Stock Code: 979

GREEN ENERGY GROUP LIMITED
綠色能源科技集團有限公司

(Incorporated in Bermuda with limited liability)

ANNUAL REPORT 2010

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Yip Wai Leung Jerry *(Chairman)*
Mr. Fan Xiaomin

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Ms. Zhu You Chun *(Chairwoman)*
Mr. Chan Kai Yung Ronney
Mr. Yip Wai Leung Jerry

COMPANY SECRETARY

Mr. Tam Pei Qiang

AUDITOR

BDO Limited

LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

4C Derrick Industrial Building
49 Wong Chuk Hang Road
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

STOCK CODE

979

On behalf of the board of directors (the "Board") of Green Energy Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the annual report of the Group for the financial year ended 31 December 2010.

FINANCIAL PERFORMANCE

The Group's total revenue for the year ended 31 December 2010 ("FY2010") was approximately HK$2.2 million (FY2009: HK$4.3 million) representing a decrease of 48.8% as compared with that for the year ended 31 December 2009 ("FY2009").

BUSINESS REVIEW

Construction contractor

The Group has ceased all activities in this business sector since the second half year of FY2009.

Recyclable materials and relevant services

Although a trading subsidiary of the Group received an official licence of registration for overseas supplier enterprise of imported solid wastes as raw materials issued by the General Administration of Quality Supervision Inspection and Quarantine of the People's Republic of China ("AQSIQ") and consequently was able to engage in business activities of trading recyclable materials with the mainland Chinese recyclers, it subsequently transpired that Chinese customers preferred to use their own channels for the importation of recyclable plastic materials into the Chinese territories, rather than through the medium of AQSIQ. As a result, the Group was unable to generate any income by taking advantage of the licence issued by AQSIQ, although the Group continued to engage in local trading activities. In addition, the Group continued to deploy existing machines and equipment for the provision of re-compressing and other ancillary services to local customers and, for this reason, the Group does not anticipate any significant change in the near future.

Waste construction materials

This sector began to generate revenue in the later part of year 2008. There was a significant growth in FY2009 and in FY2010 the level of revenue remained relatively stable. That said, it is believed that through good reputation established and quality of products supplied over the years this sector will continue and result in reasonable return to the Group in the near future.

Bio-cleaning products

In FY2010 PRC customers have ceased to place orders for our products and all revenues from this business sector were generated in Hong Kong only. The overall reaction of customers is that the products are extremely good and effective but too expensive, even though they have been certified to be environmentally safe. For this reason, the management has adopted a sale policy to only target those customers who demonstrate serious environmental concern in the conduct of their business. The management is confident in the efficacy of our products and will continue to promote such in Hong Kong and other regions.

Research and Development in Electronic Control Units

A new technical team has been formed to research and develop a device that enables power generators and comparable machines to be equipped with Electronic Fuel Injection, Computer Controlled Carburetion, Digital Inverter and Multi-Fuel capacities. No revenue is expected during the stage of the research and development.

Renewable energy

The Group continues to maintain its business focus on the development of business in renewable energy and, to that end, has engaged in the cultivation of Jatropha since FY2009. The Group is currently looking for potential strategic business partners with a view to engaging in commercial plantation of Jatropha crops and the production of biodiesel and other by-products in the future.

FUTURE PROSPECTS

On 30 November 2010 the Company entered into a conditional agreement with all shareholders of Gioberto Limited, whereby the Company agreed to acquire ("Prosposed Acquisition") the entire issued shares of Gioberto Limited, which is the holding company of 100% equity interest in Altamina Exploration & Resources Incorporated ("**Altamina**"), a Philippine company that has been granted the exclusive rights to explore, mine, utilize, process and refine minerals and mineral products and other by-products in certain mining areas undera financial or technical assistance agreement made between Altamina and the Republic of the Philippines. As at the date of this Annual Report, the announcement in respect of the Proposed Acquisition has not been published. Please refer to the announcement to be published by the Company for details of the Proposed Acquisition soon.

Regardless of the outcome of the Proposed Acquisition, the Group will continue to expend efforts on its existing businesses and will continue to seek attractive business and investment opportunities with a view to generating positive cash flow and earnings for the Group.

APPRECIATION

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

Yip Wai Leung Jerry
Chairman

Hong Kong, 30 March 2011

EXECUTIVE DIRECTORS

Mr. Yip Wai Leung Jerry, aged 52, is a solicitor and a partner in the firm of J. Chan Yip, So & Partners, of which he is one of the founding partners. Mr. Yip graduated from University of London with a Bachelor Degree in Laws. He has more than 20 years of legal professional experience and his principal areas of practice include commercial work, property, finance and litigation.

Mr. Yip is a director of all the Company's subsidiaries except those subsidiaries incorporated in the People's Republic of China. The subsidiaries of the Company were stated in note 34 of the financial statements. Mr. Yip is also the authorised representative of the Company.

Mr. Yip is also a director of Always Adept Limited and Always New Limited, which as at 31 December 2010, had interest in the 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 Securities and Futures Ordinance.

Mr. Fan Xiaomin, aged 61, is a graduate of Command and Engineering College of Chemical Defence of Perople's Liberation Army. He was senior engineer in hi-tech management for many years. Mr. Fan has received State Scientific and Technological Progress Award 11 times, and has been awarded State Council Special Emolument since 1994.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. So Yin Wai, aged 48, graduated from Hong Kong Polytechnic University in 1986 and has been in the accounting profession for more than 20 years. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He had previously worked for Peat Marwick, Mitchell & Co. and Messrs. Kwan Wong Tan & Fong and been involved in the audit of a number of international and local engagements and listed companies. He is currently the sole practitioner of his own firm known as Alex So & Co (Certified Public Accountants). Apart from his auditing experiences, Mr. So also specializes in company secretarial work, tax planning and management consultancy matters. Mr. So is currently the Vice-Chairman of China Business Association. He is the Honorary Auditor of a number of voluntary organizations, including Hong Kong Parkinson's Disease Foundation, Life Currents and Caring Centre Foundation Limited.

Mr. Chan Kai Yung Ronney, aged 70, was the chairman of the Area Committee of Shatin from November 1994 to March 2004. Mr. Chan is also a village representative of Tai Wai Village, Mr. Chan was a member of the Recreation & Sport Committee and the Environmental Improvement Committee of Shatin District Council. Mr. Chan was re-elected as a member of the Rural Committee of Shatin for a term commencing from October 2007 to September 2011.

Ms. Zhu You Chun, aged 74, graduated from Kunming University of Science and Technology with a Bachelor Degree. She has over 42 years of experience in researching and academic training in the People's Republic of China and was a tenured full professor in the Department of Environmental Science and Engineering, Guangdong University of Technology. Professor Zhu's main areas of research cover wastewater control and solid waste management and reutilization. She has carried out extensive government funded and corporation entrusted environmental research projects, in addition to many other design and environmental effect assessment projects. Professor Zhu is an acknowledged expert in the fields of environmental science engineering and has published numerous articles in both Chinese and overseas journals. Her research work has won her awards and certain of her inventions were registered as patents in China. She is also one of the professional committee members of Guangdong Environmental Protection Association and is an expert in the Expert Database of China Environmental Protection Association.

SECRETARY

Mr. Tam Pei Qiang, aged 37, is the Financial Controller and Company Secretary of the Group. He is responsible for the Group's accounting and finance matters. Mr. Tam holds a bachelor degree in Accountancy awarded by Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Accountants and The Association of Chartered Certified Accountants in the United Kingdom. He has over ten years of experience in accounting and finance. Mr. Tam was the independent non-executive directors of China Water Property Group Limited (formerly known as China Botanic Development Holdings Limited), a company listed on the Main Board of the Stock Exchange, and resigned on 30 June 2010.

FINANCIAL REVIEW

The Group's total revenue for the year ended 31 December 2010 ("FY2010") was approximately HK$2.2 million (FY2009: HK$4.3 million) representing an decrease of 48.8% as compared with that for the year ended 31 December 2009 ("FY2009").

The revenue arising from the activities of bio-cleaning sector for the FY2010 was approximately HK$0.3 million (FY2009: HK$0.7 million) representing a decrease of 57.1% as compared with that for FY2009.

The revenue arising from trading of recyclable plastic material and relevant service sectors for FY2010 was approximately HK$0.7 million (FY2009: HK$2.4 million) representing a decrease of 70.8% as compared with that for FY2009. The revenue from this sector comprised approximately HK$0.2 million (2009: HK$0.7 million) from trading of recyclable plastic material, while re-compressing and other related services have achieved a revenue of approximately HK$0.5 million (2009: HK$1.7 million).

The revenue arising from waste construction materials and waste processing services sector for FY2010 was approximately HK$1.2 million (2009: HK$1.2 million).

There was no trading of generators for FY2010 (FY2009: HK$0.02 million), as the Group had shifted its business focus on the research and development of electronic control devices. A new research team was set up in FY2010, but no new product is available.

General and administrative expenses, which included staff costs, legal and professional fees, amortisation and general administrative expenses, decreased by 48.7% from approximately HK$43.5 million in FY2009 to HK$22.3 million in FY2010.

During FY2010 the Group recorded a net loss of approximately HK$17.9 million as against a net loss of approximately HK$37.2 million for FY2009. The net loss of approximately HK$17.9 million included impairment loss on property and equipment of approximately HK$0.7 million, and gain arising from changes in fair value less costs to sell of biological assets of approximately HK$0.9 million. Excluding such gain and loss, the Group had incurred a loss of approximately HK$18.1 million in FY2010 (FY2009: HK$17 million). After excluding these non-cash expenses the general and administrative expenses has been decreased by 6.5% in FY2010 as compared with FY2009. Such decrease in expenses is mainly due to the tight control overhead.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010 the Group had total current assets of approximately HK$26.1 million (As at 31 December 2009: 39.4 million) while total current liabilities were approximately HK$3.7 million (As at 31 December 2009: HK$3.9 million). The current ratio of the Group was 705% (As at 31 December 2009: 1,010%). The Group has sufficient fund to settle its debts.

As at 31 December 2010 the Group had total assets of approximately HK$80.4 million (As at 31 December 2009: HK$60.1 million). The gearing ratio, calculated by dividing the total debts over its total assets were 4.6% (As at 31 December 2009: 6.5%).

MATERIAL ACQUISITION

There was no material acquisition or disposal of the Company's subsidiaries and associated companies during the year ended 31 December 2010.

CONTINGENT LIABILITIES

As at 31 December 2010 the Group did not have any material contingent liabilities (2009: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2010 the Group had 28 employees (2009: 36 employees) in Hong Kong, the PRC and Germany. The decrease in the number of employees was due to the restructuring of business and subsidiaries in the PRC.

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

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

The Directors present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2010 to all the shareholders.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 26.

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

PROPERTY, PLANT AND EQUIPMENT

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2010 comprised the contributed surplus of HK$56,897,000 (2009: HK$56,897,000).

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

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

FIVE YEARS FINANCIAL SUMMARY

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

Results	Year ended 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**2,223**	4,299	2,967	18,689	56,904
Operating loss after finance costs	**(18,077)**	(19,562)	(27,866)	(19,979)	(5,711)
Gain on disposal of subsidiaries	**–**	–	–	–	939
(Loss)/gain on disposal of property, plant and equipment	**(15)**	(130)	(1,916)	–	1,256
Gain on deregistration of a subsidiary	**–**	2,677	–	–	–
Gain on waiver of accrual directors' remuneration	**–**	–	–	–	3,384
Share-based payment expenses	**–**	(6,207)	(5,411)	(991)	(27,574)
Impairment loss on goodwill	**–**	–	–	(8,875)	–
Impairment loss on other intangible assets	**–**	(4,020)	(5,879)	(11,745)	–
Impairment loss on property, plant & equipment	**(711)**	(9,951)	–	–	–
Gain arising from charges in fair value less costs to sell of biological assets	**923**	–	–	–	–
Loss before taxation	**(17,880)**	(37,193)	(41,072)	(41,590)	(27,706)
Taxation	**–**	–	(1,106)	(544)	(1,246)
Loss for the year	**(17,880)**	(37,193)	(42,178)	(42,134)	(28,952)
Attributable to:					
Owners of the Company	**(17,880)**	(37,193)	(42,178)	(42,134)	(28,952)

FIVE YEARS FINANCIAL SUMMARY – continued

Assets and Liabilities	As at 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**80,379**	60,127	82,295	126,934	174,999
Total liabilities	**(3,697)**	(3,905)	(7,471)	(15,064)	(23,733)
Total equity attributable to owners of the Company	**(76,682)**	56,222	74,824	111,870	151,266

SHARE CAPITAL

Details of movements of the Company during the year are set out in note 28 to the consolidated financial statements.

DIRECTORS

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

Executive directors

Mr. Yip Wai Leung Jerry *(Chairman)* (Appointed on 20 May 2010)
Dr. Wong Yun Kuen (Resigned on 19 May 2010)
Mr. Fan Xiaomin

Independent non-executive directors

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

In accordance with Clause 99 of the Company's Bye-Laws, Mr. Chan Kai Yung Ronney and Ms. Zhu You Chun retire by rotation and being eligible, offer themselves for re-election.

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

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 31 December 2010, the interests or short positions of the Directors and the chief executive in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Ordinary shares of HK$0.10 each of the Company

Name of Director/chief executive	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Yip Wai Leung Jerry	Settlor of a discretionary trust	222,971,436	50.33%
("Mr. Yip")	Beneficial owner	340,000 *	0.08%
	Beneficial owner	330,000	0.07%
	Spouse interest	330,000	0.07%
Mr. So Yin Wai	Beneficial owner	670,000 *	0.15%
Mr. Chan Kai Yung Ronney	Beneficial owner	670,000 *	0.15%
Ms. Zhu You Chun	Beneficial owner	670,000 *	0.15%

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

Other than as disclosed above, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2010 as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 31 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' SERVICE CONTRACTS

Mr. Fan Xiaomin and Mr. Yip Wai Leung Jerry had entered into a service agreement with the Company for a period of one year expiring on 31 December 2011 and the service contracts are subject to renew after expiration.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors as at the date of this Directors' Report are set out on pages 5 and 6.

MAJOR CUSTOMERS AND SUPPLIERS

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

Sales	
– the largest customer	15.8%
– five largest customers combined	53.9%
Purchase	
– the largest supplier	16.9%
– five largest suppliers combined	37.0%

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

MANAGEMENT CONTRACT

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests and short positions disclosed above in respect of certain Directors, the following shareholders had interests or short positions in the shares and underlying shares of the Company:

Ordinary shares and underlying shares of the Company:

Name of shareholder	**Capacity**	**No. of ordinary shares of HK$0.10 each held**	**No. of underlying shares held**	**Percentage of total issued share capital**
Always Adept Limited ("Always Adept") *(Note 1)*	Beneficial owner	66,891,428	–	15.10%
First Win Trading Limited ("First Win") *(Note 1)*	Beneficial owner	156,080,008	–	35.23%
Always New Limited *(Note 1)*	Interest of controlled corporation	222,971,436	–	50.33%
The Trustee *(Note 2)*	Trustee	222,971,436	–	50.33%
Chui Pui Fun ("Mrs. Yip")	Spouse interest *(Note 3)*	222,971,436	–	50.33%
	Spouse interest *(Note 4)*	330,000	340,000 *(Note 4)*	0.15%
	Beneficial owner	330,000	–	0.07%

Notes:

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

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

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

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report as set out on pages 17 to 23 of the annual report of the Company for the year.

AUDIT COMMITTEE

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

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

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

CONNECTED TRANSACTIONS

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

The related party transactions disclosed in note 33 to the consolidated financial statements and which have been disclosed in this paragraph are connected transactions or as the case may be, continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

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

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

The Company was adopted a share option scheme as an incentive to Directors, employees and other eligible participants, details of the scheme is set out in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

During the year, Messrs. Hopkins CPA Limited who acted as auditor of the Company for the financial years ended 31 December 2008 and 2009, resigned and Messrs. BDO Limited was appointed as auditor of the Company. A resolution will be submitted to the annual general meeting to re-appoint Messrs. BDO Limited as auditor of the Company.

On behalf of the Board

Yip Wai Leung Jerry
Chairman

Hong Kong, 30 March 2011

COMMITMENT TO CORPORATE GOVERNANCE

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

The Company has complied with the Code Provisions under the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2010 (the "year under review"), save for the deviations discussed below. The following sections set out a discussion of the corporate governance practices adopted and observed by the Company, including any deviations therefrom, during the year under review.

A. Directors' Securities Transactions

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

B. Board of Directors

(i) Board composition

The Board currently comprises a combination of executive Directors and independent non-executive Directors. As at 31 December 2010, the Board consisted the following Directors:

Executive Directors
Mr. Yip Wai Leung Jerry
Mr. Fan Xiaomin

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

Schedules of matters reserved for the Board include:

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

B. Board of Directors – continued

(ii) Board meetings and attendance record

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

Members of the Board	Number of board meetings held during the director's term of office in 2010	Number of meeting(s) attended
Chairman		
Mr. Yip Wai Leung Jerry (appointed on 20 May 2010)	4	3
Dr. Wong Yun Kuen (resigned on 19 May 2010)	4	1
Executive Director		
Mr. Fan Xiaomin	4	4
Independent non-executive Directors		
Mr. Chan Kai Yung Ronney	4	2
Mr. So Yin Wai	4	4
Ms. Zhu You Chun	4	4

(iii) Independent non-executive Directors

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

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

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

B. Board of Directors – continued

(iv) Relationship among members of the Board

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

C. Chairman and chief executive officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of the chief executive officer was performed by Mr. Yip Wai Leung Jerry, who was also the chairman of the Company after Dr. Wong Yun Kuen was resigned as the executive director and chairman on 19 May 2010. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

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

D. Remuneration of Directors

The Company established a remuneration committee on 21 December 2005 with written terms of reference in compliance with the CG Code. Members of the remuneration committee as at 31 December 2010 comprised Ms. Zhu You Chun, Mr. So Yin Wai and Mr. Chan Kai Yung Ronney. Mr. Chan Kai Yung Ronney is the chairman of the remuneration committee. All votes in the remuneration committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the remuneration committee are as follows:

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

D. Remuneration of Directors – continued

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

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

Members of the Remuneration Committee	Number of meetings held during the committee member's term of office in 2010	Number of meeting(s) attended
Mr. Chan Kai Yung Ronney	1	0
Mr. So Yin Wai	1	1
Ms. Zhu You Chun	1	1

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

Details of the share option scheme are set out in note 31 to the financial statements.

E. Nomination of Directors

The Company established a nomination committee on 21 December 2005. Members of the nomination committee as at 31 December 2010 comprised Mr. Chan Kai Yung Ronney, Mr. Yip Wai Leung Jerry and Ms. Zhu You Chun. Ms. Zhu You Chun is the chairwoman of the nomination committee.

The main duties of the nomination committee are as follows:

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

E. Nomination of Directors – continued

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

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

Members of the Nomination Committee	Number of meetings held during the nomination member's term of office in 2010	Number of meeting(s) attended
Ms. Zhu You Chun	1	1
Mr. Chan Kai Yung Ronney	1	0
Mr. Yip Wai Leung Jerry (appointed on 20 May 2010)	1	0
Dr. Wong Yun Kuen (resigned on 19 May 2010)	1	1

F. Auditor's remuneration

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

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

G. Audit committee

As at 31 December 2010, the audit committee of the Company ("Audit Committee") comprised three independent non-executive Directors, namely Mr. Chan Kai Yung Ronney, Mr. So Yin Wai and Ms. Zhu You Chun. Mr. So Yin Wai is the chairman of the Audit Committee. Mr. So Yin Wai has the appropriate professional qualifications of accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

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

G. Audit committee – continued

The main duties of the Audit Committee are as follows:

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

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

Members of the Audit Committee	Number of meetings held during the committee member's term of office in 2010	Number of meeting(s) attended
Mr. So Yin Wai	2	2
Ms. Zhu You Chun	2	2
Mr. Chan Kai Yung Ronney	2	1

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

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

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

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

H. Directors' and auditor's acknowledgement

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

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

By order of the Board
Yip Wai Leung Jerry
Chairman

Hong Kong, 30 March 2011

Independent Auditor's Report

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

We have audited the consolidated financial statements of Green Energy Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 26 to 86, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 about 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 auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 December 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.

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 30 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	6	2,223	4,299
Changes in inventories of finished goods		(749)	(1,140)
Other income and gains	8	1,991	436
Gain arising from changes in fair value of biological assets less costs to sell	16	923	–
Gain on deregistration of a subsidiary	35	–	2,677
Staff costs		(7,521)	(10,661)
Depreciation and amortisation		(3,211)	(4,674)
Other expenses		(10,825)	(14,159)
Impairment loss on other intangible assets		–	(4,020)
Impairment loss on property, plant and equipment		(711)	(9,951)
Loss before income tax	9	(17,880)	(37,193)
Income tax expense	10	–	–
Loss for the year attributable to the owners of the Company	11	(17,880)	(37,193)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign operations		1,056	(156)
Release of exchange reserve upon deregistration of a subsidiary		–	259
Other comprehensive income for the year		1,056	103
Total comprehensive income for the year attributable to the owners of the Company		(16,824)	(37,090)
Loss per share – Basic	14	HK4.13 cents	HK10.81 cents

Consolidated Statement of Financial Position

As at 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	19,805	17,740
Biological assets	16	4,457	2,965
Goodwill	17	–	–
Other intangible assets	18	–	–
Deposit for a business acquisition	23	30,000	–
		54,262	20,705
Current assets			
Inventories	19	1,151	945
Trade receivables	20	4	89
Prepayments, deposits and other receivables	21	1,796	18,739
Loan receivables	22	16,260	–
Bank balances and cash	25	6,906	19,649
		26,117	39,422
Current liabilities			
Trade payables	26	528	871
Accruals and other payables		2,182	2,047
Provision for income tax		987	987
		3,697	3,905
Net current assets		22,420	35,517
Total assets less current liabilities/Net assets		76,682	56,222
EQUITY			
Equity attributable to the owners of the Company			
Share capital	28	44,303	37,438
Reserves	29	32,379	18,784
Total equity		76,682	56,222

On behalf of the Board

Yip Wai Leung Jerry
Executive Director

Fan Xiaomin
Executive Director

Statement of Financial Position

As at 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	34	1	1
Deposit for a business acquisition	23	30,000	–
		30,001	1
Current assets			
Prepayments, deposits and other receivables	21	1,097	17,716
Loan receivables	22	15,000	–
Amounts due from subsidiaries	24(a)	25,687	12,679
Bank balances and cash	25	634	10,107
		42,418	40,502
Current liabilities			
Amount due to a subsidiary	24(b)	–	2,134
Accruals and other payables		810	771
Provision for income tax		134	134
		944	3,039
Net current assets		41,474	37,463
Total assets less current liabilities/Net assets		71,475	37,464
EQUITY			
Share capital	28	44,303	37,438
Reserves	29	27,172	26
Total equity		71,475	37,464

On behalf of the Board

Yip Wai Leung Jerry
Executive Director

Fan Xiaomin
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

		Equity attributable to the owners of the Company							
	Notes	Share capital HK$'000	Share premium* HK$'000	Contributed surplus* HK$'000	Exchange reserve* HK$'000	Share option reserve* HK$'000	General reserves* HK$'000	Accumulated losses* HK$'000	Total HK$'000
At 1 January 2009		34,358	163,829	56,897	391	31,551	71	(212,273)	74,824
Shares issued upon exercise of share options	28(a)	3,080	14,303	–	–	(5,102)	–	–	12,281
Recognition of equity-settled share based payments	31	–	–	–	–	6,207	–	–	6,207
Lapse of share options		–	–	–	–	(3,888)	–	3,888	–
Transactions with owners		3,080	14,303	–	–	(2,783)	–	3,888	18,488
Loss for the year		–	–	–	–	–	–	(37,193)	(37,193)
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations		–	–	–	(156)	–	–	–	(156)
Release of exchange reserve upon deregistration of a subsidiary		–	–	–	259	–	–	–	259
Total comprehensive income for the year		–	–	–	103	–	–	(37,193)	(37,090)
At 31 December 2009 and at 1 January 2010		37,438	178,132	56,897	494	28,768	71	(245,578)	56,222
Shares issued upon exercise of share options	28(a)	3,265	16,136	–	–	(5,812)	–	–	13,589
Shares issued under share placement	28(b)	3,600	20,700	–	–	–	–	–	24,300
Shares issue expenses		–	(605)	–	–	–	–	–	(605)
Transactions with owners		6,865	36,231	–	–	(5,812)	–	–	37,284
Loss for the year		–	–	–	–	–	–	(17,880)	(17,880)
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations		–	–	–	1,056	–	–	–	1,056
Total comprehensive income for the year		–	–	–	1,056	–	–	(17,880)	(16,824)
At 31 December 2010		**44,303**	**214,363**	**56,897**	**1,550**	**22,956**	**71**	**(263,458)**	**76,682**

* The aggregate balances underlying these equity accounts as the reporting date of HK$32,379,000 (2009: HK$18,784,000) is included as reserves in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(17,880)	(37,193)
Adjustments for:			
Interest income		(1,158)	(95)
Depreciation of property, plant and equipment		3,211	3,652
Amortisation of other intangible assets		–	1,022
Losses on disposals of property, plant and equipment		15	130
Gain on deregistration of a subsidiary		–	(2,677)
Gain arising from changes in fair value of biological assets less costs to sell		(923)	–
Allowance for doubtful debts		23	24
Bad debts written off		–	26
Impairment loss on property, plant and equipment		711	9,951
Impairment loss on other intangible assets		–	4,020
Inventories written-off/ (Reversal of write-down of inventories)		354	(246)
Share-based payment expenses		–	6,207
Operating loss before movements in working capital		(15,647)	(15,179)
(Increase)/Decrease in inventories		(560)	251
Decrease in trade receivables		85	–
Decrease/(Increase) in prepayments, deposits and other receivables	36	2,170	(17,204)
Decrease in trade payables		(343)	(656)
Increase in accruals and other payables		135	37
Cash used in operations		(14,160)	(32,751)
Income tax paid		–	(10)
NET CASH USED IN OPERATING ACTIVITIES		(14,160)	(32,761)

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**908**	71
Deposit for a business acquisition		**(30,000)**	–
Purchase of property, plant and equipment		**(6,657)**	(5,927)
Proceeds from disposal of property, plant and equipment		**–**	3
Increase of biological assets due to plantation		**(221)**	(2,965)
NET CASH USED IN INVESTING ACTIVITIES		**(35,970)**	(8,818)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**13,589**	12,281
Proceeds from share placement		**24,300**	–
Share issue expenses		**(605)**	–
Increase in loan receivables	36	**(1,260)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		**36,024**	12,281
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(14,106)**	(29,298)
Effect of foreign exchange rate changes		**1,363**	(373)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**19,649**	49,320
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		**6,906**	19,649

1. GENERAL INFORMATION

Green Energy Group Limited ("the Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at 4C Derrick Industrial Building, 49 Wong Chuk Hang Road, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34. The Company together with its subsidiaries are collectively referred to as the "Group" hereinafter.

The Company's parent is Always New Limited which was incorporated in the British Virgin Islands and the directors of the Company (the "Directors") consider its ultimate parent is New Zealand Professional Trustee Limited which was incorporated in New Zealand.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2010

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010:

HKFRSs (Amendments)	Improvements to HKFRSs 2009
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations

The adoption of the above new/revised standards and interpretations has no material impact on how the results and financial positions of the Group have been prepared and presented for the current and prior periods. Accordingly, no prior period adjustment is required.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/Revised HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, the following new/revised HKFRSs have been published, but are not yet effective, and have not been adopted early by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [2&3]
Amendments to HKAS 32	Classification of Rights Issues [1]
HKAS 24 (Revised)	Related Party Disclosures [3]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets [4]
HKFRS 9	Financial Instruments [5]

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2013

Further information about those changes that may have impact to the Group is as follows:

The HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 7, HKAS 1 and HKAS 34 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/Revised HKFRSs that have been issued but are not yet effective – Continued

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under historical cost convention except for the biological assets which are carried at fair value less cost to sell.

(c) Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.2 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Business combination from 1 January 2010

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of twelve months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest is adjusted to reflect the changes in their relative interests in the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.2 Business combination and basis of consolidation – Continued

Business combination from 1 January 2010 – Continued

When the Group loses control of 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 and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3.3 Subsidiaries

A subsidiary is an entity over which the Group is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU 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 CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU 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 to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.5 Property plant and equipment

Property, plant and equipment, other than construction in progress and freehold land, including buildings held for use in the production or supply of goods and services, or for administrative purposes are stated at cost less accumulated depreciation and any impairment losses. They are depreciated so as to write off their cost net of estimated residual value over their estimated useful lives on straight-line method. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	2%-5%
Farmland infrastructure	5%
Furniture, fixtures and equipment	10%-30%
Leasehold improvements	Over the shorter of terms of the leases and 5 years
Motor vehicles	20%

Construction in progress and freehold land are not depreciated and stated at cost less any impairment.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Cost of construction in progress comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. See note 3.11 for the Group's accounting policies on impairment of non- financial assets.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.6 Leasing

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

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.7 Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are mainly distribution rights and are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses. Amortisation is provided on a straight-line method over their useful lives of 10 to 12 years.

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.7 Intangible assets – Continued

(ii) Internally generated intangible assets (research and development costs) – Continued

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

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

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

3.8 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.9 Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets into agricultural produce for sale or into additional biological assets. Biological assets and agricultural produce are measured at fair value less costs to sell at initial recognition and at the end of each reporting period except where fair value cannot be measured reliably due to unavailability of market-determined prices and no reliable alternative estimates exist to determine fair value in which case the assets are held at cost less accumulated depreciation and impairment losses. Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell. The fair value less costs to sell at the time of harvest is deemed as the cost of agricultural produce for further processing, if applicable.

The gain or loss arising on initial recognition and subsequent changes in fair values less costs to sell of biological assets is recognised in profit or loss in the period in which it arises.

3.10 Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.10 Financial instruments – Continued

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial assets is reduced through the use of an allowance account. When any part of financial assets is determined as uncollectible, it is written off against the allowance account for the relevant financial assets.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.10 Financial instruments – Continued

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and amounts due to subsidiaries are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.11 Impairment of non-financial assets (other than goodwill and intangible assets)

Other intangible assets, property, plant and equipment and interests in subsidiaries are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised.

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

3.12 Foreign currency

Transactions entered into by the Company/group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.12 Foreign currency – Continued

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

When a foreign operation is disposed of, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on disposal.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.14 Revenue recognition – Continued

Service income is recognised when services are provided.

Interest income is recognised on a time-proportion basis using the effective interest method.

3.15 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

3.16 Employee benefits

(i) *Defined contribution retirement plan*

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) *Short-term employee benefits*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.16 Employee benefits – Continued

(ii) Short-term employee benefits – Continued

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to employee share-based compensation reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.16 Employee benefits – Continued

(iii) Share-based payments – Continued

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the vested share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

3.17 Related parties

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3.18 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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

3.19 Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – Continued

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

(i) Biological assets

Management estimates the fair value less estimated costs to sell of biological assets at the end of the reporting period with reference to the professional valuations. Management considers that there are presently an absence of effective financial instruments for hedging against the pricing risks with the underlying biological assets and agricultural produce. Un-anticipated volatile changes in market prices of the underlying biological assets and agricultural produce could significantly affect the fair values of these biological assets and result in fair value re-measurement losses in future accounting periods.

(ii) Impairment of property, plant and equipment

The property, plant and equipment of the Group are reviewed by the Directors for possible impairment when events or changes in operating environment indicate that the carrying amounts of such assets may not be fully recoverable. In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant level of judgment relating to the amount of revenues generated, selling prices and other operating costs. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

(iii) Impairment of loans and other receivables

The Directors assesses the impairment of loans and receivables on a regular basis. This assessment is based on the evaluation of collectability and ageing analysis of loans and receivables and on the Directors' judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these loans and receivables, including current creditworthiness and the past collection history of each debtor. If the financial conditions of the debtors of the Group were to deteriorate, resulting in impairment as to their ability to make payments, additional impairment losses may be required.

(iv) Impairment on deposit paid for acquisition of a company

Determining whether deposit paid for acquisition of a company is impaired requires an estimation of reliability of the counter-party on completing the underlying acquisition. If the underlying acquisition cannot be completed and where the actual future cash inflows are less than expected, a material impairment loss may arise.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – Continued

(v) Net realisable value of inventories

The Directors review the conditions of inventories at the end of each reporting period, and make allowances for obsolete and slow-moving inventory items identified that are no longer suitable for sales in the market. These estimates are based on current market conditions and the historical experience of selling goods of similar nature. It could change significantly as a result of change in market condition. The Directors will reassess the estimations at the end of each reporting period and make allowance for obsolete items.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital management

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

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

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, issue of new shares and shares buy-backs as well as the issue of new debts.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments

(i) Categories of financial instruments

	Group		Company	
	2010	2009	**2010**	2009
	HKD'000	HKD'000	**HKD'000**	HKD'000
Financial assets				
Loans and receivables				
– Deposit for a business acquisition	**30,000**	–	**30,000**	–
– Trade receivables	**4**	89	**–**	–
– Loan receivables	**16,260**	–	**15,000**	–
– Deposits and other receivables	**704**	18,283	**870**	17,489
– Amounts due from subsidiaries	**–**	–	**25,687**	12,679
	46,968	18,372	**71,557**	30,168
Cash and cash equivalents	**6,906**	19,649	**634**	10,107
	53,874	38,021	**72,191**	40,275
Financial liabilities at amortised cost				
– Trade payables	**528**	871	**–**	–
– Accruals and other payables	**2,182**	2,047	**810**	771
– Amount due to a subsidiary	**–**	–	**–**	2,134
	2,710	2,918	**810**	2,905

(ii) Financial risk management objectives and policies

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

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong, the People's Republic of China (the "PRC") excluding Hong Kong and Germany. The functional currency of the Company and its subsidiaries are either Renminbi ("RMB"), HK$ or Euro. The Group is exposed to currency risk arising from fluctuations on foreign currencies, primarily from those bank balances denominated in US$, against the functional currency of the respective Group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Summary of exposure

At the end of the reporting period, the Group's foreign currency denominated financial assets and liabilities, translated into HK$ at the respective rates at that date, are as follows:

	2010			2009		
	Financial assets HK$'000	**Financial liabilities HK$'000**	**Net exposure HK$'000**	Financial assets HK$'000	Financial liabilities HK$'000	Net exposure HK$'000
US$	**2,742**	**–**	**2,742**	4,005	–	4,005

At the end of the reporting period, the Company does not have foreign currency denominated financial assets and liabilities (2009: Nil).

Currency exchange rate sensitivity analysis

As a result of a general appreciation of 3% (2009: 1%) in RMB, the functional currency of the respective Group entities, against US$, with all other variables are held constant, the loss for the year and the accumulated losses of the Group would increase by approximately HK$82,000 (2009: HK$40,000). The assumed changes have no significant impact on the Group's other components of equity.

A general depreciation of 3% (2009: 1%) in RMB against US$ would have had the equal but opposite effect on the loss for the year and the accumulated losses to the amounts shown above, on the basis that all other variables are held constant.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Currency risk – Continued

Currency exchange rate sensitivity analysis – Continued

The sensitivity analysis above has been determined assuming that the change in currency exchange rates had occurred at the beginning of the year and had been applied to the abovementioned financial instruments at that date and throughout the year constantly. The percentage increase or decrease represents management's assessment of a reasonably possible change in currency exchange rates over the period until the next annual reporting date.

Credit risk

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

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

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

Interest rate risk

The Group's interest-bearing assets are mainly represented by the loan receivables and bank balances as disclosed in notes 22 and 25 respectively. For the year ended 31 December 2010, interest income arising from loans and advance paid in respect of investments of businesses amounted to HK$1,146,000 (2009: Nil) while interest income from banks amounted to HK$12,000 (2009: HK$95,000) only. Apart from these, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group had no bank borrowings or other interest-bearing financial liabilities as at 31 December 2010 and 31 December 2009. As such, the Group is not exposed to interest-rate risk from long-term borrowings and has not used any interest rate swaps to hedge its exposure to interest rate risk.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

(b) Financial instruments – Continued

(ii) Financial risk management objectives and policies – Continued

Liquidity risk

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

The financial liabilities of the Group and the Company are either repayable on demand or due for settlement within twelve months from the respective reporting date. The total contractual undiscounted cash flows of the respective financial liabilities of the Group and the Company approximate their carrying amount at the reporting date. Based on the assessment of the Directors, liquidity risk encountered by the Group and the Company is not significant.

Fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate to their fair values due to short-term maturities of these financial instruments.

6. REVENUE

Revenue derived from the principal activities of the Group, which is also the turnover, is recognised during the year as follows:

	2010 HK$'000	2009 HK$'000
Trading of bio-cleaning materials	293	703
Trading of generators	–	16
Trading of recyclable plastic materials	231	679
Trading of waste construction materials	640	286
Provision of relevant services in respect of recyclable plastic materials	500	1,704
Provision of waste processing services	559	911
	2,223	4,299

7. SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker (i.e. most senior executive management) for the purposes of resources allocation and performance assessment, the Group is currently organised into the following operating segments. In prior years, segment information reported internally was analysed solely on the basis of: a) construction contracts and b) distributions, trading and service provision. In consistence with the Group's policy in advocating the development of business in renewable energy, information reported to the most senior executive management during the year ended 31 December 2010 has been changed. Essentially information on distribution, trading and service provision is further detailed and management has focused more on the category of products/services offered in the environmental protection and recycling business as well as the renewable energy business. Comparatives figures have been re-presented to conform with the current year's presentation.

Construction contracts	–	Provision of construction works
Bio-cleaning materials	–	Trading of bio-cleaning materials
Generators	–	Trading of generators
Recyclable plastic materials and relevant services	–	Trading of recyclable plastic materials and provision of relevant services
Waste construction materials and waste processing provision	–	Trading of waste construction materials and waste processing provision
Renewable energy	–	Jatropha plantation and production and trading of biodiesel

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Reportable segment results exclude corporate income and expenses from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of corporate assets, including bank balances and cash and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade payables, accruals and other payables and other liabilities directly attributable to the business activities of operating segments, and exclude corporate liabilities and tax liabilities.

7. SEGMENT INFORMATION – Continued

Segment information about these businesses is presented below:

Segment revenue and results

2010

	Construction contracts HK$'000	Bio-cleaning materials HK$'000	Generators HK$'000	Recyclable plastic materials and relevant services HK$'000	Waste construction materials and waste processing provision HK$'000	Renewable energy HK$'000	Total HK$'000
REVENUE							
Sales to external customers	–	293	–	731	1,199	–	2,223
RESULTS							
Segment results	–	(322)	(2,712)	(3,097)	(3,907)	(2,748)	(12,786)
Unallocated corporate expenses							(7,085)
Other income and gains							1,991
Loss before income tax							(17,880)

7. SEGMENT INFORMATION – Continued

Segment revenue and results – Continued

2009

	Construction contracts HK$'000	Bio-cleaning materials HK$'000 (Restated)	Generators HK$'000 (Restated)	Recyclable plastic materials and relevant services HK$'000 (Restated)	Waste construction materials and waste processing provision HK$'000 (Restated)	Renewable energy HK$'000 (Restated)	Eliminations HK$'000	Total HK$'000
REVENUE								
Sales to external customers	–	703	16	2,383	1,197	–	–	4,299
Inter-segment sales	–	–	–	255	–	–	(255)	–
RESULTS								
Segment results	(516)	(4,846)	(10,648)	(3,187)	(10,172)	(3,480)		(32,849)
Unallocated corporate expenses								(7,457)
Gain on deregistration of a subsidiary								2,677
Other income and gains								436
Loss before income tax								(37,193)

7. SEGMENT INFORMATION – Continued

Segment assets, segment liabilities and other segment information

2010

	Construction contracts HK$'000	Bio-cleaning materials HK$'000	Generators HK$'000	Recyclable plastic materials and relevant services HK$'000	Waste construction materials and waste processing provision HK$'000	Renewable energy HK$'000	Total HK$'000
ASSETS							
Segment assets	–	369	305	746	8,218	14,988	24,626
Unallocated corporate assets							55,753
Consolidated total assets							80,379
LIABILITIES							
Segment liabilities	–	–	50	2	179	33	264
Unallocated corporate liabilities							2,446
Tax liabilities							987
Consolidated total liabilities							3,697

	Construction contracts HK$'000	Bio-cleaning materials HK$'000	Generators HK$'000	Recyclable plastic materials and relevant services HK$'000	Waste construction materials and waste processing provision HK$'000	Renewable energy HK$'000	Corporate HK$'000	Total HK$'000
OTHER INFORMATION								
Addition to non-current assets	–	–	14	78	–	6,747	30,226	37,065
Depreciation	–	80	120	1,017	1,429	141	424	3,211
Inventories write-off	–	–	354	–	–	–	–	354
Allowance for doubtful debts	–	–	–	–	–	–	23	23
Impairment loss on property, plant and equipment	–	–	–	711	–	–	–	711
Gain arising from changes in fair value of biological assets less costs to sell	–	–	–	–	–	(923)	–	(923)
Loss on disposals of property, plant and equipment	–	–	15	–	–	–	–	15

7. SEGMENT INFORMATION – Continued

Segment assets, segment liabilities and other segment information – Continued

2009

	Construction contracts HK$'000	Bio-cleaning materials HK$'000 (Restated)	Generators HK$'000 (Restated)	Recyclable plastic materials and relevant services HK$'000 (Restated)	Waste construction materials and waste processing provision HK$'000 (Restated)	Renewable energy HK$'000 (Restated)	Total HK$'000
ASSETS							
Segment assets	–	652	1,411	2,040	10,493	7,532	22,128
Unallocated corporate assets							37,999
Consolidated total assets							60,127
LIABILITIES							
Segment liabilities	–	2	123	129	305	176	735
Unallocated corporate liabilities							2,183
Tax liabilities							987
Consolidated total liabilities							3,905

	Construction contracts HK$'000	Bio-cleaning materials HK$'000 (Restated)	Generators HK$'000 (Restated)	Recyclable plastic materials and relevant services HK$'000 (Restated)	Waste construction materials and waste processing provision HK$'000 (Restated)	Renewable energy HK$'000 (Restated)	Corporate HK$'000	Total HK$'000
OTHER INFORMATION								
Addition to non-current assets	–	6	884	401	9	7,363	229	8,892
Depreciation and amortisation	2	1,043	615	973	1,543	161	337	4,674
Reversal of write-down of inventories	(246)	–	–	–	–	–	–	(246)
Share-based payment expenses	–	–	1,012	–	–	–	5,195	6,207
Bad debts written off	26	–	–	–	–	–	–	26
Allowance for doubtful debts	–	–	–	–	–	–	24	24
Impairment loss on other intangible assets	–	3,124	896	–	–	–	–	4,020
Impairment loss on property, plant and equipment	–	–	2,316	1,571	5,293	–	771	9,951
Gain on deregistration of a subsidiary	(2,677)	–	–	–	–	–	–	(2,677)
Loss on disposals of property, plant and equipment	1	–	–	11	118	–	–	130

7. SEGMENT INFORMATION – Continued

Geographical information

The Group's operations are located in Hong Kong, the PRC excluding Hong Kong and Germany. The Group's revenue from external customers by geographical markets, determined based on the location of customers and information about its non-current assets by geographical location, determined based on the location of the assets, are detailed below:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,024**	3,102	**35,828**	2,744
The PRC excluding Hong Kong	**–**	–	**10,257**	7,663
Germany	**1,199**	1,197	**8,177**	10,298
	2,223	4,299	**54,262**	20,705

Information about major customers

Revenue from the major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follows:

	2010	2009
	HK$'000	HK$'000
Customer A*	**–**[1]	1,227
Customer B^	**354**	837
Customer C^	**288**	–[1]
Customer D^	**260**	–[1]
	902	2,064

1 The corresponding revenue contribute less than 10% of total revenue of the Group.

* Included in the segment of recyclable plastic materials and relevant services and is located in Hong Kong.

^ Included in the segment of waste construction materials and waste processing provision and is located in Germany.

8. OTHER INCOME AND GAINS

	2010 HK$'000	2009 HK$'000
Bank interest income	12	95
Other interest income arising from loans and advances (notes 22 and 23)	1,146	–
Net exchange gain	–	279
Sundry income	833	62
	1,991	436

9. LOSS BEFORE INCOME TAX

	2010 HK$'000	2009 HK$'000
Loss before income tax has been arrived at after charging/(crediting):		
Depreciation for property, plant and equipment	3,398	3,652
Less: amount capitalised in biological assets	(187)	–
Depreciation charged to profit or loss	3,211	3,652
Amortisation of other intangible assets	–	1,022
Total depreciation and amortisation expense	3,211	4,674
Auditors' remuneration	520	520
Minimum lease payments for operating leases in respect of land and buildings	1,637	1,663
Research and development expenditure	145	240
Net exchange loss/(gain)	1,206	(279)
Allowance for doubtful debts	23	24
Bad debts written off	–	26
Inventories write-off/(Reversal of write-down of inventories)^	354	(246)
Staff costs including directors' remuneration		
Salaries and allowances	7,163	7,573
Retirement benefit scheme contributions#	358	685
Share-based payment to employees	–	2,403
	7,521	10,661
Share-based payment to non-employees	–	3,804
Losses on disposals of property, plant and equipment	15	130

^ included in "changes in inventories of finished goods" in the consolidated statement of comprehensive income

\# defined contribution schemes

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

PRC foreign enterprise income tax has not been provided as the PRC subsidiaries incurred a loss for taxation purposes for both years.

No provision for corporate income tax has been made for the subsidiaries operated in Germany as these subsidiaries incurred a loss for taxation purposes for both years.

Reconciliation between income tax expense and accounting loss at applicable tax rates is as follows:

	2010 HK$'000	2009 HK$'000
Loss before income tax	(17,880)	(37,193)
Tax on profit at the rates applicable to the jurisdictions concerned	(3,034)	(6,137)
Tax effect of non-deductible expenses	2,466	5,327
Tax effect of non-taxable income/revenue	(769)	(1,081)
Tax effect of temporary differences not recognised	(419)	692
Tax effect of tax losses not recognised	1,756	1,199
Income tax expense	–	–

11. LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The consolidated loss for the year attributable to the owners of the Company includes a loss of HK$3,273,000 (2009: HK$78,375,000) which has been dealt with in the financial statements of the Company.

12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

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

	Notes	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2010					
Executive directors					
Mr. Yip Wai Leung Jerry	*(a)*	–	700	7	707
Mr. Fan Xiaomin	*(b)*	–	120	–	120
Dr. Wong Yun Kuen	*(c)*	–	277	5	282
Independent non-executive directors					
Mr. So Yin Wai		50	–	–	50
Ms. Zhu You Chun		50	–	–	50
Mr. Chan Kai Yung Ronney		50	–	–	50
		150	1,097	12	1,259
Year ended 31 December 2009					
Executive directors					
Mr. Yip Wai Leung Jerry	*(a)*	–	1,206	12	1,218
Mr. Fan Xiaomin	*(b)*	–	1	–	1
Dr. Wong Yun Kuen	*(c)*	–	19	1	20
Independent non-executive directors					
Mr. So Yin Wai		50	–	–	50
Ms. Zhu You Chun		50	–	–	50
Mr. Chan Kai Yung Ronney		50	–	–	50
		150	1,226	13	1,389

Notes:

(a) Resigned on 22 December 2009 and re-appointed on 20 May 2010
(b) Appointed on 30 December 2009
(c) Appointed on 22 December 2009 and resigned on 19 May 2010

12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS – Continued

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2009: one) was a Director of the Company, whose emoluments are reflected in the analysis presented in note 12(a) above. The emoluments of the remaining four (2009: four) individuals, are as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	1,716	2,872
Retirement benefit scheme contributions	174	195
Share-based payment expenses	–	379
	1,890	3,446

Their emoluments were within the following band:

	Number of individuals	
	2010	2009
Nil to HK$1,000,000	4	4

The remuneration policies of the Group are based on the prevailing remuneration level in the market and the performance of respective group companies and individual employees. During both years, no emoluments were paid by the Group to the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, there was no arrangement under which Director waived or agreed to waive any remuneration during both years.

13. DIVIDEND

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

14. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2010 HK$'000	2009 HK$'000
Loss		
Loss for the year attributable to the owners of the Company	**17,880**	37,193

	2010 '000	2009 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**432,644**	344,145

Diluted per share amount for the years ended 31 December 2010 and 2009 have not been disclosed as the outstanding share options (note 31) had an anti-dilutive effect on the basic loss per share for both years.

15. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Construction in progress HK$'000	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Farmland infrastructure HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST								
At 1 January 2009	466	7,020	1,251	5,381	–	13,508	1,188	28,814
Exchange realignment	–	109	22	4	–	148	4	287
Additions	611	–	–	–	3,344	1,514	458	5,927
Disposals	–	–	–	–	–	(37)	(244)	(281)
Transfer	(417)	–	–	–	–	417	–	–
At 31 December 2009 and 1 January 2010	660	7,129	1,273	5,385	3,344	15,550	1,406	34,747
Exchange realignment	42	(470)	(84)	52	160	(575)	3	(872)
Additions	516	–	–	148	699	5,073	221	6,657
Disposals	–	–	–	(26)	–	–	–	(26)
Transfer	(705)	–	–	33	469	203	–	–
At 31 December 2010	513	6,659	1,189	5,592	4,672	20,251	1,630	40,506
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2009	–	–	58	1,011	–	1,865	547	3,481
Exchange realignment	–	–	2	–	–	60	9	71
Charges for the year	–	–	31	1,041	15	2,385	180	3,652
Eliminated on disposals	–	–	–	–	–	(20)	(128)	(148)
Impairment recognised	–	4,393	–	2,006	–	3,472	80	9,951
At 31 December 2009 and 1 January 2010	–	4,393	91	4,058	15	7,762	688	17,007
Exchange realignment	–	(290)	(6)	60	6	(168)	(6)	(404)
Charges for the year	–	–	30	766	188	2,207	207	3,398
Eliminated on disposals	–	–	–	(11)	–	–	–	(11)
Impairment recognised	–	–	–	263	–	448	–	711
At 31 December 2010	–	4,103	115	5,136	209	10,249	889	20,701
NET CARRYING AMOUNT								
At 31 December 2010	513	2,556	1,074	456	4,463	10,002	741	19,805
At 31 December 2009	660	2,736	1,182	1,327	3,329	7,788	718	17,740

The Group's freehold land and buildings are situated outside Hong Kong.

16. BIOLOGICAL ASSETS – GROUP

Movements in the carrying amount of the Group's biological assets, representing saplings of Jatropha, are summarised as follows:

	2010 HK$'000	2009 HK$'000
At 1 January	**2,965**	–
Increase due to plantation	**408**	2,965
Gain arising from changes in fair value less costs to sell	**923**	–
Exchange realignment	**161**	–
At 31 December	**4,457**	2,965

At 31 December 2009, the Group's biological assets were stated at cost as the Directors were of the opinion that minimal biological transformation had taken place as the plantation of saplings of the Jatropha had only commenced near the year end. When the impact of the biological transformation on price is expected to be material and the fair value of the biological assets can be reliably measured, they shall be measured at its fair value less costs to sell. As at 31 December 2010, the Jatropha plantation is measured at fair value less costs to sell.

In accordance with the valuation report issued by BMI Appraisals Limited ("BMI"), an independent professional valuer, the fair value of the Jatropha plantation as at 31 December 2010 is determined with reference to the present value of expected net cash flows from the Jatropha plantation discounted at a current market-determined rate.

The key assumptions adopted and inputs to the valuation are as follows:

Selling price	The market price of Jatropha's seeds
Cultivation costs	The estimated costs including fertilisers, pesticides, labour costs and rental costs
Discount rate	The discount rate used is before tax
Price inflation	The basis used to determine the value assigned to selling price inflation is forecast prices indices of 3%, which is consistent with industry trends

The increase due to plantation represents cultivation costs incurred including fertilisers, pesticides, labour costs and rental costs.

Up to 31 December 2010, an area of approximately 1,000 Mu (2009: 1,000 Mu) in the PRC has been developed and planted with Jatropha's saplings.

17. GOODWILL – GROUP

	HK$'000
Cost	
At 1 January 2009, 31 December 2009 and 31 December 2010	8,875
Accumulated impairment	
At 1 January 2009, 31 December 2009 and 31 December 2010	8,875
Net carrying amount	
At 31 December 2010	–
At 31 December 2009	–

18. OTHER INTANGIBLE ASSETS – GROUP

	Distribution rights HK$'000
Cost	
At 1 January 2009, 31 December 2009 and 31 December 2010	26,800
Accumulated amortisation and impairment	
At 1 January 2009	21,758
Charge for the year	1,022
Impairment loss recognised during the year	4,020
At 31 December 2009 and 2010	26,800
Net carrying amount	
At 31 December 2010	–
At 31 December 2009	–

18. OTHER INTANGIBLE ASSETS – GROUP – Continued

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

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

At 31 December 2009, the Directors reviewed the carrying amounts of the Group's exclusive distribution rights and considered that it is uncertain whether future economic benefits will be derived and therefore, the distribution rights were fully impaired.

19. INVENTORIES – GROUP

	2010	2009
	HK$'000	HK$'000
Recyclable plastic materials	**510**	120
Bio-cleaning materials	**264**	390
Bio-fuel materials	**377**	–
Generators	**–**	435
	1,151	945

For the year ended 31 December 2009, the Group reversed inventory previously written-down amounting to HK$246,000 as the Group sold the inventories to third parties.

20. TRADE RECEIVABLES – GROUP

	2010 HK$'000	2009 HK$'000
Trade receivables	4	720
Less: allowance for doubtful debts	–	(631)
	4	89

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

	2010 HK$'000	2009 HK$'000
0 – 90 days	1	89
91-180 days	3	–
	4	89

The movement in the allowance for doubtful debts is as follows:

	2010 HK$'000	2009 HK$'000
At 1 January	631	2,053
Uncollectible amounts written off	(631)	(1,422)
At 31 December	–	631

The Group recognised impairment loss on individual assessment based on the accounting policy stated in note 3.10(ii).

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**1,092**	456	**227**	227
Deposits and other receivables *(Note)*	**704**	18,283	**870**	17,489
	1,796	18,739	**1,097**	17,716

Note:

Included in deposits and other receivables of the Group and the Company as at 31 December 2009 was a refundable deposit of HK$17,000,000 paid to Myleader Limited ("Myleader") by the Company in respect of the proposed acquisition of the shares of Global Emerging Resources Limited ("the Target Company") and all loans due from the Target Company to Myleader.

On 18 October 2010, Myleader refunded to the Company a sum of HK$2,000,000 since the Company and Myleader had not been able to enter into any sale and purchase agreement relating to the proposed acquisition of the Target Company by the expiry of the exclusivity period on 22 September 2010, whereupon the Company had decided not to continue any further negotiation with Myleader in relation to the proposed acquisition of the Target Company.

On 30 November 2010, the Company and Myleader entered into an agreement regarding the termination of the proposed acquisition of the Target Company and the refund of the outstanding deposit of HK$15,000,000 (the "Termination Agreement"). Pursuant to the Termination Agreement, the outstanding deposit shall be refunded as to HK$3,000,000 on 31 January 2011 and HK$12,000,000 on 31 March 2011. Details of the above arrangement have been set out in the Company's announcement dated 30 November 2010.

Upon execution of the Termination Agreement, the outstanding deposit of HK$15,000,000 had been reclassified to loan receivables (note 22(i)).

22. LOAN RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loan receivables				
From Myleader *(note (i))*	**15,000**	–	**15,000**	–
From others *(note (ii))*	**1,260**	–	**–**	–
	16,260	–	**15,000**	–

Notes:

(i) The outstanding deposit receivable from Myleader amounting to HK$15,000,000 as mentioned in note 21 is reclassified as loan receivables as at 31 December 2010. The loan is interest-bearing at a fixed rate of 5% per annum commencing on 23 September 2010 and repayable within one year. The amount is secured by the joint and several personal guarantee of the directors of Myleader.

(ii) Loan receivables from others comprise (1) an amount of HK$1,000,000 which is interest-bearing at a fixed rate of 5% per annum and repayable within one year. The loan is secured by the entire issued shares of the borrower, and (2) an amount of HK$260,000 which is unsecured and interest-bearing at a fixed rate of 6% per annum. The loan is past due at the reporting date but not provided for impairment as the Directors are of the opinion that there has not been a significant change in credit quality of the borrower and the balance is still considered fully recoverable.

23. DEPOSIT FOR A BUSINESS ACQUISITION – GROUP AND COMPANY

The deposit represents an advance to the vendors from which the Group is proposed to acquire the entire issued shares of Gioberto Limited ("Gioberto"). Upon completion of the proposed acquisition of Gioberto, the consideration payable by the Group shall be reduced by the advance together with accrued interest thereon. Gioberto, through its wholly-owned subsidiary, namely Altamina Exploration & Resources Incorporated (incorporated in the Philippines and principally engaged in the exploration of iron ores in the Phillippines), has been awarded a Financial or Technical Assistance Agreement by the Government of the Republic of the Philippines to enable it to undertake large-scale exploration, development and utilisation of minerals covering an area of approximately 9,588 hectares located in the Provinces of Ilocos Sur, Ilocos Norte and Pangasinan of the Philippines.

23. DEPOSIT FOR A BUSINESS ACQUISITION – GROUP AND COMPANY – Continued

As at the reporting date, the proposed acquisition is still in progress, and the Group has agreed with the vendors to utilise the advance as deposit for the proposed acquisition, and the deposit is refundable if the conditions for the completion of the acquisition are not met. Accordingly, the advance, which is originally interest-bearing at 5% per annum and subsequently becomes non-interest bearing but refundable, is classified as a deposit for a business acquisition as at 31 December 2010.

24. AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

(a) Amounts due from subsidiaries

	2010 HK$'000	2009 HK$'000
Amounts due from subsidiaries	137,064	124,056
Less: provision for impairment	(111,377)	(111,377)
	25,687	12,679

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

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

	2010 HK$'000	2009 HK$'000
At 1 January	111,377	48,077
Provided for the year	–	68,300
Amount written back upon deregistration of a subsidiary	–	(5,000)
At 31 December	111,377	111,377

(b) Amount due to a subsidiary

The amount due is unsecured, interest-free and repayable on demand.

25. BANK BALANCES AND CASH – GROUP AND COMPANY

Included in bank balances and cash of the Group at 31 December 2010 is an amount of HK$2,216,000 (2009: HK$3,328,000) which is denominated in RMB. RMB is not a freely convertible currency.

Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

The Company's bank balances and cash are all denominated in HK$ at the reporting date.

26. TRADE PAYABLES – GROUP

The following is an ageing analysis (based on invoice date) of the Group's trade payables at the reporting date:

	2010	2009
	HK$'000	HK$'000
0 – 90 days	**3**	321
91 – 180 days	**–**	34
181 – 365 days	**9**	–
Over 365 days	**516**	516
	528	871

The average credit period on purchase of goods is 60 days (2009: 60 days).

The Group's trade payables as at 31 December 2010 and 2009 included retention payables to suppliers in respect of construction contracts amounting to HK$516,000.

27. DEFERRED TAX – GROUP AND COMPANY

As at 31 December 2010, the Group and the Company have not recognised deferred tax assets in respect of cumulative tax losses of HK$57,148,000 and HK$14,221,000 respectively (2009: HK$46,269,000 and HK$14,221,000 respectively) and deductible temporary differences of HK$1,159,000 and nil respectively (2009: HK$3,696,000 and nil respectively) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant group entities. The tax losses have no expiry date under current tax legislation.

28 SHARE CAPITAL – GROUP AND COMPANY

	Number of shares '000	Share capital HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 January 2009, 31 December 2009 and 31 December 2010	4,000,000	400,000
Issued and fully paid:		
Ordinary shares of HK$ 0.10 each		
At 1 January 2009	343,576	34,358
Exercise of share options *(note (a))*	30,800	3,080
At 31 December 2009 and 1 January 2010	374,376	37,438
Exercise of share options *(note (a))*	32,656	3,265
Shares issued under share placement *(note (b))*	36,000	3,600
At 31 December 2010	**443,032**	**44,303**

Notes:

(a) During the year, 32,656,000 (2009: 30,800,000) options were exercised at the exercise price of HK$0.395 or HK$0.420 per share (2009: exercise price of HK$0.395 or HK$0.420 per share), resulting in the issue of 32,656,000 (2009: 30,800,000) new shares of HK$0.1 each and the transfer of a sum of HK$5,812,000 (2009: HK$5,102,000) from share option reserve to share premium.

(b) On 25 February 2010, the Company entered into an agreement with a placing agent for the placement of 36,000,000 new ordinary shares of HK$0.10 each at a price of HK$0.675 each (the "Placing"). The Placing was completed on 8 March 2010 and the aggregate gross proceeds arising from the Placing was HK$24,300,000. It was the Group's intention to apply the net proceeds of the Placing in or towards acquiring the mining business (note 23) and the working capital requirements of the Group.

29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

	Notes	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2009		163,829	56,897	31,551	(189,284)	62,993
Loss and total comprehensive income for the year		–	–	–	(78,375)	(78,375)
Shares issued upon exercise of share options	28(a)	14,303	–	(5,102)	–	9,201
Recognition of equity-settled share based payments	31	–	–	6,207	–	6,207
Lapse of share options		–	–	(3,888)	3,888	–
At 31 December 2009 and 1 January 2010		178,132	56,897	28,768	(263,771)	26
Loss and total comprehensive income for the year		–	–	–	(3,273)	(3,273)
Shares issued upon exercise of share options	28(a)	16,136	–	(5,812)	–	10,324
Shares issued under share placement	28(b)	20,700	–	–	–	20,700
Shares issue expenses		(605)	–	–	–	(605)
At 31 December 2010		214,363	56,897	22,956	(267,044)	27,172

29. RESERVES – Continued

(c) Nature and purpose of reserves

(i) Share premium

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

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

(b) in writing off

(i) the preliminary expenses of the Company; or

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

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

(ii) Contributed surplus

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

(iii) Share option reserve

Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to the grantees recognised in accordance with the accounting policy adopted for share-based payments in note 3.16(iii).

(iv) General reserves

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

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3.12.

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the reporting date, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**1,253**	1,025
In the second to fifth year, inclusive	**1,300**	489
After five years	**370**	487
	2,923	2,001

The Company had no significant operating lease commitment as at 31 December 2010 (2009: Nil).

31. SHARE-BASED PAYMENTS

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

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

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

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

31. SHARE-BASED PAYMENTS – Continued

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

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any twelve-month period, are subject to shareholders' approval in advance in a general meeting.

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

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

Details of the specific categories of the share options are as follows:

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

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

31. SHARE-BASED PAYMENTS – Continued

2010

	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options: Outstanding at 1.1.2010	Granted	Exercised	Lapsed	Outstanding at 31.12.2010
Directors	21/11/2006	21/11/2006-20/11/2016	1.050	1,360,000	–	–	–	1,360,000
	29/09/2008	29/09/2008-28/09/2018	0.395	990,000	–	–	–	990,000
Employees	22/09/2006	22/09/2006-21/09/2016	0.930	2,004,000	–	–	–	2,004,000
	21/11/2006	21/11/2006-20/11/2016	1.050	3,618,000	–	–	–	3,618,000
	29/09/2008	29/09/2008-28/09/2018	0.395	5,000,000	–	(5,000,000)	–	–
	07/07/2009	07/07/2009-06/07/2019	0.420	8,700,000	–	(6,600,000)	–	2,100,000
Other eligible participants	22/09/2006	22/09/2006-21/09/2016	0.930	3,284,000	–	–	–	3,284,000
	21/11/2006	21/11/2006-20/11/2016	1.050	24,412,000	–	–	–	24,412,000
	07/07/2009	07/07/2009-06/07/2019	0.420	21,056,000	–	(21,056,000)	–	–
Total				70,424,000	–	(32,656,000)	–	37,768,000
Exercisable at the end of the year								37,768,000
Weighted average exercise price (HK$)				0.719	–	0.416	–	0.981

2009

	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options: Outstanding at 1.1.2009	Granted	Exercised	Lapsed	Outstanding at 31.12.2009
Directors	21/11/2006	21/11/2006-20/11/2016	1.050	1,360,000	–	–	–	1,360,000
	29/09/2008	29/09/2008-28/09/2018	0.395	1,320,000	–	(330,000)	–	990,000
Employees	22/09/2006	22/09/2006-21/09/2016	0.930	2,744,000	–	–	(740,000)	2,004,000
	21/11/2006	21/11/2006-20/11/2016	1.050	3,618,000	–	–	–	3,618,000
	29/09/2008	29/09/2008-28/09/2018	0.395	8,830,000	–	(3,830,000)	–	5,000,000
	07/07/2009	07/07/2009-06/07/2019	0.420	–	13,300,000	(4,600,000)	–	8,700,000
Other eligible participants	22/09/2006	22/09/2006-21/09/2016	0.930	4,134,000	–	–	(850,000)	3,284,000
	21/11/2006	21/11/2006-20/11/2016	1.050	28,612,000	–	–	(4,200,000)	24,412,000
	29/09/2008	29/09/2008-28/09/2018	0.395	23,040,000	–	(22,040,000)	(1,000,000)	–
	07/07/2009	07/07/2009-06/07/2019	0.420	–	21,056,000	–	–	21,056,000
Total				73,658,000	34,356,000	(30,800,000)	(6,790,000)	70,424,000
Exercisable at the end of the year								70,424,000
Weighted average exercise price (HK$)				0.744	0.420	0.399	0.925	0.719

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

31. SHARE-BASED PAYMENTS – Continued

No share options were granted during the year ended 31 December 2010.

During the year ended 31 December 2009, a total of 34,356,000 share options were granted to certain employees and other non-employee participants and the estimated fair value of the options granted was HK$6,207,000. The Group recognised the total expenses of HK$6,207,000 in relation to these share options granted for the year ended 31 December 2009.

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

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

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

In respect of the share options exercised during the year ended 31 December 2010, the weighted average closing price of the Company's shares immediately before the dates of which the options were exercised was approximately HK$0.781 (2009: HK$0.817).

At the end of the reporting period, the Company had 37,768,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 37,768,000 additional ordinary shares of the Company and additional share capital of HK$3,777,000 and share premium of HK$33,274,000 (before issue expenses) An amount of HK$22,956,000 will be transferred from the share option reserve to the share premium account upon the exercise in full of the outstanding share options.

At the date of approval of these financial statements, the Company had 37,768,000 share options outstanding under the Share Option Scheme, which represented approximately 8.5% of the Company's shares in issue as at that date.

32. RETIREMENT BENEFIT SCHEMES

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

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

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

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

For the year ended 31 December 2010, the Group made contributions to the retirement benefit schemes of HK$358,000 (2009: HK$685,000). There were no forfeited contributions available for offset against existing contributions during the year and prior year.

33. RELATED PARTY TRANSACTIONS

(a) For the year ended 31 December 2010

During the year ended 31 December 2010, the Group paid legal and professional fees of HK$960,000 to a solicitor firm in which an executive director of the Company (appointed on 20 May 2010) is a partner.

(b) For the year ended 31 December 2009

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

34. INTERESTS IN SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	HK$'000
Unlisted share, at cost	**1**	1
Share options granted to grantees of the Company's subsidiaries	**22,560**	28,264
Lapsed for the year	**–**	(5,704)
	22,561	22,561
Less: Impairment loss	**(22,560)**	(22,560)
	1	1

34. INTERESTS IN SUBSIDIARIES – Continued

Particulars of the Company's subsidiaries as at 31 December 2010 are as follows:

Company name	Place of incorporation and registration/ operation	Issued share capital/ registered capital	Attributable equity interests	Principal activities
Held directly by the Company:				
Almoray Limited	British Virgin Islands	US$1	100%	Investment holding
China Billion Limited	British Virgin Islands	US$1	100%	Investment holding
Gold Stand Holdings Limited	British Virgin Islands	US$1	100%	Investment holding
Jackwell Limited	British Virgin Islands	US$1	100%	Investment holding
Privilege Sino Limited	British Virgin Islands	US$100	100%	Investment holding
Proven Best Limited	British Virgin Islands	US$1	100%	Investment holding
Provost Profits Limited	British Virgin Islands	US$1	100%	Investment holding

34. INTERESTS IN SUBSIDIARIES – Continued

Company name	Place of incorporation and registration/ operation	Issued share capital/ registered capital	Attributable equity interests	Principal activities
Held indirectly by the Company:				
Biofuel Limited	Hong Kong	HK$1	100%	Investment holding and manufacturing of renewable energy
Dongguan Innovative Power Equipment Limited^	PRC	US$1,100,000	100%	Manufacturing of multi-fuel generator
Dubaplain Limited	British Virgin Islands	US$1	100%	Investment holding
EnviroEnergy GmbH	Germany	EUR500,000	100%	Holding freehold land
EnviroPower GmbH	Germany	EUR100,000	100%	Trading of waste construction materials and waste processing provision
Gain Asset Limited	Hong Kong	HK$1	100%	Management services to group companies
Green Energy Finance Limited	Hong Kong	HK$1	100%	Dormant
Green Energy Resources Limited	Hong Kong	HK$1	100%	Trading of bio cleaning-materials and investment holding
Green Energy Trading Limited	Hong Kong	HK$1	100%	Trading of recyclable plastic materials and provision of relevant services
Green Energy Waste Management Limited	Hong Kong	HK$1	100%	Dormant

34. INTERESTS IN SUBSIDIARIES – Continued

Company name	Place of incorporation and registration/ operation	Issued share capital/ registered capital	Attributable equity interests	Principal activities
Held indirectly by the Company: – Continued				
Jensen Power Equipment Limited	Hong Kong	HK$1	100%	Trading of generators
Kaiping Evergeen Energy Limited^	PRC	US$5,000,000	100%	Tree plantation
ReKRETE International Limited	British Virgin Islands	U$1	100%	Investment holding
ReKRETE (Asia) Limited	Hong Kong	HK$10,000	100%	Trading of bio-cleaning materials
UniSort Asia Limited	Hong Kong	HK$1	100%	Dormant
東莞中盛企業管理顧問有限公司^	PRC	HK$3,000,000	100%	Dormant

^ Wholly foreign owned enterprise

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

35. DEREGISTRATION OF A SUBSIDIARY

In November 2009, the Group deregistered one of its wholly-owned subsidiaries, 東莞市中盛園林有限公司. The financial position of the PRC subsidiary as at the date of disposal is as follows:

	2010 HK$'000	2009 HK$'000
Net liabilities at the date of deregistration	–	(2,677)
Gain on deregistration	–	2,677
	–	–

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

36. MAJOR NON-CASH TRANSACTION

As explained in notes 21 and 22(i), an amount of HK$15,000,000 had been reclassified from prepayments, deposits and other receivables to loan receivables during the year ended 31 December 2010.

37. CAPITAL COMMITMENT

The Group's and the Company's commitment to the proposed acquisition of a business (note 23) is as follows:

	2010 HK$'000	2009 HK$'000
Contracted but not provided for	19,970,000	–

The proposed acquisition is still in progress at the reporting date and up to the date of approval of these financial statements.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2011.