4,723	5,450	5,277	5,029	20,491
Provided for the year	50	1,451	183	709	1,626	4,019
Exchange alignment	–	62	12	50	66	190
At 31 July 2010	62	6,236	5,645	6,036	6,721	24,700
Net book value						
At 31 July 2010	**38**	**23,005**	**379**	**2,820**	**9,664**	**35,906**
At 31 July 2009	88	24,209	520	3,497	11,183	39,497

20. PROPERTIES UNDER DEVELOPMENT/PROPERTIES HELD FOR SALE

The Group

(a) Properties under development

	HK$'000
Cost	
At 1 August 2008, 31 July 2009 and 1 August 2009	72,706
Transfer to investment properties	(72,706)
At 31 July 2010	–
Impairment	
At 1 August 2008, 31 July 2009 and 1 August 2009	29,706
Transfer to investment properties	(29,706)
At 31 July 2010	–
Net book value	
At 31 July 2010	–
At 31 July 2009	43,000

(b) Properties held for sale

	2010	2009
	HK$'000	*HK$'000*
Properties held for sale	**13,692**	17,722

Properties held for sale are situated in the PRC and are held under long-term land use rights.

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	HK$'000	*HK$'000*
Unlisted shares, at cost	**384,002**	384,002
Less: Impairment loss recognised	**(165,614)**	–
	218,388	384,002
Amounts due from subsidiaries	**482,192**	478,810
Less: Impairment loss recognised	**(220,832)**	–
	261,360	478,810
Amounts due to subsidiaries	**–**	(32,683)

Notes:

(a) Details of the Company's principal subsidiaries as at 31 July 2010 are set out in Note 47 to the financial statements.

(b) None of the subsidiaries had any debt securities outstanding at the balance sheet date or at any time during the year.

(c) The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

(d) The carrying amounts of investment in subsidiaries and amounts due from subsidiaries is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

22. GOODWILL

	The Group
	HK$'000
Cost:	
At 1 August 2008, 31 July 2009, 1 August 2009 and 31 July 2010	715,868
Impairment:	
At 1 August 2008, 31 July 2009 and 1 August 2009	–
Impairment loss recognised in the year	497,480
At 31 July 2010	497,480
Carrying amount:	
At 31 July 2010	**218,388**
At 31 July 2009	715,868

During the year ended 31 July 2010, the Group assessed the recoverable amount of goodwill and determined that goodwill associated with the Group's environmental protection operations. The recoverable amount of the environmental protection operations was assessed by reference to value in use. A discount rate of 13.78% per annum (2009: 12.68% per annum) was applied in the value in use model. The main factor contributing to the impairment of the cash-generating unit was the slowdown of sales order for sulphur fixing agents and the desulphurisation projects.

22. GOODWILL *(Continued)*

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to the following cash generating units (CGUs). The carrying amount of goodwill (net of accumulated impairment losses) as at 31 July 2010 is allocated as follows:

	HK$'000
Environmental protection operations	218,388

The recoverable amount of the environmental protection operations is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 13.78% per annum (2009: 12.68% per annum). Cashflows beyond that five-year period have been extrapolated using a steady 2.66% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market to which the environmental protection operations is dedicated. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amounts is based would not cause the carrying amount of the unit to exceed its recoverable amount.

The key assumptions used in the value in use calculations for the environmental protection operations are as follows:

Budgeted sales	Average sales achieved in the period immediately before the budget period which reflects past experience, which is consistent with management plans for focusing operations in the industry.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflects past experience, increased for expected efficiency improvements.

23. INTANGIBLE ASSETS

The Group

	Patent	Timber concession and plantation license	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 August 2008	65,700	–	65,700
Additions	–	25,242	25,242
Exchange realignment	(471)	(23)	(494)
At 31 July 2009 and 1 August 2009	65,229	25,219	90,448
Additions	–	14,696	14,696
Exchange realignment	695	268	963
At 31 July 2010	65,924	40,183	106,107
Amortisation and impairment:			
At 1 August 2008	15,185	–	15,185
Charge for the year	3,255	315	3,570
Exchange realignment	(112)	–	(112)
At 31 July 2009 and 1 August 2009	18,328	315	18,643
Charge for the year	3,338	1,018	4,356
Impairment loss recognised for the year	–	3,918	3,918
Exchange realignment	220	41	261
At 31 July 2010	21,886	5,292	27,178
Carrying amount:			
At 31 July 2010	**44,038**	**34,891**	**78,929**
At 31 July 2009	46,901	24,904	71,805

As at 31 July 2010, the intangible assets with a carrying amount of HK$Nil (2009: HK$46,901,000) were pledged to secure banking facilities granted to Guangzhou Yueshou Industry Co. Limited ("Guangzhou Yueshou") *(Note 42)*.

23. INTANGIBLE ASSETS *(Continued)*

The recoverable amount of timber concession and plantation license is determined based on value-in-use calculations. The impairment review of the timber concession and plantation license is based on the expected future cash flows and based on the financial budgets approved by management covering a 5-year period. Cash flows beyond 5 year period is extrapolated using an estimated growth rate of 2%. This growth rate does not exceed the long-term average rate for the market. Discout rate of 12% is applied on the value-in-use calculations. The main factor contributing to the impairment was a change of the market condition.

24. DEFERRED INCOME

	The Group	
	2010	2009
	HK$'000	*HK$'000*
At the beginning of the year	**7,975**	8,032
Exchange alignment	**85**	(57)
At the end of the year	**8,060**	7,975

The Group's deferred income represents government grants obtained for subsidising the construction of facilities.

25. TRADE AND OTHER DEBTORS

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Trade and other debtors	**48,905**	154,700
Less: Impairment loss recognised in respect of trade and other debtors *(Note (a))*	**(14,700)**	(15,206)
	34,205	139,494

25. TRADE AND OTHER DEBTORS *(Continued)*

The credit terms granted to customers ranges from 30 to 365 days. The aged analysis of trade and other debtors is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**6,197**	28,589
31 to 60 days	**998**	14,523
61 to 90 days	**1,206**	3,216
91 to 180 days	**12,205**	31,467
181 to 365 days	**5,248**	7,615
Over 365 days	**23,051**	69,290
	48,905	154,700
Less: Impairment loss recognised in respect of trade and other debtors *(Note (b))*	**(14,700)**	(15,206)
	34,205	139,494

Notes:

(a) The carrying amounts of trade and other debtors are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated.

(b) The movements in impairment loss of trade and other debtors were as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 August	**15,206**	16,104
Exchange realignment	**41**	828
Reversal of impairment *(Note 9)*	**(3,977)**	(5,695)
Impairment loss recognised in respect of trade and other debtors *(Note 9)*	**3,430**	3,969
At 31 July	**14,700**	15,206

25. TRADE AND OTHER DEBTORS *(Continued)*

Notes: (Continued)

(c) The aged analysis of the Group's trade and other debtors balances which are past due but not impaired is presented as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Over 365 days	**8,351**	54,084

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(d) The aged analysis of the Group's trade and other debtors balances which are impaired is presented as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Over 365 days	**14,700**	15,206

26. DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposit paid for legal claim	**3,131**	3,131	**–**	–
Deposit paid for property, plant and equipment	**–**	2,474	**–**	–
Deposits paid	**27,886**	4,771	**–**	–
Prepayment	**20,621**	14,742	**138**	122
	51,638	25,118	**138**	122

27. INVENTORIES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Raw material	**6,188**	48
Finished goods	**7,388**	1,405
	13,576	1,453

The cost of inventories recognised as an expense during the year, was approximately HK$75,176,000 (2009: HK$42,339,000).

28. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Amounts due from customers for contract work	**3,119**	10,202
Amounts due to customers for contract work	**–**	(513)
	3,119	9,689
Contracts in progress at the balance sheet date:		
Contract costs in incurred plus recognised profits less recognised losses to date	**34,996**	81,199
Less: Progress billing	**(31,877)**	(71,510)
	3,119	9,689

29. OTHER DEPOSIT

The Group and the Company

A sum of HK$9,582,000 (2009: HK$9,268,000) was deposited into an interest bearing client's account kept by a legal firm as security in favour of the joint and several provisional liquidators ("Provisional Liquidators") of Wing Fai Construction Company Limited ("Wing Fai") or any subsequently appointed liquidators of Wing Fai. The deposit is for any judgement that may be obtained by the Provisional Liquidators and subsequent liquidators of Wing Fai of any action commenced within twelve months from 14 July 2002 and thereafter until the determination of the legal proceedings with the Company and/or any of the wholly owned subsidiaries of the Company in existence as at 14 July 2002.

30. CASH AND BANK BALANCES

	The Group		**The Company**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**28,138**	6,367	**7,964**	98

As at 31 July 2010, cash and bank balances of the Group included currencies denominated in RMB amounted to approximately HK$19,920,000 (2009: HK$5,953,000) which is not freely convertible into other currencies.

31. SHARE CAPITAL

The Group and the Company

	Number of shares	Amount HK$'000
Share of HK$0.05 each		
Authorised:		
At 1 August 2008, 31 July 2009 and 1 August 2009	16,000,000,000	800,000
Increase in authorised share capital	14,000,000,000	700,000
At 31 July 2010	**30,000,000,000**	**1,500,000**
Issued and fully paid:		
At 1 August 2008	1,017,999,999	50,900
Conversion of convertible notes *(Note 35)*	1,384,000,000	69,200
At 31 July 2009 and 1 August 2009	2,401,999,999	120,100
Placing of ordinary shares *(Note (a))*	150,000,000	7,500
Conversion of convertible notes *(Note 35)*	442,000,000	22,100
At 31 July 2010	**2,993,999,999**	**149,700**

Note:

(a) On 17 November 2009, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent conditionally agreed to place up to 150,000,000 shares to not less than six places at a price of HK$0.15 per share on a best effort basis. The placing was completed on 4 December 2009. The net proceeds from the placing was approximately HK$22,050,000.

32. SHARE OPTION SCHEME

On 28 July 2010, the Company passed an ordinary resolution regarding the termination of the old share option scheme and adopted a new share option scheme (the "New Scheme") for the primary purpose of providing incentive to the eligible employees and directors of the Company. Under the terms of the New Scheme, the board of directors of the Company may, at their discretion, grant options to the participants who fall within the definition prescribed in the New Scheme including the employees and executive directors of the Company or its subsidiaries of subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the Offer Date; (ii) the average closing price of the Shares as stated the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding to the Offer Date; and (iii) the nominal value of the shares. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders. Options granted under the New Scheme will entitle the holder to subscribe for shares from the date of grant up to 27 July 2020. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

No options were granted to any directors and employees of the Company during the two years ended 31 July 2009 and 31 July 2010 pursuant to the New Scheme.

33. RESERVES

(a) The Group

The amounts of the Group reserves and the movements therein for the current and prior year and presented in the consolidated statement of changes in equity on page 34 of the annual report.

(b) The Company

	Share premium HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000 (Note (a))	Convertible notes reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 August 2008	292,537	143,218	77,033	83,873	(148,039)	448,622
Loss for the year	–	–	–	–	(15,255)	(15,255)
At 31 July 2009 and 1 August 2009	292,537	143,218	77,033	83,873	(163,294)	433,367
Issue of ordinary shares	14,550	–	–	–	–	14,550
Conversion of convertible notes	66,300	–	–	(21,882)	–	44,418
Loss for the year	–	–	–	–	(375,550)	(375,550)
At 31 July 2010	**373,387**	**143,218**	**77,033**	**61,991**	**(538,844)**	**116,785**

Notes:

(a) The distributable reserve of the Group represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the Company's share issued for the acquisition at the time of the group reorganisation in 1994.

34. BANK BORROWINGS, SECURED

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Bank loans	**18,646**	44,711
The maturities of the above bank borrowings are as follows:		
On demand or within one year	**18,646**	26,261
More than one year but not exceeding two years	**–**	18,450
	18,646	44,711
Less: Amounts due within one year shown under current liabilities	**(18,646)**	(26,261)
Amount due after one year	**–**	18,450

For the year ended 31 July 2010, the above bank borrowings were guarantee provided by the director of the company, Mr. Yu Hong. The weighted average effective interest rate on the bank loans is 5.75% per annum.

For the year ended 31 July 2009, the above bank borrowings were secured by intangible assets amounting to approximately HK$46,901,000 and guarantee provided by the director of the company, Mr. Yu Hong. The weighted average effective interest rate on the bank loans is 5.75% per annum.

An analysis of the carrying amounts of the total borrowings by type and currency is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
At fixed rates		
Renminbi ("RMB")	**18,646**	44,711

35. CONVERTIBLE NOTES

(a) On 28 June 2007, the Company issued zero-coupon convertible notes ("Convertible Notes 1") with a principal amount of HK$256,000,000. Each note entitled the holder to convert to ordinary share of the Company at a conversion price of HK$0.20 each. The maturity date of the Convertible Notes 1 is the date immediately preceding the fifth anniversary of the date of issue of the Convertible Notes 1.

The fair value of the liability component was estimated at the issue date of the Convertible Notes 1 using an equivalent market interest rate for a similar bond without a conversion option. The effective interest rate of the liability component is 16.774% per annum. The residual amount is assigned as the equity component, and included in shareholders' equity in convertible notes reserves.

The Convertible Notes 1 recognised in the consolidated statement of financial position was calculated, as follows:

	HK$'000
Nominal value of convertible notes issued on 28 June 2007	256,000
Liability component	(117,899)
Equity component	138,101
Liability component at 1 August 2008	46,973
Imputed interest expense charged	7,879
Liability component at 31 July 2009 and 1 August 2009	54,852
Imputed interest expense charged	4,149
Converted into Company's shares	(54,830)
Liability component at 31 July 2010	**4,171**

During the year ended 31 July 2010, Convertible Notes 1 with an aggregate amount of HK$80,400,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 402,000,000.

35. CONVERTIBLE NOTES *(Continued)*

(a) *(Continued)*

During the year ended 31 July 2009, Convertible Notes 1 with an aggregate amount of HK$128,800,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 644,000,000.

Interest expense on the Convertible Notes 1 is calculated using the effective interest method by applying the effective interest rate of 16.774% to the liability component. As at 31 July 2010, the fair value of Convertible Notes 1 was approximately HK$4,870,000.

(b) On 30 October 2007, the Company issued zero-coupon convertible notes ("Convertible Notes 2") with a principal amount of HK$384,000,000. Each note entitled the holder to convert to ordinary share of the Company at a conversion price of HK$0.20 each. The maturity date of the Convertible Notes 2 is the date immediately preceding the fifth anniversary of the date of issue of the Convertible Notes 2.

The fair value of the liability component was estimated at the issue date of the Convertible Notes 2 using an equivalent market interest rate for a similar bond without a conversion option. The effective interest rate of the liability component is 4.534% per annum. The residual amount is assigned as the equity component, and included in shareholders' equity in convertible notes reserves.

The Convertible Notes 2 recognised in the consolidated statement of financial position was calculated, as follows:

	HK$'000
Nominal value of convertible notes issued on 30 October 2007	384,000
Liability component	(307,570)
Equity component	76,430
Liability component at 1 August 2008	195,491
Imputed interest expense charged	8,873
Liability component at 31 July 2009 and 1 August 2009	204,364
Imputed interest expense charged	9,091
Converted into Company's shares	(7,057)
Liability component at 31 July 2010	**206,398**

35. CONVERTIBLE NOTES *(Continued)*

(b) *(Continued)*

During the year ended 31 July 2010, Convertible Notes 2 with an aggregate amount of HK$8,000,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 40,000,000.

During the year ended 31 July 2009, Convertible Notes 2 with an aggregate amount of HK$148,000,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 740,000,000.

Interest expense on the Convertible Notes 2 is calculated using the effective interest method by applying the effective interest rate of 4.534% to the liability component. As at 31 July 2010, the fair value of Convertible Notes 2 was approximately HK$193,360,000.

36. DEFERRED TAXATION

The following are the major deferred tax balances recognised and movements thereon during the current and prior year:

The Group

Deferred tax liabilities:

	Accelerated tax depreciation *HK$'000*	**Convertible notes** *HK$'000*	**Total** *HK$'000*
At 1 August 2008	1,484	13,515	14,999
Credit to consolidated statement of comprehensive income for the year	(115)	(2,764)	(2,879)
Exchange alignment	(11)	–	(11)
At 31 July 2009 and 1 August 2009	1,358	10,751	12,109
Credit to consolidated statement of comprehensive income for the year	(119)	(2,306)	(2,425)
Exchange alignment	16	–	16
Reversal upon conversion of convertible notes	–	(4,631)	(4,631)
At 31 July 2010	**1,255**	**3,814**	**5,069**

36. DEFERRED TAXATION *(Continued)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010	2009
	HK$'000	*HK$'000*
Deferred tax assets	**–**	–
Deferred tax liabilities	**(5,069)**	(12,109)
	(5,069)	(12,109)

The Company

Deferred tax liabilities:

	Convertible notes
	HK$'000
At 1 August 2008	13,515
Credit to statement of comprehensive income for the year	(2,764)
At 31 July 2009 and 1 August 2009	10,751
Credit to statement of comprehensive income for the year	(2,306)
Reversal upon conversion of convertible notes	(4,631)
At 31 July 2010	**3,814**

36. DEFERRED TAXATION *(Continued)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010	2009
	HK$'000	*HK$'000*
Deferred tax assets	**–**	–
Deferred tax liabilities	**(3,814)**	(10,751)
	(3,814)	(10,751)

At the end of the reporting period, the Group and the Company has unused tax losses of approximately HK$68,258,000 (2009: HK$64,539,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

37. TRADE AND OTHER CREDITORS

	The Group		**The Company**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade and other creditors	**16,826**	30,011	**463**	463
Amounts due to ex-directors	**10,181**	10,181	**10,181**	10,181
	27,007	40,192	**10,644**	10,644

The amounts due to ex-directors are unsecured, interest free and repayable on demand.

37. TRADE AND OTHER CREDITORS *(Continued)*

The aged analysis of trade and other creditors is as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 to 30 days	**2,934**	14,249	**–**	–
31 to 60 days	**43**	825	**–**	–
61 to 90 days	**27**	6,695	**–**	–
91 to 180 days	**993**	48	**–**	–
181 to 365 days	**4,633**	1,204	**–**	–
Over 365 days	**8,196**	6,990	**463**	463
	16,826	30,011	**463**	463

38. ACCRUED CHARGES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accrued charges	**3,391**	2,859	**2,920**	2,539

39. LOAN FROM A SHAREHOLDER

As at 31 July 2010, shareholder's loan amounting to HK$3,000,000 (2009: HK$3,000,000) was granted to the Group by Mr. Sun Yin Chung ("Mr. Sun").

The loan from Mr. Sun is unsecured, bear interest at a fixed rate 7% per annum and repayable on demand.

40. AMOUNT DUE TO A DIRECTOR/SHAREHOLDER

The amount due to a director is unsecured, interest free and have no fixed terms of repayment. The amount due to a shareholder is unsecured, interest free and will not repayable within the next 12 months from the end of the reporting period.

41. COMMITMENTS

Operating lease commitment:

While the Company had no outstanding operating lease commitments at the balance sheet date, its subsidiaries were committed to make the following future minimum lease payments in respect of office premises rented under non-cancellable operating leases which fall due as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Operating leases which expire:		
– within one year	**1,255**	1,406
– in the second to fifth year inclusive	**1,663**	891
	2,918	2,297

The Group and the Company had no other significant commitments at the balance sheet date.

42. PLEDGE OF ASSETS

The Group

At 31 July 2009, certain intangible assets *(Note 23)* of approximately HK$46,901,000 of the Group have been pledged to banks to secure credit facilities granted to the Group.

43. CONTINGENT LIABILITIES AND ASSETS

The Group

(a) The liquidators of Wing Fai and Wai Shun Construction Company Limited ("Wai Shun") refused to recognise the effect of set off of inter-company accounts pursuant to a Set-Off Agreement dated 23 November 2001 and the extinguishment of intragroup indebtedness and incidental transactions and arrangements upon the Group's sale of its interest in Wing Fai Construction Company Limited ("Wing Fai"), Wai Shun and Zhukuan Wing Fai Construction Company Limited ("Wing Fai Subsidiaries") on 22 April 2002. As a result, the liquidators had taken up legal action against the Company and several of its subsidiaries. Notices of Intention to Proceed have been filed by the solicitors for the liquidators recently after years of inaction. Certain defendants including the Company made an application to dismiss one of the legal actions for want of prosecution. A hearing has been fixed on 19 October 2010 to hear such application and the High Court allowed the application and dismissed one of the legal actions against the Company for want of prosecution. The liquidator is now appealing the said Court Order of the High Court dismissing one of its claims against the Company and the appeal is pending in the Court of Appeal.

In the opinion of the Company's legal advisors, the Group has a good defence on all the claims on the remaining legal action which, on the balance of probabilities, are likely to be resolved in favour of the Group companies. In the opinion of the Company's legal advisors, there would not be any material contingent liability except that part of the legal costs incurred by the Group may not be recoverable on taxation.

In the opinion of the Directors, the Group has valid grounds to defend the actions and as such, no provision is made in the financial statements of the Group for its exposure to the above actions.

(b) Wing Fai has issued proceedings against the Company on 25 October 2004, in respect of a comfort letter dated 23 November 2001 issued by the Company to the directors of Wing Fai to be shown to the auditors of Wing Fai for the purposes of their auditing of Wing Fai's financial statements. The liquidators of Wing Fai alleged that such letter evidenced a contract and that in breach of the same, the Company failed to provide funds to Wing Fai so as to allow it to meet its obligations as they fell due.

43. CONTINGENT LIABILITIES AND ASSETS *(Continued)*

The Group *(Continued)*

In the opinion of the Company's legal advisors, the Company has a very good defence and therefore it is unlikely that there would be any contingent liability, except that part of the legal costs incurred which may not be recoverable or in the event that Wing Fai does not have funds to reimburse the Company costs. Notice of Intention to Proceed dated 20 October 2009 has been filed by the solicitors for Wing Fai after years of inaction. A preliminary hearing for case management purpose has been fixed on 1 September 2010.

In the opinion of the Directors, the Group has valid grounds to defend the above action and as such, no provision is made in the financial statements of the Group for its exposure to the above action.

(c) In respect of the sum of HK$40,000,000 due from Wing Fai to Benefit Holdings International Limited ("Benefit"), a subsidiary of the Company, repayment was personally guaranteed by Mr. Eric Chim Kam Fai ("Mr. Eric Chim"). In respect of the payment of purchase price for shares of the Wing Fai Subsidiaries in the sum of approximately HK$5,100,000 by Sino Glister International Investments Limited ("Sino Glister"), this sum was also personally guaranteed by Mr. Eric Chim.

Wing Fai defaulted in repayment of approximately HK$40,000,000 due to Benefit and is now in liquidation. Sino Glister defaulted as to approximately HK$3,100,000 of the HK$5,100,000 purchase price for the shares of Wing Fai Subsidiaries.

Benefit took legal action against Mr. Eric Chim for the sum of HK$40,000,000 plus HK$3,000,000 balance purchase price and obtained a judgment against Sino Glister and Mr. Eric Chim in July 2004. But the judgment was set aside later on the basis that he had not served with the original proceedings. On 28 December 2004, a defence was filed by Mr. Eric Chim. Mr. Eric Chim was examined in his capacity as a director of Sino Glister in relation to its assets in May 2005. Up to 31 July 2010 and the date of approval of these financial statements, no further action has taken place.

In the opinion of the legal advisors of the Company, the action against Mr. Eric Chim is likely to win but no recoveries are likely to be made in respect of the claim or legal costs in view of Mr. Eric Chim's lack of funds.

In the opinion of the Directors, it is uncertain to what extent the sums will be recoverable from either Mr. Eric Chim or Sino Glister. As such, no asset is recognised in the Group's financial statements.

44. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Company's PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to find the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

45. EVENTS AFTER THE BALANCE SHEET DATE

(a) On 30 November 2009, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with independent third parties to acquire the entire share capital of Asiaone Forest Products Holdings Limited (formerly known as Full Team Holdings Limited) at a consideration of HK$2,500,000,000. The acquisition was completed on 9 August 2010. As at the date of this report, the management of the Group is still in the midst of determining the financial effect of the acquisition.

(b) On 27 October 2010, the Company announced that the board of directors of the Company has resolved to take steps to dispose of the Group's entire property development business by way of public auction which, if materialised, will likely constitute a very substantial disposal of the Company. For details, please refer to the Company's announcement dated 27 October 2010.

(c) On 20 September 2010, the Company entered into a placing agreement with the placing agent, pursuant to which the placing agent agreed to place up to 500,000,000 shares to not less than six places at a price of HK$0.125 per share on a best effect basis. The agreement was terminated on 18 November 2010. For details, please refer to the Company's announcement dated 20 September 2010 and 18 November 2010 respectively.

46. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances as disclosed elsewhere in the financial statements, the Group entered into the following material transaction with related parties during the year.

(a) Transactions with related parties

(i) The Group paid operating lease rental of approximately HK$26,000 (2009: HK$26,000) to a director, Mr. Yu Hong.

(ii) Mr. Yu Hung, a director of the Company, has provided guarantee for banking facilities made available to a subsidiary of the Company.

(b) Compensation of key management personnel

Compensation for key management personnel, including amount paid to the Company's directors and the senior executives is as follows:–

	2010	2009
	HK$'000	*HK$'000*
Salaries and other short-term benefits	**2,100**	1,860
Employer contribution to pension scheme	**35**	43
	2,135	1,903

Further details of directors' emoluments are included in Note 12 to the financial statements.

47. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 July 2010 are as follows:

Name of subsidiary	Place of incorporation or registration and operation	Proportion of ownership interest and voting power held	Issued and fully paid share capital	Principal activity
Benefit Holdings International Limited *(note a)*	British Virgin Islands	100%	US$200	Investment holding
Bestco Worldwide Investment Limited	British Virgin Islands	100%	US$1	Investment holding
China Rich Properties Limited ("China Rich")	Hong Kong	100%	Ordinary HK$10,000,000	Property development
Shunde China Rich Properties Limited ("Shunde China Rich")	The PRC	100%	*(note b)*	Property development
Guangzhou Yueshou Industry Co. Ltd.	The PRC	100%	Registered RMB35,000,000	Environmental protection
Goldfield International Investment Group Ltd.	British Virgin Islands	100%	Ordinary US$11	Investment holding
Yueshou Environmental Group Limited	Hong Kong	100%	Ordinary HK$1	Investment holding
Guangzhou Yueshou Construction Engineering Co. Ltd.	The PRC	100%	Registered RMB10,000,000	Environmental protection

47. PRINCIPAL SUBSIDIARIES *(Continued)*

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the subsidiaries of the Company which principally affected the results of the Group or formed a substantial portion of the net assets of the Group.

Notes:

(a) Except for Benefit Holdings International Limited and Bestco Worldwide Investment Limited which are directly held by the Company, all other companies are indirectly held by the Company.

(b) Shunde China Rich was established in the PRC in March 1996 in accordance with a cooperative agreement entered into between China Rich and a PRC party on 18 June 1994. The principal activities of Shunde China Rich are the development, sales and leasing of the property development project currently undertaken by China Rich. Pursuant to the cooperative agreement, China Rich is entitled to the entire profit or loss of Shunde China Rich and on liquidation of Shunde China Rich, China Rich is entitled to all the assets and liabilities of Shunde China Rich.

48. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 November 2010.

Five Years Financial Summary

	Year ended 31 July				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	27,017	37,871	207,593	120,473	**101,626**
Profit/(loss) before taxation	(43,068)	(2,584)	46,079	22,641	**(524,714)**
Taxation	15,142	(4,185)	(11,584)	(804)	**3,584**
Profit/(loss) for the year	(27,926)	(6,769)	34,495	21,837	**(521,130)**
Attributable to:					
– Owners of the Company	(28,010)	(14,037)	23,653	21,837	**(521,130)**
– Non-controlling interest	84	7,268	10,842	–	**–**
	(27,926)	(6,769)	34,495	21,837	**(521,130)**

	As at 31 July				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	420,240	859,815	1,174,481	1,224,122	**697,554**
Total liabilities	(73,170)	(349,882)	(371,303)	(402,388)	**(304,202)**
Non-controlling interest	(991)	(12,734)	(888)	–	**–**
Shareholders' funds	346,079	497,199	802,290	821,734	**393,352**

Particulars of Major Properties

	Lease Expiry	Approx. gross floor area (Sq.m.)	Type	Effective % held	Stage of completion	Anticipated completion
Investment properties						
Regal Garden No. 888 Lunchang Road, Lunjiao Town, Shunde District, Foshan City, Guangdong Province, The PRC	December 2065	75,839	Residential and commercial	100%	Out of the six blocks of the residential building, four have been completed with Occupancy permits issued by the PRC Authority	N/A
Regal Garden No. 888 Lunchang Road, Lunjiao Town, Shunde District, Foshan City, Guangdong Province, The PRC	December 2065	18,551	Commercial	100%	Completed	N/A
Level 5 and 6, Nos. 13 and 15, Shawan Second Street, Beiyuan Industrial Area, Guangzhou Economic And Technological Development District, Guangzhou City, Guangdong Province, The PRC	13 June 2018	4,475	Commercial	100%	Completed	N/A