COL Capital Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 383

Annual Report 2011/2012

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chong Sok Un *(Chairman)*
Dato' Wong Peng Chong
Mr. Kong Muk Yin

Independent Non-Executive Directors

Mr. Lau Siu Ki
Mr. Ma Wah Yan
Mr. Zhang Jian

AUDIT COMMITTEE

Mr. Lau Siu Ki *(Chairman)*
Mr. Ma Wah Yan
Mr. Zhang Jian

NOMINATION COMMITTEE

Ms. Chong Sok Un *(Chairman)*
Dato' Wong Peng Chong
Mr. Lau Siu Ki
Mr. Ma Wah Yan
Mr. Zhang Jian

REMUNERATION COMMITTEE

Mr. Ma Wah Yan *(Chairman)*
Dato' Wong Peng Chong
Mr. Kong Muk Yin
Mr. Lau Siu Ki
Mr. Zhang Jian

COMPANY SECRETARY

Ms. Fung Ching Man, Ada

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

SOLICITORS

Robertsons
Fred Kan & Co.
P.C. Woo & Co.

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Societe Generale Bank & Trust
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
UBS, AG
Bank of China Limited

AMERICAN DEPOSITARY RECEIPTS

The Bank of New York Mellon
Depositary Receipts Division
101 Barclay Street
22/F., West New York
NY 10286
U.S.A.

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

47/F., China Online Centre
333 Lockhart Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke, HM 08, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

383

WEBSITE

http://www.colcapital.com.hk
http://www.irasia.com/listco/hk/colcapital/

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I have the pleasure to present the financial results of COL Capital Limited (the "Company"), together with its subsidiaries, (the "Group") for the year ended 30 June 2012.

FINANCIAL RESULTS

For the year ended 30 June 2012, the Group recorded a substantial decrease in total revenue of HK$538,434,000 (2011: HK$2,234,930,000) and a loss attributable to shareholders of HK$645,078,000 (2011: profit of HK$513,134,000) mainly due to the realized and mark-to-market unrealized losses from its trading portfolio, the share of losses (net of profits) of its associates and the impairment loss recognized on interests in associates. Loss per share for the year ended 30 June 2012 was HK$1.18 compared to earnings per share of HK$0.92 for the 18-months period for the financial year 2011.

The Group's net asset value per share as at 30 June 2012 was HK$3.31 (2011: HK$4.89).

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 30 June 2012 (2011: HK$0.04 per share).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") is scheduled to be held on Thursday, 29 November 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 27 November 2012 to Thursday, 29 November 2012, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 26 November 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Since the global financial crisis in 2008, investors all around the world continue to face huge swings in market sentiment with the volatility in the financial markets seemingly entrenched in a predictable pattern. Firstly, the gloomy global economic outlook and the deteriorating fiscal position and banking sector of some advanced economies sends the market into a downward spiral. Then, politicians meet up, governments and central banks launch stimulus or rescue plans thereby flooding the markets with liquidity. As the market rally peters out, investors soon realize that there is no real change in the underlying problems. Another selloff occurs and the pattern repeats itself.

CHAIRMAN'S STATEMENT

With mounting concerns on the European sovereign debt crisis, some major western economies slipping into recession and some emerging markets slowing down or even heading towards a hard-landing, the financial markets remained very volatile during the year under review. Against this backdrop, the Group exercised extreme caution in its operation and reduced its business activities in trading and investment in financial securities. Consequently, the Group recorded a lower turnover of HK$510,536,000 (2011: HK$2,126,809,000) and a loss of HK$293,461,000 (2011: profit of HK$113,634,000), mainly due to the realized loss of HK$63,689,000 (2011: gain of HK$198,049,000) and mark-to-market unrealized loss of HK$188,516,000 (2011: HK$101,564,000) from its trading portfolio, and impairment loss recognized on available-for-sale investments of HK$25,784,000 (2011: HK$7,173,000). As at 30 June 2012, the Group maintained a portfolio of available-for-sale investments of HK$240,039,000 (2011: HK$671,511,000), loan notes of nil (2011: HK$56,692,000) and a trading portfolio of HK$1,123,202,000 (2011: HK$1,295,369,000).

During the year ended 30 June 2012, the Group's money lending business recorded a reduced turnover of mainly interest income of HK$24,569,000 (2011: HK$103,983,000) and a profit of HK$14,369,000 (2011: HK$97,945,000) under a generally tight credit environment. As at 30 June 2012, the Group's loan portfolio increased to HK$558,841,000 from HK$369,843,000 in financial year 2011.

The Group's investment properties located in Hong Kong and the PRC recorded a rental income of HK$3,329,000 (2011: HK$4,138,000) and a profit of HK$9,787,000 (2011: HK$44,522,000) mainly attributed to the gain from fair value changes on investment properties of HK$16,961,000 (2011: HK$41,891,000). As at 30 June 2012, the Group's investment properties portfolio amounted to HK$159,227,000 (2011: HK$142,266,000).

PRINCIPAL ASSOCIATED COMPANIES

The share of losses (net of profits) of associates of the Group, discount on acquisition of an associate and gain on partial disposal of associates for the year ended 30 June 2012 were HK$127,247,000 (2011: profit of HK$228,215,000), nil (2011: HK$75,827,000) and HK$13,596,000 (2011: nil) respectively. Against the difficult economic and commodity market condition, a prudent impairment loss on the Group's interest in associates of HK$276,113,000 (2011: nil) was recognised. As at 30 June 2012, the Group's investment in associates was HK$1,159,238,000 (2011: HK$1,559,656,000).

Mabuhay Holdings Corporation ("MHC") – approximately 30.42% owned by the Group

During year ended 30 June 2012, the Group recorded a gain on partial disposal of its interest in MHC of HK$2,980,000 (2011: nil) decreasing its shareholding in MHC to approximately 30.42% from 34%. MHC is a company incorporated in the Philippines with its common shares listed on The Philippine Stock Exchange, Inc. and is engaged in investment in securities, properties, and other investments in the Philippines. MHC's major asset is its approximately 40% interest in IRC Properties, Inc. (formerly known as Interport Resources Corporation)("IRC"), whose common shares are also listed on The Philippine Stock Exchange, Inc. IRC is principally engaged in real estate development with three real estate projects, inclusive of two socialize housing projects (in joint venture with one in development phase and another in design phase) and a condominium project (in design phase), in the Binangonan area of Rizal Province close to Metro-Manila in the Philippines.

CHAIRMAN'S STATEMENT

Extra Earn Holdings Limited ("Extra Earn") – 38.67% owned by the Group

For the financial year 2012, following the issue of new shares by Extra Earn, the Group's shareholding in Extra Earn decreased to approximately 38.67% from 40% and recorded a gain on partial disposal of HK$10,616,000 (2011: nil). Extra Earn is an investment holding company and, through Lianyungang Jiatai City Development Co., Ltd ("Jiatai City") and Jiatai City's PRC subsidiaries, engages in urban infrastructure development, property development, hospital ownership and operations, medical equipment and supplies trading, and other investments in the PRC. Extra Earn's hospital ownership and operation consists of the Nanjing Tongren Hospital（南京同仁醫院）opened in 2007 with a capacity of 1,200 beds, and 898 medical staff and employees; the Kunming Tongren Hospital（昆明同仁醫院）opened in 2010 with a capacity of 500 beds, and 617 medical staff and employees; and Yunnan Xinxinhua Hospital（雲南新新華醫院）opened in 2004 with a capacity of 240 beds, and 384 medical staff and employees, all of which are integrated hospitals offering a wide range of comprehensive clinical and healthcare services.

In September 2012, the Group acquired a 19.34% interest of the entire issued share capital of Extra Earn for a consideration of HK$89,860,000. Following the completion of the acquisition and the asset reorganization of Extra Earn which consisted of the transfer of an aggregate of approximately 41.99% of the registered capital of Jiatai City to and the repurchase and cancellation of Extra Earn's approximately 41.99% issued shares from the other shareholders of Extra Earn, Extra Earn will become a subsidiary of the Company with its sole investment being the holding of an approximately 58.01% of the registered capital of Jiatai City and its result and assets and liabilities will be consolidated into that of the Company. The Group considers that the acquisition is a valuable opportunity to further participate in the urban infrastructure development, property development, hospital ownership and operations, medical equipment and supplies trading and other investments in the PRC and secure its footing in such industries in the PRC, which is also in conformity with the Group's strategy to seek and identify grossly undervalued investment and business opportunities in the PRC.

Think Future Investments Limited ("Think Future") – 33.33% owned by the Group

Think Future is an investment holding company and through its subsidiaries (collectively the "Think Future Group"), engages in property development and project management businesses in the PRC. It has successfully bid for a piece of land of 161 Mu in Zhu Jia Jiao County, Shanghai, PRC at an acquisition price of RMB258 million and plans to develop this into a showcase project comprising health industry headquarters and base, offering health and care services packages to the elderly. In late June 2012, as part of the ordinary and usual course of business activities in money lending, the Group granted a short term loan of HK$400 million for 1 month with interest rate of 12% per annum to the Think Future Group for its short term general working capital purpose. The loan has been fully repaid in mid July 2012.

CHAIRMAN'S STATEMENT

APAC Resources Limited ("APAC") – approximately 27.9% owned by the Group

During the fiscal year under review, following the share repurchase by APAC, the Group's shareholding in APAC increased to approximately 27.9% from 27.7%. APAC is an established natural resources investment and commodities business company listed on The Stock Exchange of Hong Kong Limited. Focused on natural resources, its business lines comprise primary strategic investment, resource investment and commodity business. APAC's primary strategic investments include its approximately 26.6% shareholding in Mount Gibson Iron Limited ("MGX"), the fifth largest iron ore producer in Australia and approximately 30% shareholding in Metals X Limited ("MLX"), Australia's largest tin producer and holds a pipeline of assets from exploration to development. MGX is an Australian listed iron ore mining company. Production capacity is now 10 million tonnes per year, up from 7 million tonnes per year in year 2011, with sales from the Extension Hill mine starting in the December 2011 quarter. MGX has three projects in total (Koolan Island, Tallering Peak and Extension Hill) located in Western Australia and all three are Direct Ship Operations, which have a large cost advantage over mines that need to concentrate ore prior to selling. MLX is an Australian-based emerging diversified resource group with a primary focus on tin via its 50% interest in the producing Renison mine in Tasmania and nickel via its world scale Wingellina nickel development. MLX also has indirect exposure to copper, gold, nickel, zinc and bauxite through its portfolio of strategic investments, namely Independence Group NL, Westgold Resources Limited, Mongolian Resource Corporation, and Aziana Limited. APAC's commodity business is based in Shanghai, currently trading iron ore and coal.

During the year ended 30 June 2012, APAC recorded a revenue of HK$1,050,205,000 (2011: HK$1,147,494,000) and loss to shareholders of HK$527,519,000 (2011: profit of HK$1,462,069,000) driven by a very challenging operating environment as the global macro environment has weakened further since APAC's interim report, and volatility has increased. Against the difficult economic and commodity market condition, a prudent impairment loss on the Group's interest in APAC of HK$276,113,000 (2011: nil) was recognised.

In May 2011, the Group entered into a conditional sale and purchase agreement to dispose of the Group's entire interest in the shares of APAC for a total consideration of HK$1,330,657,693. This disposal was duly approved by the shareholders of the Company at the special general meeting held on 9 August 2011. However, since the purchaser was unable to obtain approvals from the Australian authorities for the transaction, a notice of termination was served by the purchaser on the Group and the disposal was subsequently cancelled.

In July 2012, the Group acquired an additional 130,000,000 shares of APAC for a total consideration of approximately HK$39.1 million (i.e. HK$0.3 per share) representing approximately 1.91% of the entire issued share capital of APAC. Following completion of the acquisition, the Company becomes beneficially interested in an aggregate of 2,030,939,562 shares of APAC, representing approximately 29.81% of the entire issued share capital of APAC. As at 31 August 2012, the unaudited net asset value of APAC per share based upon the market value of its listed investments, including its investments in listed associates, is approximately HK$0.50.

CHAIRMAN'S STATEMENT

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND OTHER

As at 30 June 2012, the Group's non-current assets of HK$1,526,170,000 (2011: HK$2,375,180,000) consisted of investment properties of HK$159,227,000 (2011: HK$142,266,000); property, plant and equipment of HK$6,751,000 (2011: HK$4,994,000); interests in associates of HK$1,159,238,000 (2011: HK$1,559,656,000) and available-for-sale investments of HK$200,954,000 (2011: HK$668,264,000). These non-current assets are principally financed by shareholders' fund. As at 30 June 2012, the Group had net current assets of HK$320,776,000 (2011: HK$402,551,000) and current ratio of 1.20 times (2011: 1.24 times), calculated on the basis of the Group's current assets over current liabilities.

As at 30 June 2012, the total borrowings of the Group amounted to HK$1,505,104,000 (2011: HK$1,470,792,000) consisting of current liabilities of securities margin loans of HK$1,340,196,000 (2011: HK$1,320,792,000), unsecured term loan of HK$150,000,000 (2011: HK$150,000,000) and secured term loan of HK$14,908,000 (2011: nil). As at 30 June 2012, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, and bank balances and cash) over total equity, was 77.1% (2011: 49.1%). Following the repayment of the short term loan by Think Future Group in mid July, the gearing ratio has been reduced to 55.4%.

During the year under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, Taiwan Dollar, Renminbi and Malaysian Ringgit. Because of the short term nature, the Group did not actively hedge risks arising from its Australian Dollar, Renminbi and Malaysian Ringgit denominated assets and transactions. The exchange rate of the Taiwan Dollar was relatively stable during the year. The Group was not materially affected by its exposure to these currencies.

As at 30 June 2012, the Group had no material capital commitments contracted but not provided for.

As at 30 June 2012, the Groups had no material contingent liabilities.

CHARGE ON GROUP ASSETS

As at 30 June 2012, the Group's investments held for trading of HK$1,074,602,000 (2011: HK$1,198,601,000), available-for-sale investments of HK$140,062,000 (2011: HK$528,120,000), interests in associates of HK$901,066,000 (2011: nil) and bank deposits of HK$7,801,000 (2011: HK$12,959,000) were pledged to banks and securities brokers house to secure credit facilities granted to the Group.

EMPLOYEES

The Group had 16 employees as at 30 June 2012 (2011: 16). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

CHAIRMAN'S STATEMENT

PROSPECTS

Nearly all current events such as the ongoing drama of the European sovereign debt crisis, feeble US recovery, geopolitical tension and friction, political transition in major economies and Europe's recession spilling over into emerging markets point to a dim global economic outlook and the Group anticipates that the investment environment will continue to be difficult.

However, the Group believes that there will always be attractive investment opportunities available as companies and businesses become grossly undervalued. The Group will continue to seek and identify such opportunities in China, Hong Kong and the Asia Pacific region cautiously to improve its financial performance and enhance value for shareholders.

APPRECIATION

On behalf the Board, I would like to extend my whole-hearted thanks to our shareholders for their continued support and to our staff for their contribution to the Group during the year.

Chong Sok Un
Chairman

Hong Kong, 20 September 2012

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Chong Sok Un, M.H. aged 58, was appointed as executive director and chairman of the Company on 23 August 2002. Ms. Chong is also executive director and chairman of APAC Resources Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited. She has been the chairman of Long Island Golf & Country Club, Dongguan, China since September 1998. Ms. Chong was awarded the Medal of Honour (M.H.) by the Government of the Hong Kong Special Administrative Region on 1 July 2011. She is a member of Dongguan Committee of the Chinese People's Political Consultative Conference, the Honorary Director of the Chinese Red Cross Foundation, Permanent Honorary Chairman of the Hong Kong Federation of Fujian Associations and Vice Chairman of the Hong Kong Federation of Fujian Associations Ladies Committee. She is now the namer and director of YOT Chong Sok Un Medical Fund (cancer aid) and a member of Yan Oi Tong Advisory Board. Ms. Chong was the chairman of the 31st Term of the Board of Directors of Yan Oi Tong 2010-2011. She was a non-executive director of ChinaVision Media Group Limited from 25 June 2007 to 23 April 2009.

Dato' Wong Peng Chong, aged 68, was appointed as executive director of the Company on 15 March 2002. Dato' Wong is also a director of Mabuhay Holdings Corporation and IRC Properties, Inc. (formerly known as Interport Resources Corporation), companies listed in The Philippine Stock Exchange, Inc..

Upon his graduation from the University of Malaya in 1967, Dato' Wong joined the Malaysian Foreign Service and served with several Malaysian diplomatic missions overseas in various capacities. He joined the private sector in 1985 and has served in various senior management positions, including executive directorships in public listed companies, in Hong Kong and Malaysia. He was the vice-president of ChinaVision Media Group Limited from 4 July 2007 to 9 December 2009. He was also an executive director of Greenfield Chemical Holdings Limited from 13 October 2009 to 21 January 2010.

Mr. Kong Muk Yin, aged 46, was appointed as executive director of the Company on 13 May 2002. He is also an executive director of APAC Resources Limited. Mr. Kong was appointed as an executive director of ChinaVision Media Group Limited ("ChinaVision") on 4 July 2007 and was re-designated to non-executive director of ChinaVision on 30 December 2010. Mr. Kong is also a director of Mabuhay Holdings Corporation and IRC Properties, Inc. (formerly known as Interport Resources Corporation), companies listed in The Philippine Stock Exchange, Inc.. He was also an executive director of Greenfield Chemical Holdings Limited from 13 October 2009 to 21 January 2010.

Mr. Kong was graduated from City University of Hong Kong with a bachelor's degree in business studies. He is a fellow member of The Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst and he has extensive experience in corporate finance, financial management, accounting and auditing.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Siu Ki, aged 54, was appointed as independent non-executive director of the Company on 3 June 2004. He has over 30 years of experience in corporate finance, financial advisory and management, accounting and auditing. He is currently working as a consultant in the financial advisory field. Prior to that, Mr. Lau had worked in an international accounting firm for over 15 years. He is a fellow member of both the Association of Chartered Certified Accountants ("ACCA") as well as the Hong Kong Institute of Certified Public Accountants. Mr. Lau was a member of the Council of ACCA and a member of the Committee of the Hong Kong branch of ACCA. He was also the Chairman of ACCA Hong Kong for the year 2000/2001. Mr. Lau is also the independent non-executive director of Binhai Investment Company Limited, Comba Telecom Systems Holdings Limited, TCL Communication Technology Holdings Limited, Foxconn International Holdings Limited, Samson Holding Ltd. and Embry Holdings Limited. He was an independent non-executive director of Greenfield Chemical Holdings Limited from 9 April 2002 to 11 June 2010, Proview International Holdings Limited from 1 September 2005 to 24 August 2010 and Carry Wealth Holdings Limited from 20 February 2002 to 13 July 2011.

Mr. Ma Wah Yan, aged 64, was appointed as independent non-executive director of the Company on 8 March 2011. Mr. Ma is the Precedent Partner of Messrs. Hobson & Ma, Solicitors & Notaries and Council Member of the Law Society of Hong Kong. He is also a Notary Public, a solicitor of the High Court of Hong Kong Special Administrative Region, the Supreme Court of England and Wales, the Supreme Court of the Republic of Singapore and the Supreme Court of the Australian Capital Territory.

Mr. Zhang Jian, aged 70, was appointed as independent non-executive director of the Company on 16 October 2006. He is a professional senior engineer in PRC. He is the Honorary Chairman of Xian University of Architecture & Technology Peking Alumni Association and the Outside Director of China National Building Material Group Corporation and also the Chairman of the Board of Sino-Mining International Investment Co. Ltd. He has been awarded National Outstanding Intellect in 1997 and National Top 10 Honest Persons of Outstanding Ability in 2004. Mr. Zhang has been awarded as Influential Person to China Nonferrous Metal Industry in 2005. From 1982 to 1998, he held various senior positions in China Nonferrous Metal Industry Company. From 1998 to 2003, he acted as Chairman and General Manager of China Nonferrous Metal Construction Group Company Ltd.. From 2003 to 2005, he acted as General Manager of China Nonferrous Metal Mining & Construction (Group) Co. Ltd..

DIRECTORS' REPORT

The Directors of the Company (the "Director(s)") present their annual report and the audited consolidated financial statements for the year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2012 are set out in the consolidated income statement on page 29.

The Directors do not recommend the payment of a dividend for the year ended 30 June 2012 (2011:HK$0.04 per share).

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties were revalued at 30 June 2012 and the resulting revaluation increase of HK$16,961,000 has been credited directly to the consolidated income statement.

The Group's buildings were revalued at 30 June 2012 and the resulting revaluation increase have been credited to the consolidated income statement and credited to the properties revaluation reserve of HK$54,000 and HK$1,750,000 respectively.

Details of these and other movements in the investment properties, and property, plant and equipment of the Group during the year are set out in notes 16 and 17 to the consolidated financial statements, respectively.

DIRECTORS AND SERVICE CONTRACTS

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

Executive Directors:

Ms. Chong Sok Un *(Chairman)*
Dato' Wong Peng Chong
Mr. Kong Muk Yin

Independent Non-Executive Directors:

Mr. Lau Siu Ki
Mr. Ma Wah Yan
Mr. Zhang Jian

DIRECTORS' REPORT

In accordance with clause 99 of the Company's Bye-Laws, Dato' Wong Peng Chong and Mr. Kong Muk Yin will retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2012, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares of the Company

	Number of ordinary shares of HK$0.01 each					Percentage of issued
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	ordinary shares
Ms. Chong Sok Un ("Ms. Chong")	–	–	390,325,707 (Note)	–	390,325,707	71.56%

Note: Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 390,325,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 390,325,707 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2012, none of the Directors, the chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares, underlying shares, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the following parties had interests or short positions in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Long positions in the shares of the Company

Name	Capacity	Number of ordinary shares held	Percentage of issued ordinary shares
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation (Note)	390,325,707	71.56%
China Spirit Limited ("China Spirit")	Held by controlled corporation (Note)	390,325,707	71.56%
Vigor Online Offshore Limited ("Vigor") (Note)	Beneficial owner (Note)	390,325,707	71.56%

Note: Vigor, a wholly-owned subsidiary of China Spirit, owns 390,325,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 390,325,707 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2012, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest customer of the Group by itself and together with the next four largest customers accounted for about 13% and 45%, respectively, of the Group's total revenue. The Group had no major suppliers due to the nature of principal activities of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased a total of 11,828,000 ordinary shares in the capital of the Company on the Stock Exchange in the range from HK$0.90 to HK$1.51 per ordinary share for a total consideration of HK$14,922,200. The said shares were subsequently cancelled.

Out of 11,828,000 repurchased ordinary shares, 10,848,000 repurchased ordinary shares were cancelled during the year, and the remaining 980,000 repurchased ordinary shares were cancelled subsequent to the year end date. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit Shareholders as a whole in enhancing the net assets value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS' REPORT

INDEPENDENCE 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. The Company considers all of the Independent Non-Executive Directors are independent.

EMOLUMENT POLICY

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30 June 2012.

DONATIONS

During the year, the Group made donations amounting to HK$525,000.

AUDITOR

A resolution will be submitted to the forthcoming Annual General Meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Chong Sok Un
Chairman

Hong Kong, 20 September 2012

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of directors of the Company (the "Directors") believes that corporate governance is essential to the success of the Company and the enhancement of shareholders' value. Accordingly, the Company has adopted various measures to ensure that a high standard of corporate governance is maintained.

On 1 April 2012, the Code on Corporate Governance Practice as listed out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Former CG Code") was amended and renamed as Corporate Governance Code and Corporate Governance Report (the "New CG Code"). Throughout the year ended 30 June 2012, the Company has applied the principles and complied with the code provisions set out in both of the Former CG Code and the New CG Code. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

BOARD OF DIRECTORS

The Board currently comprises six Directors in total, with three Executive Directors and three Independent Non-Executive Directors.

The composition of the Board during the year under review and up to the date of this report is set out as follows:

Executive Directors

Ms. Chong Sok Un *(Chairman)*
Dato' Wong Peng Chong
Mr. Kong Muk Yin

Independent Non-Executive Directors

Mr. Lau Siu Ki
Mr. Ma Wah Yan
Mr. Zhang Jian

The Board members have no financial, business, family or other material/relevant relationships with one another. Such balanced Board composition is formed to ensure strong independence exists across the Board.

Throughout the year, the Board have at least one-third in number of its members comprising Independent Non-Executive Directors under Rule 3.10A of the Listing Rules and at least one of the Independent Non-Executive Directors possesses appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

The Board has received from each Independent Non-Executive Director an annual confirmation of his independence and considers that all the Independent Non-Executive Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules. The biographical details of the Directors are set out in pages 9 to 10 of this Annual Report.

CORPORATE GOVERNANCE REPORT

During the year, 4 Board meetings was held and the attendance of each Director at the Board meetings is set out as follows:

Name of Directors	Number of Board meetings attended/held	Attendance rate
Ms. Chong Sok Un *(Chairman)*	4/4	100%
Dato' Wong Peng Chong	4/4	100%
Mr. Kong Muk Yin	4/4	100%
Mr. Lau Siu Ki	4/4	100%
Mr. Ma Wah Yan	4/4	100%
Mr. Zhang Jian	4/4	100%

The schedule of Board meetings for a year is planned in the preceding year. At least 14 days notice of all Board meetings is given to all Directors and they can include matters for discussion in the agenda if the need arises. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are sent to all Directors at least 3 days before the date of every board meeting so that the Directors have the time to review the documents.

Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Company Secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group. In addition to its overall supervisory role, the Board also retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc. whilst managing the Group's business is the responsibility of the management of the Group (the "Management").

When the Board delegates aspects of its management and administration functions to the Management, it has given clear directions, to the powers of the Management, in particular, with respect to the circumstances where the Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Training

Each newly appointed director has received comprehensive, formal and tailored induction on appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities under the Listing Rules, legal and other regulatory requirements.

During the year, the Company has arranged training for Directors to provide regular updates relating to the roles, functions and duties of a listed company director under the code provision A.6.5 of the New CG Code.

CORPORATE GOVERNANCE REPORT

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group under code provision A.1.8 of the New CG Code.

Roles of Chairman and Chief Executive Officer

The code provision A.2.1 of the Former CG Code and the New CG Code requires that the roles of the Chairman and the chief executive officer are segregated and performed by separate individuals who have no relationship with each other, except as fellow Directors, to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Chairman of the Board is Ms. Chong Sok Un. She is responsible for the leadership and effective running of the Board, while the function of the chief executive officer is performed by the two Executive Directors, namely Dato' Wong Peng Chong who is in charge of day-to-day business operations of the Group and Mr. Kong Muk Yin who is in charge of finance and accounts aspect of the Group. The functions and responsibilities between the Chairman and the two Executive Directors performing the function of chief executive officer are clearly segregated.

The list of Directors and their roles and functions are available on the website of the Stock Exchange's website and the Company's website at http://www.irasia.com/listco/hk/colcapital/.

Appointment and Re-election of Directors

Each of the Independent Non-Executive Directors has entered into a letter of appointment with the Company and appointed for a specific term, subject to retirement by rotation and re-election at least once every three years at the annual general meeting (the "AGM") of the Company in accordance with the Company's Bye-Laws. Any new Director appointed by the Board to fill a causal vacancy shall be subject to re-election by shareholders at the next following AGM.

CORPORATE GOVERNANCE REPORT

Corporate Governance Function

The Board has adopted the written terms of reference on corporate governance function on 27 February 2012 so as to assist the Board in supervising the management of the business and office of the Group.

The duties of the Board in respect of corporate governance function are summarized as follows:

i) to develop and review an Company's policies and practices on corporate governance and make recommendations to the Board;

ii) to review and monitor the training and continuous professional development of Directors and senior management;

iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

v) to review the Company's compliance with the code provisions as set out in the New CG Code and its disclosure requirements in the Corporate Governance Report.

BOARD COMMITTEES

The Board establishes various committees to assist it in carrying out its responsibilities. The Board has appointed 5 Board committees, viz, the Executive Committee, Investment Committee, Remuneration Committee, Nomination Committee and Audit Committee to oversee particular aspects of the Group's affairs. Each of the committees has defined terms of reference setting out its duties, powers and functions. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed.

Executive Committee

The Executive Committee was established on 23 May 1998 with its written terms of reference adopted on 21 July 2005. The Committee is composed of the Chairman and two Executive Directors of the Board. The Executive Committee is responsible for approving and monitoring the daily operations of the Group. The Executive Committee held 7 meetings during the year.

Investment Committee

The Investment Committee was established on 2 February 2000 with its written terms of reference adopted on 19 December 2005. The Committee is composed of the Chairman and two Executive Directors of the Board. The Investment Committee is responsible for approving and monitoring the Group's investment related activities. The investment committee met 9 times during the year.

Remuneration Committee

The Remuneration Committee was established on 15 April 2005 with its written terms of reference. The existing terms of reference of the Remuneration Committee have been revised on 27 February 2012 to comply with the New CG Code effective on 1 April 2012. The revised terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website at http://www.irasia.com/listco/hk/colcapital/.

The Remuneration Committee comprises of two Executive Directors, and three Independent Non-Executive Directors. The composition of the Remuneration Committee has complied with the requirements as set out in Rule 3.25 of the Listing Rules that a majority of the members of the Remuneration Committee should be Independent Non-Executive Directors and chaired by an Independent Non-Executive Director.

The meeting of the Remuneration Committee shall be held at least once a year. 1 meeting was held during the year and the attendance of each member is set out as follows:

Name of members	Number of meeting attended/held	Attendance rate
Mr. Ma Wah Yan *(Chairman)*	1/1	100%
Dato' Wong Peng Chong	1/1	100%
Mr. Kong Muk Yin	1/1	100%
Mr. Lau Siu Ki	1/1	100%
Mr. Zhang Jian	1/1	100%

The remuneration policy of the Group is to ensure all its employees are remunerated in line with market terms and individual performance.

At the meeting held during the year, the overall pay trend in Hong Kong of 2011/2012 was reviewed and noted.

The major roles and functions of the Remuneration Committee are as follows:

i) to review annually and recommend to the Board the overall remuneration policy and structure for the Directors and senior management;

ii) to review annually the performance of the Executive Directors and senior management and recommend to the Board specific adjustments in remuneration and/or reward payments;

iii) to review and recommend the compensation payable to Executive Directors relating to any loss or termination of their office or appointment;

iv) to review and recommend compensation arrangements relating to dismissal or removal of Directors for misconduct; and

v) to responsible for establishing formal and transparent procedures for developing remuneration policy and structure to ensure no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Nomination Committee

The Nomination Committee was established on 27 February 2012 with its written terms of reference. The terms of reference of the Nomination Committee are available on the Stock Exchange's website and the Company's website at http://www.irasia.com/listco/hk/colcapital/.

The Nomination Committee of the Company comprises five members including two Executive Directors and three Independent Non-Executive Directors.

The meeting of the Nomination Committee shall be held at least once a year. 1 meeting was held during the year and the attendance of each member is set out as follows:

Name of members	Number of Meeting attended/held	Attendance rate
Ms. Chong Sok Un *(Chairman)*	1/1	100%
Dato' Wong Peng Chong	1/1	100%
Mr. Lau Siu Ki	1/1	100%
Mr. Ma Wah Yan	1/1	100%
Mr. Zhang Jian	1/1	100%

The Nomination Committee is responsible for formulating nomination policy for the Board's consideration and implement the Board's approved nomination policy.

The major roles and functions of the Nomination Committee are as follows: -

i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

iii) to assess the independence of Independent Non-Executive Directors; and

iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive.

Audit Committee

The Audit Committee was established on 29 January 1999 with its written terms of reference. The existing terms of reference of the Audit Committee have been revised to comply with the New CG Code effective on 1 April 2012. The updated terms of reference of the Audit Committee are available on the Stock Exchange's website and the Company's website at http://www.irasia.com/listco/hk/colcapital/.

The Audit Committee comprises three Independent Non-Executive Directors. The composition of the Audit Committee has complied with the requirements as set out in Rule 3.21 of the Listing Rules that majority of the members of the Audit Committee should be Independent Non-Executive Director.

The Audit Committee shall meet at least twice a year. 4 meetings were held during the year, the minutes of the Audit Committee meetings were tabled to the Board for noting and for action by the Board where appropriate, the attendance of each member is set out as follows:

Name of members	Number of meetings attended/held	Attendance rate
Mr. Lau Siu Ki *(Chairman)*	4/4	100%
Mr. Ma Wah Yan	4/4	100%
Mr. Zhang Jian	4/4	100%

During the year, the Audit Committee had performed the following work:

i) reviewed the financial reports for the six months period ended 31 December 2011 and for the year ended 30 June 2012;

ii) reviewed the effectiveness of internal control system;

iii) reviewed the external auditor's statutory audit plan and engagement letter;

iv) reviewed the management letter from the external auditor in relation to the audit of the Group for the year ended 30 June 2012;

v) reviewed and recommended for approval by the Board the audit scope and fees for the year ended 30 June 2012; and

vi) established a whistleblowing policy on 13 June 2012 for employees to raise concerns with the Audit Committee about possible improprieties in any matter related to the Company.

CORPORATE GOVERNANCE REPORT

The major roles and functions of the Audit Committee are as follows:

i) To consider the appointment, re-appointment and removal of the external auditor, the audit fees, and any questions of resignation or dismissal of the external auditor of the Group;

ii) To discuss with the external auditor the nature and scope of the audit;

iii) To review the interim and annual financial statements before submission to the Board;

iv) To discuss problems and reservations arising from the interim review and final audit, and any matters the external auditor may wish to discuss;

v) To review the external auditor's management letters and management's response; and to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

vi) To review the Group's financial controls, internal controls and risk management systems to ensure that they are appropriate and functioning properly; and

vii) To consider any findings of major investigations of internal control matters and management's response.

AUDITOR'S REMUNERATION

During the year ended 30 June 2012 under review, the remuneration paid or payable to the Group's external auditor, Messrs Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	Fees paid/payable HK$'000
Audit services	1,800
Non-audit services	551
	2,351

INTERNAL CONTROL

The Board and senior management are responsible for establishing, maintaining and operating an effective system of internal control. The internal control system of the Company comprises a well-established organizational structure and comprehensive polices and standards. The Board has clearly defined the authorities and key responsibilities of each business and operational unit to ensure adequate checks and balances. The Board is of the view that the system of internal controls in place for the year ended 30 June 2012 under review and up to the date of issuance of the annual report and financial statements is sound and is sufficient to safeguard the interests of shareholders, employees, and the Group's assets.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and involving in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

a) The Executive Committee was established to ensure the effectiveness of the Group's daily operations and that the Group's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

b) The Audit Committee of the Company reviews internal control issues identified by external auditor, regulatory authorities and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems. To further enhance control awareness, the Group has also approved launching a whistleblowing policy for employees to raise any concerns about possible improprieties in any matter related to the Group.

c) The Investment Committee was established to monitor the Group's investment related activities and respective operating and financial policies.

d) The Remuneration Committee was established to ensure all the Directors and the senior management of the Group are remunerated in line with market terms and individual performance.

e) The corporate reporting functions are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and other applicable regulations are delegated to the company secretarial department. The Management reviews the system of internal controls and briefs the reporting systems with the Executive Directors regularly and the Audit Committee annually.

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

CORPORATE GOVERNANCE REPORT

g) The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to be provided under the Model Code. Enquiries have been made with Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 30 June 2012.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 30 June 2012, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

SHAREHOLDERS' COMMUNICATION

A shareholder's communication policy was established on 27 February 2012. The Company has maintained different communication channels with its shareholders through the publication of annual and interim reports, circulars and announcements. Such information is also available on the Company's website.

During the year ended 30 June 2012, an AGM and a special general meeting (the "SGM") were held and the attendance of each Director at the AGM and SGM are set out as follows:

Name of Directors	Number of AGM attended/held	Number of SGM attended/held
Ms. Chong Sok Un *(Chairman)*	1/1	0/1
Dato' Wong Peng Chong	1/1	1/1
Mr. Kong Muk Yin	1/1	1/1
Mr. Lau Siu Ki	1/1	1/1
Mr. Ma Wah Yan	1/1	1/1
Mr. Zhang Jian	0/1	0/1

The AGM and special general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. At the Company's last AGM, Chairman of the Board as well as Chairman of the Audit Committee and Remuneration Committee were present to answer shareholders' questions.

Separate resolutions are proposed at the general meetings for each substantial issue, including the re-election of the retiring Directors.

The Company's last AGM was held on 30 November 2011 and the Securities Repurchase Circular was sent to shareholders at least 20 clear business days prior to the meeting, setting out details of each proposed resolution, voting procedures (including the procedures for conducting a poll) and other relevant information. The Chairman explained the procedures for conducting a poll again at the beginning of the meeting and revealed the level of proxies voted in respect of each resolution. All shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at the meetings on their behalf if they are unable to attend the meetings.

The next AGM will be held on 29 November 2012, the notice of which will be sent to shareholders at least 20 clear business days before the meeting. An explanation of the detailed procedures for conducting a poll will be provided to the shareholders at the commencement of the meeting. The Chairman will answer any questions from shareholders regarding voting by way of a poll. The poll results will be published in accordance with the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

Right to put enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Other shareholders' enquiries can be directed to the head office and principal place of business of the Company in Hong Kong as set out in the Corporation Information section of this Annual Report for the attention of Company Secretary.

Right to convene special general meeting

Pursuant to Section 74(1) of the Bermuda Companies Act and the bye-law 62 of the Bye-Laws of the Company, the shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may request the Board to convene a special general meeting.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda for the attention of the Company Secretary and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

CORPORATE GOVERNANCE REPORT

Right to put forward proposals at general meetings

On the requisition in writing of either (i) any number of shareholder of the Company representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (ii) not less than 100 shareholders, the Company shall, at the expense of the requisitionists:

a) to give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;

b) to circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be signed by the requisitionists and deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company maintains a website at http://www.irasia.com/listco/hk/colcapital/ where information and updates on the list of Directors and their roles and functions, constitutional documents, terms of reference of the Board committees, procedures for nomination of Directors for election, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's website will be updated from time to time.

There was no significant change in the Company's constitutional documents during the year ended 30 June 2012.

On behalf of the Board
COL Capital Limited

Chong Sok Un
Chairman

Hong Kong, 20 September 2012

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF COL CAPITAL LIMITED
中國網絡資本有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of COL Capital Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 104, which comprise the consolidated statement of financial position as at 30 June 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2012, 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 September 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2012

	NOTES	**1.7.2011 to 30.6.2012 HK$'000**	1.1.2010 to 30.6.2011 HK$'000
Revenue (excluding securities trading)	6	**46,700**	214,010
Gross proceeds from sale of investments held for trading		**491,734**	2,020,920
Total		**538,434**	2,234,930
Revenue (excluding securities trading)	6	**46,700**	214,010
Other gains and losses	8	**(215,061)**	206,983
Other income	9	**21,697**	30,401
Administrative expenses		**(47,225)**	(40,853)
Finance costs	10	**(67,227)**	(122,977)
Impairment loss recognised on interests in associates		**(276,113)**	–
Share of (losses) profits of associates		**(127,247)**	228,215
(Loss) profit before taxation		**(664,476)**	515,779
Taxation	12	**(383)**	(483)
(Loss) profit for the year/period	13	**(664,859)**	515,296
(Loss) profit for the year/period attributable to:			
Owners of the Company		**(645,078)**	513,134
Non-controlling interests		**(19,781)**	2,162
		(664,859)	515,296
(Loss) earnings per share	15		
– Basic		**HK$(1.18)**	HK$0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
(Loss) profit for the year/period	**(664,859)**	515,296
Net (loss) gain on available-for-sale investments:		
(Loss) gain on fair value changes	**(230,059)**	84,474
Reclassification adjustments for the cumulative (gain) loss included in profit or loss upon disposal of available-for-sale investments	**(5,978)**	4,018
Reclassification adjustment upon impairment of available-for-sale investments	**25,784**	7,173
Share of changes in other comprehensive income (expense) of associates	**3,061**	(16,132)
	(207,192)	79,533
Exchange difference arising on translation:		
Exchange gain arising from translation of foreign operation	**2,700**	6,064
Share of changes in other comprehensive (expense) income of associates	**(33,239)**	161,903
	(30,539)	167,967
Surplus on revaluation of leasehold land and buildings	**1,750**	1,900
Other comprehensive (expense) income for the year/period	**(235,981)**	249,400
Total comprehensive (expense) income for the year/period	**(900,840)**	764,696
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(881,059)**	762,534
Non-controlling interests	**(19,781)**	2,162
	(900,840)	764,696

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties	16	**159,227**	142,266
Property, plant and equipment	17	**6,751**	4,994
Interests in associates	18	**1,159,238**	1,559,656
Available-for-sale investments	19	**200,954**	668,264
		1,526,170	2,375,180
Current assets			
Loan notes	20	**–**	56,692
Available-for-sale investments	19	**39,085**	3,247
Investments held for trading	21	**1,123,202**	1,295,369
Debtors, deposits and prepayments	22	**131,926**	229,263
Loans receivable	23	**558,841**	369,843
Taxation recoverable		**4,997**	4,157
Pledged bank deposits	24	**7,801**	12,959
Bank balances and cash	24	**74,007**	94,895
		1,939,859	2,066,425
Current liabilities			
Creditors and accrued charges	25	**19,108**	21,899
Customers' deposits and receipts in advance		**2,132**	68,052
Amount due to an associate	18	**–**	2,891
Other borrowings	26	**1,505,104**	1,470,792
Derivative financial instruments	27	**13,093**	20,191
Taxation payable		**79,646**	80,049
		1,619,083	1,663,874
Net current assets		**320,776**	402,551
Total assets less current liabilities		**1,846,946**	2,777,731

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2012

	NOTES	**2012 HK$'000**	2011 HK$'000
Capital and reserves			
Share capital	29	**5,445**	5,563
Reserves	30	**1,799,050**	2,716,835
Equity attributable to owners of the Company		**1,804,495**	2,722,398
Non-controlling interests		**42,451**	55,333
Total equity		**1,846,946**	2,777,731

The financial statements on pages 29 to 104 were approved and authorised for issue by the Board of Directors on 20 September 2012 and are signed on its behalf by:

Ms. Chong Sok Un	**Dato' Wong Peng Chong**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Convertible bonds equity reserve HK$'000	Properties revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Capital redemption reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2010	5,567	701,783	28,242	7,610	248,114	2,184	6,894	982,342	1,982,736	53,171	2,035,907
Profit for the period	–	–	–	–	–	–	–	513,134	513,134	2,162	515,296
Other comprehensive income for the period	–	–	–	1,900	79,533	–	167,967	–	249,400	–	249,400
Total comprehensive income for the period	–	–	–	1,900	79,533	–	167,967	513,134	762,534	2,162	764,696
Early redemption of convertible bonds	–	–	(28,242)	–	–	–	–	28,242	–	–	–
Repurchase of shares	(4)	(600)	–	–	–	4	–	(4)	(604)	–	(604)
Dividends paid (note 14)	–	–	–	–	–	–	–	(22,268)	(22,268)	–	(22,268)
At 30 June 2011	5,563	701,183	–	9,510	327,647	2,188	174,861	1,501,446	2,722,398	55,333	2,777,731
Loss for the year	–	–	–	–	–	–	–	(645,078)	(645,078)	(19,781)	(664,859)
Other comprehensive income and expenses for the year	–	–	–	1,750	(207,192)	–	(30,539)	–	(235,981)	–	(235,981)
Total comprehensive income and expenses for the year	–	–	–	1,750	(207,192)	–	(30,539)	(645,078)	(881,059)	(19,781)	(900,840)
Repurchase of shares	(118)	(14,804)	–	–	–	118	–	(118)	(14,922)	–	(14,922)
Dividends paid (note 14)	–	–	–	–	–	–	–	(21,922)	(21,922)	–	(21,922)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	2,475	2,475
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	4,424	4,424
At 30 June 2012	5,445	686,379	–	11,260	120,455	2,306	144,322	834,328	1,804,495	42,451	1,846,946

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(664,476)**	515,779
Adjustments for:		
Interest income	**(20,308)**	(12,144)
Depreciation of property, plant and equipment	**374**	437
Interest expense	**67,227**	122,977
Cumulative (gain) loss reclassified from equity on disposal of available-for-sale investments	**(5,978)**	4,018
Change in fair value of investments held for trading	**188,516**	101,564
Fair value changes on investment properties	**(16,961)**	(41,891)
Share of losses (profits) of associates	**127,247**	(228,215)
Gain on partial disposal of associates	**(13,596)**	–
Gain on deemed disposal of a subsidiary	**(10,346)**	–
Impairment loss recognised on available-for-sale investments	**25,784**	7,173
Impairment loss recognised on other receivables	**5,566**	–
Impairment loss recognised on interests in associates	**276,113**	–
Discount on acquisition of an associate	**–**	(75,827)
Change in fair value of derivative financial instruments	**(7,098)**	16,003
Operating cash flow before movements in working capital	**(47,936)**	409,874
Increase in investments held for trading	**(16,349)**	(406,313)
Decrease (increase) in debtors, deposits and prepayments	**90,926**	(201,034)
(Increase) decrease in loans receivable	**(188,998)**	19,582
Increase in creditors and accrued charges	**4,415**	984
(Decrease) increase in customers' deposits and receipts in advance	**(65,920)**	31,315
Cash used in operating activities	**(223,862)**	(145,592)
Interest paid	**(67,227)**	(105,073)
Tax paid	**(1,626)**	(2,580)
NET CASH USED IN OPERATING ACTIVITIES	**(292,715)**	(253,245)
INVESTING ACTIVITIES		
Purchase of loan notes	**–**	(168,755)
Proceeds from disposal of loan notes	**62,837**	115,000
Proceeds from disposal of available-for-sale investments	**219,819**	37,400
Placement of pledged bank deposits	**(34,010)**	(51,000)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	NOTE	**1.7.2011 to 30.6.2012 HK$'000**	1.1.2010 to 30.6.2011 HK$'000
Withdrawal of pledged bank deposits		**39,168**	47,192
Interest received		**14,163**	9,207
Purchases of available-for-sale investments		**(18,406)**	(232,173)
Purchases of property, plant and equipment		**(392)**	(49)
Loss of control on deemed disposal of a subsidiary	36	**(14,155)**	–
Acquisition of investment in an associate		**–**	(569,404)
Capital injection into an associate		**(5,523)**	–
Repayment from associate		**–**	30,845
Proceeds from partial disposal of associates		**6,113**	–
Dividend received from associates		**2,515**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**272,129**	(781,737)
FINANCING ACTIVITIES			
(Repayment to) advance from an associate		**(2,891)**	2,891
New borrowings raised		**1,250,813**	4,217,326
Repayments of borrowings		**(1,216,501)**	(2,948,099)
Dividends paid		**(21,922)**	(22,268)
Repurchase of shares		**(14,922)**	(604)
Capital contribution from a non-controlling shareholder of a subsidiary		**2,475**	–
Redemption of convertible bonds		**–**	(236,000)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(2,948)**	1,013,246
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(23,534)**	(21,736)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES		**2,646**	6,019
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD		**94,895**	110,612
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash		**74,007**	94,895

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Vigor Online Offshore Limited (incorporated in the British Virgin Islands ("BVI")). The addresses of the registered office and principal place of business of the Company are disclosed on page 2 of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 40.

The consolidated financial statements for the current year cover twelve months period from 1 July 2011 to 30 June 2012. The corresponding comparative amounts shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes of equity, consolidated statement of cash flows and related notes cover eighteen months from 1 January 2010 to 30 June 2011 due to change in reporting period end date and therefore may not be comparable with amounts shown for the current reporting period.

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

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

HKAS 24 (as revised in 2009)	Related party disclosures
HKAS 32 (Amendments)	Classification of rights issues
HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 7 (Amendments)	Disclosures – Transfer of financial assets
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The adoption of the new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these consolidated financial statements.

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

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

HKFRSs (Amendments)	Annual improvement to HKFRSs 2009 – 2011 cycle[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities[1]
HKFRS 9	Financial instruments[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance[1]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[3]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[5]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.

[2] Effective for annual periods beginning on or after 1 January 2015.

[3] Effective for annual periods beginning on or after 1 January 2012.

[4] Effective for annual periods beginning on or after 1 July 2012.

[5] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

HKFRS 9 Financial instruments *(continued)*

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the year beginning 1 July 2015. Based on the Group's financial assets and financial liabilities at 30 June 2012, the application of HKFRS 9 will mainly affect the classification and measurement of the Group's available-for-sale equity investments. In the opinion of directors, it is not practicable to provide a reasonable estimate of the effect on the Group's available-for-sale investments until a detailed review has been completed.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 1 July 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred tax – Recovery of underlying assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred taxes should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

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

Amendments to HKAS 12 Deferred tax – Recovery of underlying assets *(continued)*

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. If the presumption is not rebutted, the Directors anticipate that the application of the amendments to HKAS 12 in future accounting periods will result in adjustments to the amounts of deferred tax liabilities recognised regarding the Group's investment properties located in Hong Kong of approximately HK$3,614,000 as at 30 June 2012, of which the carrying amounts are presumed to be recovered through sale. At the same time, a corresponding amount of deferred tax assets recognised regarding the tax losses will be adjusted. The application of amendments to HKAS 12 is unlikely to have material impact on temporary difference arising from investment properties located in the PRC.

New and revised Standards on consolidation, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

The Directors anticipate that these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2013. The application of these standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group consolidating some of its investees that were not previously consolidated (e.g. the Group's investment in associate may become a Group's subsidiary based on the new definition of control and the related guidance in HKFRS 10). However, the Directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

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

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2013 and that the application of the new Standard may not affect significantly on the amounts reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

Basis of consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial instruments: Recognition and measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that Standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Any revaluation increase arising on the revaluation of land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is recognised so as to write off the cost or fair value of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interests in associates *(continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate. For partial disposals of associates that do not result in the Group losing significant influence, the difference between the proportionate share of the net assets of the associates and the fair value of consideration paid or received is recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, the proportion of the gain or loss that had previously been recognised in other comprehensive income (i.e. exchange reserve and investment revaluation reserve) relating to that reduction in ownership interest is reclassified to profit or loss as if the related assets or liabilities have been disposed proportionately.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investment held for trading to interests in associates

When an acquisition of an associate is achieved in steps, any previously held equity interest in the acquiree is remeasured at its acquisition – date fair value and the resulting gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interests in associates *(continued)*

Acquisition of additional interests in associates

Goodwill is recognised at each acquisition date, being the excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including investments held for trading, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Investments held for trading

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as held for trading are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned in the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including debtors, loans receivable, loan notes, pledged bank deposits and bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as loans and receivables, held-to-maturity instruments or financial assets at fair value through profit or loss. The Group designated investments in equity securities other than held for trading purpose, debt securities, loan notes, unit trusts investments and club debentures as available-for-sale financial assets. Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets

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

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as debtors and loans receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Effective interest method

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

Convertible bonds contains liability and equity components, and early redemption option

Convertible bonds issued by the Company that contain liability (together with the early redemption option which is closely related to the host liability component) and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability components, representing the conversion option for the holder to convert the convertible bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the conversion option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

When the convertible bonds are redeemed before maturity by exercising an early redemption option, the amortised cost of the financial liability component of the convertible bonds is remeasured by discounting the revised estimate of cash flows payable at the original effective interest rate established at initial recognition of the financial liability component of the convertible bonds. The difference between the previous amortised cost carrying amount and the newly remeasured amount would be recognised in profit or loss. The related equity component is transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Other financial liabilities

Other financial liabilities including creditors and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs *(continued)*

Impairment losses on tangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

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

Retirement benefits scheme

Payments to Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(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 directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

Income taxes

As at 30 June 2012, no deferred tax asset has been recognised in the Group's consolidated statement of financial position in relation to the estimated unused tax losses of approximately HK$2,390 million (2011: HK$2,187 million). The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The Directors of the Company determine the deferred taxation assets based on tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred taxation assets are expected to be utilised. The Directors of the Company will review the assumptions and profit projections by the end of the reporting period. In cases where the actual future profits generated are more or less than expected, further recognition or reversal of deferred tax asset in relation to unutilised tax losses may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated impairment of interests in associates

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of the recoverable amount which is the higher of value in use and fair value less costs to sell. The Group has carried out impairment testing to determine whether the Group's interest in the associate, APAC Resources Limited ("APAC"), is impaired as its carrying amount is higher than the market capitalisation with reference to the quoted market price of the shares of APAC as at 30 June 2012. The recoverable amount of APAC is determined based on the value in use estimation by the management. The value in use calculation requires the Group to estimate the future cash flows comprising expected dividends income and expected ultimate disposal price of APAC. In case where the actual cashflows are more or less than expected or revision in future cash flows estimates due to changes in fact and circumstances such as expected ultimate disposal price and discount rate, further impairment or reversal of impairment may arise. During the year ended 30 June 2012, an impairment loss of HK$276,113,000 (1 January 2010 to 30 June 2011: nil) is recognised to profit or loss.

5. FINANCIAL INSTRUMENTS

Capital risk management

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

The Directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Categories of financial instruments

	2012 **HK$'000**	2011 HK$'000
Financial assets		
Investments held for trading	**1,123,202**	1,295,369
Loans and receivables (including cash and cash equivalents)	**771,578**	762,071
Available-for-sale financial assets	**240,039**	671,511
Financial liabilities		
Amortised cost	**1,515,704**	1,488,420
Derivative financial instruments	**13,093**	20,191

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, amount due to an associate, loan notes, loans receivable, debtors, creditors, other borrowings, derivative financial instruments, pledged bank deposits and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Foreign exchange risk is the risk of loss due to adverse movement in foreign exchange rate relating to foreign currency denominated loans receivable, bank balances, other debtors and other borrowings from financial institutions for both years and foreign currency denominated loan notes as at 30 June 2011. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	Assets		**Liabilities**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States Dollars ("USD")	**72,040**	37,364	**14,908**	–
Renminbi ("RMB")	**79,539**	109,990	**–**	–
Australian Dollars ("AUD")	**29,744**	274,951	**–**	47,728
Malaysian Ringgit ("MYR")	**–**	1,105	**–**	–

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates and thus USD is not included in sensitivity analysis.

The following table details the Group's sensitivity to a 10% (2011: 10%) increase and decrease in HK$ against relevant foreign currencies other than USD and all other variables were held constant. 10% (2011: 10%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts its translation at the period end for a 10% (2011: 10%) change in foreign currencies rates. A positive number below indicates a decrease in post-tax loss (1 January 2010 to 30 June 2011: increase in post-tax profit) for the year/period where foreign currencies strengthen 10% (2011: 10%) against HK$. For a 10% (2011: 10%) weakening of foreign currencies against HK$ there would be an equal and opposite impact on the result for the year/period.

	RMB Impact		AUD Impact		MYR Impact	
	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000	**1.7.2011 to 30.6.2012 HK$'000**	1.1.2010 to 30.6.2011 HK$'000	**1.7.2011 to 30.6.2012 HK$'000**	1.1.2010 to 30.6.2011 HK$'000
Decrease in post-tax loss (2011: increase in post-tax profit) for the year/period	**6,642**	9,184	**2,484**	18,973	**–**	92

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk (continued)

Other price risk

(i) Equity price risk

The Group is exposed to equity price risk through its available-for-sale investments, investments held for trading and derivative financial instruments. The Group's available-for-sale investments, investments held for trading and derivative financial instruments have significant concentration of price risk in Hong Kong, Malaysian and Australian stock markets. Management manages the exposure by maintaining a portfolio of equity investments of the Group with different risk profiles.

The Group is also exposed to equity price risk relating to equity securities held by an associate of the Group. Management monitors the exposure by reviewing monthly statements provided from the associate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. Also, the equity price risk relating to equity securities held by an associate of the Group is included in the sensitivity analysis. For sensitivity analysis purpose, the sensitivity rate remains at 30% in the current year.

If the prices of the respective equity instruments had been 30% (2011: 30%) higher/lower and all other variables were held constant, the Group's:

- post-tax loss for the year ended 30 June 2012 would decrease/increase approximately by HK$310,059,000 (1 January 2010 to 30 June 2011: post-tax profit increase/decrease by HK$424,475,000) as a result of the changes in fair value of held for trading investments;

- investment revaluation reserve would increase/decrease approximately by HK$59,782,000/ HK$59,739,000 (1 January 2010 to 30 June 2011: HK$185,127,000) for the Group as a result of the changes in fair value of certain available-for-sale investments and post-tax loss for the year ended 30 June 2012 would decrease/increase approximately by HK$1,958,000/ HK$1,994,000 (1 January 2010 to 30 June 2011: post-tax profit increase/decrease by HK$7,173,000/HK$13,445,000) as a result of changes in impairment loss recognised on certain available-for-sale investments; and

- post-tax loss for the year ended 30 June 2012 would decrease/increase by HK$3,974,000/ HK$3,786,000 (1 January 2010 to 30 June 2011: post-tax profit increase/decrease by HK$3,836,000/HK$5,048,000) as a result of the changes in the fair value of derivative financial instruments.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk (continued)

Other price risk (continued)

(ii) Foreign currencies price risk

The Group is engaged in securities trading and investments which are denominated in foreign currencies and is therefore exposed to foreign currency price risk. Approximately 61% (2011: 62%) of the Group's investments are denominated in currencies other than the functional currency of the group entities.

The carrying amounts of the Group's foreign currency denominated investments held for trading and available-for-sale investments at the reporting date are as follows:

	Assets	
	2012	2011
	HK$'000	HK$'000
USD	**114,179**	118,002
AUD	**366,922**	550,335
MYR	**145,105**	183,781
Pound Sterling ("GBP")	**15,900**	–
New Taiwan Dollars ("TWD")	**133,470**	298,963
Japanese Yen ("JPY")	**59,144**	3,747

The Group also exposed to foreign currencies price risk through equity and debt securities held by an associate of the Group. The equity and debt securities held by an associate are mainly determined USD and AUD.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2011: 10%) increase and decrease in HK$ against foreign currencies and all other variables were held constant. USD is not included in sensitivity analysis, as HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate. 10% (2011: 10%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates a decrease in post-tax loss (1 January 2010 to 30 June 2011: increase in post-tax profit) for the period where foreign currencies strengthen 10% (2011: 10%) against HK$. For a 10% (2011: 10%) weakening of foreign currencies against HK$ there would be an equal and opposite impact on the result for the year/period and the investment revaluation reserve.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk (continued)

Other price risk (continued)

(ii) Foreign currencies price risk *(continued)*

Sensitivity analysis *(continued)*

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Decrease in post-tax loss (2011: increase in post-tax profit) for the year/period	**70,913**	73,976
Increase in investment revaluation reserve	**13,790**	29,707

Interest rate risk

The Group's fair value interest rate risk relates primarily to bank deposits, fixed-rate loans receivable, loan notes, available-for-sale debt instruments and unsecured term loan. The Group's cash flow interest rate risk relates to its variable-rate loans receivable, bank balances and securities margin loans.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prime rate arising from the Group's variable interest rate instruments.

Management considers that the Group's exposure to future cash flow risk on variable-rate bank balances as a result of the change of market interest rate is insignificant and thus variable-rate bank balances are not included in the sensitivity analysis.

A 100 basis point change is used which represents management's assessment of the reasonably possible change in interest rates. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year/period.

If the interest rate of variable-rate loans receivable and securities margin loans had been 100 basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease approximately by HK$11,174,000 (1 January 2010 to 30 June 2011: post-tax profit decrease/increase by HK$15,916,000).

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk (continued)

In the management's opinion, the sensitivity analyses prepared on currency risk, other price risk and interest rate risk are unrepresentative of respective inherent risk as the year end exposure does not reflect the exposure during the year.

Credit risk

The Group's credit risk is primarily attributable to debtors, loans receivable, bank balances and pledged bank deposits for both years and loan notes as at 30 June 2011.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties' failure to perform their obligations as at 30 June 2012 and 30 June 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

Trade receivables consist of a large number of customers spread over diverse geographical areas, thus the Group does not have significant concentration on credit risk.

Bank balances and pledged bank deposits are placed in various banks and the Group has limited exposure to any single financial institution. The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Group has significant concentration of credit risk on debtors and loans receivable. In order to minimise credit risk, management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual debt and loans receivable at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable debts. The management closely monitors the subsequent settlement of the customers and does not grant long credit period to the counterparties. Also, management may request for collaterals in order to minimise the exposure of credit risk due to discharge an obligation by the counterparties. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

For derivative financial instruments, the Group has approximately HK$99,384,000 (2011: HK$211,460,000) and HK$612,945,000 (2011: HK$276,266,000) contractual cash outflow in return with listed securities and foreign currencies within 1 year respectively. The nature of the derivative financial instruments is disclosed in note 27.

	Weighted average interest rate %	Repayable on demand HK$'000	Less than 1 month HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
As at 30 June 2012					
Non-derivative financial liabilities					
Creditors	–	–	10,600	10,600	10,600
Other borrowings					
– variable rates	prime rate plus spread	1,340,196	–	1,340,196	1,340,196
– fixed rates	1.52% – 6%	150,000	14,917	164,917	164,908
		1,490,196	25,517	1,515,713	1,515,704

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

	Weighted average interest rate %	Repayable on demand HK$'000	Less than 1 month HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
As at 30 June 2011					
Non-derivative financial liabilities					
Creditors	–	–	14,737	14,737	14,737
Other borrowings					
– variable rates	prime rate plus spread	1,320,792	–	1,320,792	1,320,792
– fixed rates	6%	150,000	–	150,000	150,000
Amount due to an associate	–	2,891	–	2,891	2,891
		1,473,683	14,737	1,488,420	1,488,420

Term loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 30 June 2012 and 30 June 2011, the carrying amounts of these term loans amounted to HK$150,000,000 and HK$150,000,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the counterparties will exercise their discretionary rights to demand immediate repayment. The Directors believe that such term loan will be repaid within four months after 30 June 2012 in accordance with the scheduled repayment date set out in the loan agreements. For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's term loan based on the scheduled repayment dates set out in the agreement as set out in the table below:

	Weighted average interest rate %	**Repayable on demand** HK$'000	**Less than 1 month** HK$'000	**1-3 months** HK$'000	**3 months to 1 year** HK$'000	**Total undiscounted cash flows** HK$'000	**Carrying amount at the end of the reporting period** HK$'000
Term loan							
30 June 2012	**6%**	**–**	**750**	**1,500**	**150,750**	**153,000**	**150,000**
30 June 2011	6%	–	750	1,500	156,750	159,000	150,000

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair values

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

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and the fair values of the unit trusts have been determined based on the trust unit price;

- the fair values of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair values of derivative financial instruments are calculated using option pricing model.

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

Fair value measurements recognised in the consolidated statement of financial position

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

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

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

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

5. FINANCIAL INSTRUMENTS *(continued)*

Fair values *(continued)*

Fair value measurements recognised in the consolidated statement of financial position (continued)

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Non-derivative financial assets				
Investments held for trading	**1,123,202**	**–**	**–**	**1,123,202**
Available-for-sale financial assets				
Listed equity securities	**200,208**	**–**	**–**	**200,208**
Unlisted unit trusts	**–**	**39,085**	**–**	**39,085**
Unlisted club debentures	**–**	**678**	**–**	**678**
Total	**1,323,410**	**39,763**	**–**	**1,363,173**
Financial liabilities				
Derivative financial liabilities	**–**	**–**	**13,093**	**13,093**

	2011			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Non-derivative financial assets				
Investments held for trading	1,295,369	–	–	1,295,369
Available-for-sale financial assets				
Listed equity securities	417,557	–	–	417,557
Listed debt securities	199,535	–	–	199,535
Unlisted unit trusts	–	53,673	–	53,673
Unlisted club debentures	–	678	–	678
Total	1,912,461	54,351	–	1,966,812
Financial liabilities				
Derivative financial liabilities	–	–	20,191	20,191

There were no transfer between Level 1 and 2 in the current year and prior period.

5. FINANCIAL INSTRUMENTS *(continued)*

Fair values *(continued)*

Fair value measurements recognised in the consolidated statement of financial position (continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

	Derivative financial instruments HK$'000
At 1 January 2010	4,188
Realised gain in profit or loss	(8,776)
Unrealised loss in profit or loss	20,191
Settlements	4,588
At 30 June 2011	20,191
Realised gain in profit or loss	(28,981)
Unrealised loss in profit or loss	13,093
Settlements	8,790
At 30 June 2012	**13,093**

Of the total gains or losses for the year included in profit or loss, HK$13,093,000 (1 January 2010 to 30 June 2011: HK$20,191,000) relates to derivative financial instruments held at the end of the reporting period. Fair value gains or losses on derivative financial instruments are included in 'Other gains and losses' in the consolidated income statement.

6. REVENUE

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Dividend income from listed investments	**18,802**	105,889
Interest income from loans receivable	**24,569**	103,983
Rental income	**3,329**	4,138
	46,700	214,010

7. SEGMENT INFORMATION

Segment information is presented based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance.

The Group is organised into three operating and reportable segments as follows:

Securities trading and investments – trading of securities in Hong Kong and overseas markets.

Financial services – provision of financial services.

Property investment – leasing of residential and office properties.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 30 June 2012

	Securities trading and investments HK$'000	Financial services HK$'000	Property investment HK$'000	Consolidated HK$'000
Gross proceeds from sale of investments held for trading	491,734	–	–	491,734
Revenue	18,802	24,569	3,329	46,700
Segment (loss) profit	(293,461)	14,369	9,787	(269,305)
Share of losses of associates				(127,247)
Other income				1,572
Net foreign exchange loss				(221)
Central corporate expenses				(6,758)
Gain on partial disposal of associates				13,596
Impairment loss recognised on interests in associates				(276,113)
Loss before taxation				(664,476)

7. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

For the period from 1 January 2010 to 30 June 2011

	Securities trading and investments HK$'000	Financial services HK$'000	Property investment HK$'000	Consolidated HK$'000
Gross proceeds from sale of investments held for trading	2,020,920	–	–	2,020,920
Revenue	105,889	103,983	4,138	214,010
Segment profit	113,634	97,945	44,522	256,101
Share of profits of associates				228,215
Other income				5,113
Net foreign exchange gain				438
Central corporate expenses				(3,033)
Effective interest expense on convertible bonds				(46,882)
Discount on acquisition of an associate				75,827
Profit before taxation				515,779

All of the segment revenue reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned/losses incurred by each segment without allocation of share of (loss) profits of associates, certain other income, certain net foreign exchange (loss) gain, central corporate expenses, effective interest expense on convertible bonds, discount on acquisition of an associate, gain on partial disposals of associates and impairment loss recognised on interests in associates. This is the measure reported to the executive directors of the Company for the purpose of resource allocation and performance assessment.

7. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

At 30 June 2012

	Securities trading and investments HK$'000	**Financial services HK$'000**	**Property investment HK$'000**	**Consolidated HK$'000**
Segment assets	**1,504,856**	**564,429**	**159,556**	**2,228,841**
Interests in associates				**1,159,238**
Corporate assets				**77,950**
Consolidated assets				**3,466,029**
Segment liabilities	**1,457,324**	**151,260**	**931**	**1,609,515**
Corporate liabilities				**9,568**
Consolidated liabilities				**1,619,083**

At 30 June 2011

	Securities trading and investments HK$'000	Financial services HK$'000	Property investment HK$'000	Consolidated HK$'000
Segment assets	2,241,512	392,262	146,942	2,780,716
Interests in associates				1,559,656
Corporate assets				101,233
Consolidated assets				4,441,605
Segment liabilities	1,499,812	150,601	2,055	1,652,468
Amount due to an associate				2,891
Corporate liabilities				8,515
Consolidated liabilities				1,663,874

7. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, interests in associates, deposits and prepayments, taxation recoverable and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain creditors and accrued charges, certain customers' deposits and receipts in advance, certain taxation payable and amount due to an associate.

Other segment information

For the year ended 30 June 2012

	Securities trading and investments HK$'000	Financial services HK$'000	Property investment HK$'000	Unallocated HK$'000	Total HK$'000
Amounts charged (credited) included in the measure of segment results or segment assets					
Interest income	(20,308)	–	–	–	(20,308)
Finance costs	58,202	9,025	–	–	67,227
Depreciation of property, plant and equipment	–	–	27	347	374
Additions to property, plant and equipment	–	–	–	392	392
Fair value changes on investment properties	–	–	(16,961)	–	(16,961)
Impairment loss recognised on available-for-sale investments	25,784	–	–	–	25,784
Impairment loss recognised on other receivables	–	–	–	5,566	5,566
Net foreign exchange (gain) loss	(5,960)	(13)	81	221	(5,671)
Change in fair value of derivative financial investments	(15,888)	–	–	–	(15,888)

7. SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

For the period from 1 January 2010 to 30 June 2011

	Securities trading and investments HK$'000	Financial services HK$'000	Property investment HK$'000	Unallocated HK$'000	Total HK$'000
Amounts charged (credited) included in the measure of segment results or segment assets					
Interest income	(12,144)	–	–	–	(12,144)
Finance costs	62,430	13,652	13	46,882	122,977
Depreciation of property, plant and equipment	–	–	84	353	437
Additions to property, plant and equipment	–	–	–	49	49
Fair value changes on investment properties	–	–	(41,891)	–	(41,891)
Impairment loss recognised on available-for-sale investments	7,173	–	–	–	7,173
Net foreign exchange gain	(14,397)	(505)	(1)	(438)	(15,341)
Change in fair value of derivative financial investments	11,415	–	–	–	11,415

7. SEGMENT INFORMATION *(continued)*

Geographical information

The Group's securities trading and investments and financial services are mainly carried out in Hong Kong. Rental income from property investment is derived from Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from external customers and information about non-current assets by geographical location of the customers and assets respectively are detailed below:

	Revenue from external customers		Non-current assets	
	1.7.2011 to 30.6.2012	1.1.2010 to 30.6.2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**44,179**	210,295	**1,040,202**	1,437,711
The PRC	**2,521**	3,715	**255,442**	232,008
The Philippines	**–**	–	**29,572**	37,197
	46,700	214,010	**1,325,216**	1,706,916

Note: Non-current assets excluded financial instruments.

Information about major customers

Revenues from customers of the corresponding year/period contributing over 10% of the total sales of the Group are as follows:

	1.7.2011 to 30.6.2012	1.1.2010 to 30.6.2011
	HK$'000	HK$'000
Customer A[1]	**5,785**	–[2]
Customer B[1]	**6,176**	51,649
Customer C[1]	**–[2]**	31,045

1 Revenue from financial services.

2 The corresponding revenue did not contributed over 10% of total sales of the Group.

8. OTHER GAINS AND LOSSES

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Change in fair value of investments held for trading (Note a)	**(252,205)**	96,485
Change in fair value of derivative financial instruments (Note b)	**15,888**	(11,415)
Net gain (loss) on disposal of available-for-sale investments	**5,978**	(4,018)
Gain on partial disposal of associates	**13,596**	–
Impairment loss recognised on available-for-sale investments	**(25,784)**	(7,173)
Impairment loss recognised on other receivables	**(5,566)**	–
Fair value changes on investment properties	**16,961**	41,891
Net foreign exchange gain	**5,671**	15,341
Discount on acquisition of an associate	**–**	75,827
Gain on deemed disposal of a subsidiary	**10,346**	–
Others	**54**	45
	(215,061)	206,983

Notes:

(a) Net realised loss of approximately HK$63,689,000 (1 January 2010 to 30 June 2011: net realised gain of HK$198,049,000) on disposal of investments held for trading is included in change in fair value of investments held for trading.

(b) Net realised gain of approximately HK$28,983,000 (1 January 2010 to 30 June 2011: net realised gain of HK$8,776,000) on derivative financial instruments is included in change in fair value of derivative financial instruments.

9. OTHER INCOME

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Interest income from:		
– Loan notes	**6,145**	2,938
– Available-for-sale debt instruments	**12,605**	8,106
– Bank deposits	**1,018**	564
– Others	**540**	536
	20,308	12,144
Front end fee for loans receivable	**–**	13,144
Others	**1,389**	5,113
	21,697	30,401

10. FINANCE COSTS

The amounts represent interest on other borrowings wholly repayable within five years and effective interest expense on convertible bonds.

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Interest on:		
Other borrowings wholly repayable within five years	**67,227**	76,095
Effective interest expense on convertible bonds	**–**	46,882
	67,227	122,977

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

The Directors' emoluments are analysed as follows:

For the year ended 30 June 2012

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 (Note)	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors					
Ms. Chong Sok Un	–	455	–	12	467
Dato' Wong Peng Chong	–	1,560	240	12	1,812
Mr. Kong Muk Yin	–	1,560	240	12	1,812
Independent non-executive directors					
Mr. Lau Siu Ki	255	–	–	–	255
Mr. Ma Wah Yan	135	–	–	–	135
Mr. Zhang Jian	113	–	–	–	113
	503	3,575	480	36	4,594

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

Directors' emoluments *(continued)*

For the period from 1 January 2010 to 30 June 2011

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 (Note)	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors					
Ms. Chong Sok Un	–	665	–	18	683
Dato' Wong Peng Chong	–	2,020	–	18	2,038
Mr. Kong Muk Yin	–	1,890	–	18	1,908
Independent non-executive directors					
Mr. Lo Wai On	285	–	–	–	285
Mr. Lau Siu Ki	180	–	–	–	180
Mr. Zhang Jian	80	–	–	–	80
Mr. Ma Wah Yan	–	–	–	–	–
	545	4,575	–	54	5,174

Note: The performance related incentive payments are determined by reference to the individual performance of the Directors and approved by the Remuneration Committee.

During the period ended 30 June 2011, Mr. Lo Wai On resigned as independent non-executive Director of the Company. Mr. Ma Wah Yan was appointed as independent non-executive Director of the Company.

During the year/period, no remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any remuneration during the year/period.

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

Five highest paid individuals

During the year, the five highest paid individuals included two Directors (1 January 2010 to 30 June 2011: two), details of their emoluments are set out above. The emoluments for the remaining three (1 January 2010 to 30 June 2011: three) highest paid individuals of the Group are as follows:

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Salaries and other benefits	2,830	3,761
Retirement benefits scheme contributions	36	36
	2,866	3,797

The emoluments are within the following bands:

	1.7.2011 to 30.6.2012 Number of employees	1.1.2010 to 30.6.2011 Number of employees
Nil to HK$1,000,000	2	3
HK$1,000,001 to HK$1,500,000	1	–

12. TAXATION

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Current tax expense:		
Enterprise Income Tax in the PRC	(383)	(483)

12. TAXATION *(continued)*

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year and prior period. No tax is payable arising in Hong Kong for the year ended 30 June 2012 since there is no assessable profit for the year. No tax is payable on the profit for period from 1 January 2010 to 30 June 2011 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The taxation for the year/period can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
(Loss) profit before taxation	**(664,476)**	515,779
Taxation at the domestic income tax rate of 16.5%	**109,639**	(85,104)
Tax effect of share of (losses) profits of associates	**(20,996)**	37,655
Tax effect of expenses that are not deductible	**(74,788)**	(9,551)
Tax effect of income that is not taxable	**19,351**	73,637
Tax effect of utilisation of tax losses/deductible temporary differences previously not recognised	**55**	5,312
Tax effect of tax losses not recognised	**(33,545)**	(22,036)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(99)**	(361)
Others	**–**	(35)
Taxation for the year/period	**(383)**	(483)

13. (LOSS) PROFIT FOR THE YEAR/PERIOD

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
(Loss) profit for the year/period has been arrived at after charging (crediting):		
Auditor's remuneration	**2,061**	1,778
Depreciation of property, plant and equipment	**374**	437
Staff cost, inclusive of directors' emoluments	**15,905**	13,671
Gross rental income from properties	**(3,329)**	(4,138)
Less: Direct operating expenses that generated rental income	**713**	1,216
Direct operating expenses that did not generate rental income	**453**	637
Net rental income	**(2,163)**	(2,285)

14. DIVIDENDS

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Dividends recognised as distribution during the year/period:		
Final dividend for eighteen months ended 30 June 2011 of HK$0.04 (2011: final dividend for year ended 31 December 2009 of HK$0.04) per share	**21,922**	22,268

No dividend was proposed during the year ended 30 June 2012, nor has any dividend been proposed since the end of the reporting period.

The final dividend of HK$0.04 per share for the period from 1 January 2010 to 30 June 2011 was approved by the shareholders in the 2011 annual general meeting held on 30 November 2011.

15. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

(Loss) Earnings

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
(Loss) earnings for the purpose of basic (loss) earnings per share ((loss) profit for the year/period attributable to owners of the Company)	**(645,078)**	513,134

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**548,245,442**	556,695,202

No diluted (loss) earnings per share has been presented as there was no potential ordinary share outstanding for the year/period.

16. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2010	100,375
Net increase in fair value recognised in profit or loss	41,891
At 30 June 2011	142,266
Net increase in fair value recognised in profit or loss	16,961
At 30 June 2012	**159,227**

16. INVESTMENT PROPERTIES *(continued)*

The Group's investment properties are analysed as follows:

	2012	2011
	HK$'000	HK$'000
Properties held under medium-term leases:		
– in Hong Kong	**108,480**	95,850
– in the PRC	**45,667**	41,834
Properties situated in the PRC held under long term leases	**5,080**	4,582
	159,227	142,266

The fair values of the Group's investment properties at 30 June 2012 and 30 June 2011 were arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions and on the basis of capitalisation of the net income with due allowance for the reversionary income.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong under medium-term lease	Computer and electronic equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST OR VALUATION					
At 1 January 2010	2,560	1,077	1,853	678	6,168
Additions	–	28	21	–	49
Revaluation increase	1,900	–	–	–	1,900
At 30 June 2011	4,460	1,105	1,874	678	8,117
Additions	–	242	150	–	392
Revaluation increase	1,750	–	–	–	1,750
Disposal of a subsidiary	–	–	(67)	–	(67)
At 30 June 2012	**6,210**	**1,347**	**1,957**	**678**	**10,192**
Comprising:					
At cost	–	1,347	1,957	678	3,982
At valuation – 2012	6,210	–	–	–	6,210
	6,210	1,347	1,957	678	10,192
DEPRECIATION					
At 1 January 2010	–	786	1,696	249	2,731
Provided for the period	45	115	74	203	437
Eliminated on revaluation	(45)	–	–	–	(45)
At 30 June 2011	–	901	1,770	452	3,123
Provided for the year	54	121	64	135	374
Eliminated on revaluation	(54)	–	–	–	(54)
Eliminated on disposal of a subsidiary	–	–	(2)	–	(2)
At 30 June 2012	**–**	**1,022**	**1,832**	**587**	**3,441**
CARRYING VALUES					
At 30 June 2012	**6,210**	**325**	**125**	**91**	**6,751**
At 30 June 2011	4,460	204	104	226	4,994

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the lease terms or 30-50 years
Computer and electronic equipment	20%
Furniture and fixtures	20%
Motor vehicles	20% – 50%

The buildings of the Group were valued on 30 June 2012 and 30 June 2011 by DTZ Debenham Tie Leung Limited, a firm of independent professional property valuers, on a market value basis. DTZ Debenham Tie Leung Limited is not connected with the Group. A revaluation surplus on leasehold land and buildings of approximately HK$1,750,000 (1 January 2010 to 30 June 2011: HK$1,900,000) has been credited to the properties revaluation reserve.

If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of HK$634,000 (1 January 2010 to 30 June 2011: HK$652,000).

18. INTERESTS IN ASSOCIATES

	2012 **HK$'000**	2011 HK$'000
Cost of investments in associates		
Listed in the Philippines	**26,889**	30,021
Listed in Hong Kong	**934,327**	934,327
Unlisted	**327,893**	289,126
Share of post-acquisition profits and other comprehensive income, net of dividends received	**219,259**	379,199
Less: Impairment loss	**(349,130)**	(73,017)
	1,159,238	1,559,656
Fair value of listed investments	**571,339**	796,922

As at 30 June 2011, amount due to an associate of HK$2,891,000 was unsecured, interest-free and repayable on demand.

18. INTERESTS IN ASSOCIATES *(continued)*

As at 30 June 2012 and 30 June 2011, the Group had interests in the following associates:

Name of entities	Form of business structure	Country/ place of incorporation/ registration	Principal place of operation	Class of share held	Number of shares held by the Group as at 30.6.2012	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held		Principal activity
						2012 %	2011 %	**2012** %	2011 %	
APAC Resources Limited ("APAC") (Note a)	Incorporated	Bermuda	Hong Kong	Ordinary	1,900,939,562	**27.9**	27.65	**27.9**	27.65	Investment holding
Essence International Holdings Limited ("Essence") (Note b)	Incorporated	Hong Kong	Hong Kong/PRC	Ordinary	4,500,000	**30**	N/A	**30**	N/A	Japanese Ramen restaurant
Extra Earn Holdings Limited ("Extra Earn") (Note c)	Incorporated	BVI	PRC	Ordinary	180,000	**38.67**	40	**38.67**	40	Investment holding
Mabuhay Holdings Corporation ("Mabuhay") (Note d)	Incorporated	The Philippines	The Philippines	Ordinary	365,083,000	**30.42**	34.08	**30.42**	34.08	Investment holding
Printronics Electronics Limited ("Printronics")	Incorporated	Hong Kong	Hong Kong	Ordinary	2	**40**	40	**40**	40	Inactive
Think Future Investments Limited ("Think Future") (Note e)	Incorporated	BVI	PRC	Ordinary	300	**33.33**	N/A	**33.33**	N/A	Investment holding
Sinofair International Investments Limited (Note f)	Incorporated	BVI	Hong Kong	Ordinary	–	**N/A**	40	**N/A**	40	Liquidated

18. INTERESTS IN ASSOCIATES *(continued)*

Notes:

(a) On 6 September 2010, the Group acquired 637,459,562 shares which represented equity interest of 9.21% of APAC with its shares are listed on the Stock Exchange, at a consideration of approximately HK$319,345,000, and together with the previously held interest of 15.94% (accounted for as investment held for trading before the acquisition of 9.21% of equity interest in APAC), APAC has become an associate of the Group since then. During the period between 7 September 2010 and 28 December 2010, the Group further acquired an aggregate of 160,240,000 shares of APAC at a total consideration of approximately at HK$79,911,000. As at 30 June 2011, the Group had 27.65% equity interest in APAC. During the year ended 30 June 2012, APAC repurchased 50,240,000 shares of its shares and thus, the Group's equity interest in APAC increased to 27.9% as at 30 June 2012. The principal activities of APAC are investment in the two Australian listed companies as associates and trading of mineral resources and securities trading.

On 24 May 2011, the Company entered into a sales and purchase agreement with an independent third party, pursuant to which the Company would dispose and the third party would acquire the 27.65% equity interest of APAC at a consideration of approximately HK$1,330,658,000. An amount of approximately HK$66,533,000 was received from the independent third party as initial refundable deposit which was included in customers' deposits and receipts in advance in the consolidated statement of financial positions as at 30 June 2011 (see note 22). The disposal was terminated on 24 October 2011 because the transaction was not approved by the relevant regulatory authority in Australia. The deposit was returned to the third party upon the termination of the disposal.

As at 30 June 2012, the carrying amount of APAC is higher than the market capitalisation with reference to the quoted market price of the shares of APAC. The Group conducted an impairment assessment of the associates. The recoverable amount of APAC is determined based on the value in use estimation by the management. In determining the value in use of the interests in APAC, the directors estimated the present value of the estimated future cash flows comprising expected dividends income from APAC and expected ultimate disposal, by using discount rates of 14% to discount the cash flow projections to net present values. Based on the assessment, the recoverable amounts of the Group's interests in APAC is estimated to be less than the carrying amounts (before impairment) and an impairment loss of HK$276,113,000 (1 January 2010 to 30 June 2011: nil) is recognised to profit or loss during the year ended 30 June 2012.

(b) The Group subscribed 30% equity interest in Essence, a private company newly incorporated in Hong Kong, during the year ended 30 June 2012, for a total consideration of RMB4,500,000 (approximately HK$5,523,000). Essence is mainly engaged in Japanese ramen restaurant in the PRC and Hong Kong.

(c) On 25 June 2010, the Group entered into the subscription agreement to subscribe for 40% equity interest in Extra Earn, a company incorporated in the BVI, for a total consideration of US$18,000,000 (equivalent to approximately HK$140,127,000). A discount on acquisition of HK$75,827,000 was credited to consolidated income statement during the period ended 30 June 2011. Major assets of Extra Earn at the date of acquisition were monetary items, including receivables which have been substantially received during the year ended 30 June 2012. In the opinion of the Directors, a discount in acquisition was resulted because the shareholder of Extra Earn was in financial difficulty and was willing to offer a favourable subscription price to new investors.

18. INTERESTS IN ASSOCIATES *(continued)*

Notes: *(continued)*

During the year ended 30 June 2012, Extra Earn issued 15,450 new shares to an independent third party. The Group's equity interest in Extra Earn is decreased from 40% to 38.67%. A gain on partial disposal of Extra Earn of HK$10,616,000 is recognised in profit or loss during the year ended 30 June 2012.

(d) The Group acquired 34.08% equity interest in Mabuhay for a total consideration of approximately HK$30,021,000 in June 2010. During the year ended 30 June 2012, the Group disposed of 3.66% equity interests in Mabuhay for a consideration of approximately HK$6,113,000. A gain on partial disposal of Mabuhay of HK$2,980,000 is recognised to profit or loss during the year ended 30 June 2012. Mabuhay is a company listed on The Philippine Stock Exchange, Inc.. The principal activities of Mabuhay's subsidiaries are property investment in the Philippines.

(e) At 30 June 2011, the Group had 80% equity interest in Think Future and was accounted for as a subsidiary at 30 June 2011. On 2 April 2012, Think Future issued new shares to the Group, the other shareholder and a new shareholder. After the issuance of new shares, the Group has 33.33% equity interest in Think Future while the other two shareholders have 22.22% and 44.45% equity interest in Think Future. As a result, the Group lost control in Think Future and Think Future has ceased as a subsidiary of the Company with effect from 2 April 2012. As the Group has significant influence in Think Future, the Group accounted for Think Future as an associate since 2 April 2012.

(f) Sinofair International Investments Limited was liquidated during the year ended 30 June 2012. No gain or loss was resulted from the liquidation as the carrying amount of the investment in this associate had been reduced to nil in prior years.

The summarised financial information in respect of the Group's associates is set out below:

	2012 **HK$'000**	2011 HK$'000
Total assets	**9,297,053**	8,775,557
Total liabilities	**(3,419,272)**	(3,157,200)
Net assets	**5,877,781**	5,618,357
Group's share of net assets of associates	**1,159,238**	1,559,656
Revenue	**1,827,965**	1,420,500
(Loss) profit for the year/period	**(472,820)**	825,127
Other comprehensive (expense) income for the year/period	**(236,914)**	521,847
Group's share of (losses) profits and other comprehensive (expense) income of associates for the year/period	**(182,175)**	373,986

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2012	2011
	HK$'000	HK$'000
Listed investments:		
– Equity securities listed in Hong Kong	**67,963**	120,490
– Equity securities listed elsewhere (Note)	**132,245**	297,067
– Debt securities listed elsewhere (Note)	**–**	199,535
	200,208	617,092
Unlisted investments:		
– Unit trusts denominated in USD	**39,085**	53,673
– Club debentures	**678**	678
– Equity securities, at cost	**68**	68
	39,831	54,419
Total	**240,039**	671,511
Analysed for reporting purposes as:		
Current assets	**39,085**	3,247
Non-current assets	**200,954**	668,264
	240,039	671,511

Note: The currencies of the equity and debt securities listed elsewhere are mainly denominated in TWD of HK$132,245,000 (2011: HK$297,067,000) as at 30 June 2012 and AUD of HK$199,535,000 as at 30 June 2011 respectively.

20. LOAN NOTES

The Group subscribed for loan notes with a nominal value of US$26,200,000 from Mulpha SPV Limited ("Mulpha"), a limited liability company incorporated in Malaysia at a discount of 17.3554% in June 2010. The loan notes bore zero coupon interest with an effective interest rate of 10% per annum and would mature on 15 June 2012. The loan notes were guaranteed by Mulpha International Bhd., a company incorporated in Malaysia whose shares are listed on the Main Board of the Kuala Lumpur Stock Exchange. The loan notes could be early redeemed by Mulpha before the maturity date at an accrual yield of 10% per annum based on a reference price which was 82.6446% of the nominal value of the loan notes. The early redemption option by Mulpha was closely related to the host debt and was therefore not separately accounted for.

The Group disposed of loan notes with aggregate carrying amounts of approximately US$14,744,000 (equivalent to HK$115,000,000) with aggregate nominal value of approximately US$17,384,000 (equivalent to HK$135,596,000) to independent third parties for aggregate considerations of HK$115,000,000 during the period ended 30 June 2011.

The Group disposed of the remaining loan notes to an independent third party for aggregate consideration of US$8,074,000 (equivalent to HK$62,837,000) during the year ended 30 June 2012.

21. INVESTMENTS HELD FOR TRADING

Investments held for trading include:

	2012 **HK$'000**	2011 HK$'000
Listed securities:		
– Equity securities listed in Hong Kong	**459,812**	491,281
– Equity securities listed in Australia	**366,922**	550,335
– Equity securities listed in Malaysia	**145,105**	183,781
– Equity securities listed elsewhere (Note)	**151,363**	69,972
	1,123,202	1,295,369

Note: The currencies of the equity securities listed elsewhere are mainly denominated in USD of HK$75,094,000 (2011: HK$64,329,000), JPY of HK$59,144,000 (2011: HK$3,747,000), TWD of HK$1,225,000 (2011: HK$1,896,000) and GBP of HK$15,900,000 (2011: nil) as at 30 June 2012.

22. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012 **HK$'000**	2011 HK$'000
Debtors from securities trading, financial services and property investment	**5,727**	30,276
Deposits received for disposal of APAC (note 18(a))	**–**	66,533
Deposits and receivables from the financial institutions	**97,754**	67,605
Other debtors, deposits and prepayments	**28,445**	64,849
	131,926	229,263

The settlement terms of debtors from securities trading are 2-3 days after trade date.

As at 30 June 2012, other debtors, deposits and prepayments are netted off by an impairment of HK$5,566,000. There was no impairment in prior period.

23. LOANS RECEIVABLE

	2012 **HK$'000**	2011 HK$'000
Fixed-rate loan	**556,841**	367,843
Variable-rate loan	**2,000**	2,000
	558,841	369,843

The loans receivable had contractual maturity dates with 1 year as at 30 June 2012 and 30 June 2011.

As at 30 June 2012, loans receivable with carrying amount of HK$503,841,000 (2011: HK$44,976,000) was due from associates of the Company.

The Group has policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date credit was initially granted up to the reporting date. Accordingly, the Directors believe that there is no further credit provision required. There is no loans receivables which were past due but not impaired at the reporting date for which the Group believes that the amounts are considered recoverable as the creditworthiness and the past collection history of each client are satisfactory.

23. LOANS RECEIVABLE *(continued)*

The average interest rate for the fixed-rate loans receivable was ranging from 10% to 15% (2011: 8% to 24%) per annum.

The contracted interest rates of the variable-rate loans receivable denominated in Hong Kong dollars ("HKD") is The Hongkong and Shanghai Banking Corporation Limited ("HSBC") prime rate with effective interest rate of 5% (2011: 5%) per annum. Interest is normally repriced every six months.

The loans receivable with a carrying amount of HK$503,841,000 (2011: HK$331,973,000) are secured by certain deposits and unlisted securities which are neither past due nor impaired.

24. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits represent deposit pledged to banks to secure banking facilities granted to the Group with zero interest rate in current year and prior period.

Bank balances carry interest at market rates with a range from 0.001% to 4.3% (2011: 0.001% to 4.3%).

25. CREDITORS AND ACCRUED CHARGES

	2012 **HK$'000**	2011 HK$'000
Creditors from securities trading	**9,737**	14,251
Other creditors and accrued charges	**9,371**	7,648
	19,108	21,899

The settlement terms of creditors from securities trading are 2-3 days after trade date.

26. OTHER BORROWINGS

The following table provides an analyses of the other borrowings:

	2012 **HK$'000**	2011 HK$'000
Securities margin loans (Note a)	**1,340,196**	1,320,792
Unsecured term loan (Note b)	**150,000**	150,000
Secured term loan (Note c)	**14,908**	–
	1,505,104	1,470,792

26. OTHER BORROWINGS *(continued)*

Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:

	2012	2011
	HK$'000	HK$'000
Within one year	**1,505,104**	1,470,792

Notes:

(a) Securities margin loans

This represents securities margin financing received from stock broking, futures and options broking house and were secured by certain collateral of the Group as disclosed in note 32. Additional funds or collateral are required if the balance of the borrowings exceeds the eligible margin value of securities pledged to the broking house. The collateral can be sold at the broking house's discretion to settle any outstanding borrowings owed by the Group if the Group is not able to provide additional funds or collateral to cover the shortfall as required by the broking house. The entire loans are secured by the Group's marketable securities as disclosed in note 32, repayable on demand and bear variable interest with a range from 3.75% to 5.25% (2011: 3.75% to 8.25%) per annum.

(b) Unsecured term loan

As at 30 June 2012, the unsecured term loan of HK$150,000,000 (2011: HK$150,000,000) is denominated in HKD bearing fixed interest rate of 6% per annum.

(c) Secured term loan

As at 30 June 2012, the secured term loan of HK$14,908,000 (2011: nil) is denominated in USD bearing fixed interest rate of 1.52% per annum. The entire loan is secured by the Group's marketable securities as disclosed in note 32.

27. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments comprise gross-settled option contracts linked with equity securities listed in Hong Kong and the United States and option contracts linked with exchange rate between AUD and USD for a period of one year. The fair value of derivative financial instruments is quoted by couterparties and determined based on valuation techniques that incorporate market observable data.

28. CONVERTIBLE BONDS

Pursuant to a placing agreement entered into between the Company and Sun Hung Kai International Limited dated 23 November 2008, the Company issued convertible bonds amounting to HK$300,000,000 on 11 February 2009 with maturity of three years. The convertible bonds were denominated in HKD and entitled the holders to convert them into shares of the Company at any time within 3 years from the date of issue of the convertible bonds, at the conversion price per share of HK$0.75 and at an interest rate of 9% per annum. If the convertible bonds had not been converted, they would be redeemed on 10 February 2012 at par. The Company was allowed to redeem the convertibles bonds since the date of issue to the maturity date, at any time redeem and at the price of the 100% of the principal amount of the bond to be redeemed as specified in the redemption notice, together with all interest accrued thereon up to and including the date on which payment of such principal amount of the redeemed bond and the interest accrued thereon should have been paid by the Company in full.

The convertible bonds contained two components, liability (together with embedded derivative for early redemption right by the Company which is closely related to the host debt) and equity elements. The equity element was presented in equity under the heading of convertible bonds equity reserve. The effective interest rate of the liability component was 13.74% at the date of initial recognition.

The movement of the liability component of the convertible bonds for the year/period is set out as below:

	HK$'000
As at 1 January 2010	218,096
Interest charge	46,882
Interest paid	(28,978)
Early partial repayment	(236,000)
As at 30 June 2011 and 30 June 2012	**–**

During the period ended 30 June 2011, the Company exercised its early redemption option to redeem all the remaining convertible bonds for an amount of HK$236,000,000.

29. SHARE CAPITAL

	Number of shares		Carrying value	
	2012	2011	**2012**	2011
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At beginning and end of the year/period	**30,000,000,000**	30,000,000,000	**300,000**	300,000
Issued and fully paid:				
At beginning of the year/period	**556,286,697**	556,698,697	**5,563**	5,567
Repurchase of shares (Note a)	**(11,828,000)**	(412,000)	**(118)**	(4)
At end of the year/period	**544,458,697**	556,286,697	**5,445**	5,563

Note:

(a) During the year ended 30 June 2012 and period ended 30 June 2011, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$'000
July 2011	712,000	1.51	1.46	1,067
August 2011	5,168,000	1.50	1.30	7,676
September 2011	1,376,000	1.12	0.95	1,423
October 2011	296,000	0.95	0.90	271
November 2011	808,000	1.06	1.01	843
December 2011	360,000	1.01	0.98	363
January 2012	224,000	1.05	1.05	235
April 2012	568,000	1.03	0.94	567
May 2012	1,024,000	1.10	1.03	1,089
June 2012	1,292,000	1.08	1.04	1,388
	11,828,000			14,922
June 2011	412,000	1.50	1.42	604

29. SHARE CAPITAL *(continued)*

Notes: *(continued)*

(a) *(continued)*

Out of 11,828,000 shares repurchased, 10,848,000 shares were cancelled in current year while the remaining 980,000 shares were cancelled subsequent to the end of the reporting period and the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on repurchase of the shares of HK$14,922,200 was charged to the share premium account. An amount equivalent to the nominal value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

The repurchases of the Company's shares during the year ended 30 June 2012 and period ended 30 June 2011 were effected by the Directors, pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

30. RESERVES

Properties revaluation reserve

	2012	2011
	HK$'000	HK$'000
At the beginning of the year/period	**9,510**	7,610
Surplus on revaluation of leasehold land and buildings	**1,750**	1,900
At the end of the year/period	**11,260**	9,510

Note: At 30 June 2012, the balance of properties revaluation reserve included surplus of HK$5,456,000 (2011: HK$5,456,000), arising from revaluation of leasehold land and buildings on transfer of leasehold land and buildings to investment properties carried at fair value.

Investment revaluation reserve

	2012	2011
	HK$'000	HK$'000
At the beginning of the year/period	**327,647**	248,114
(Loss) gain on fair value changes of available-for-sale investments	**(230,059)**	84,474
Reclassification adjustments for the cumulative (gain) loss included in profit or loss upon disposal of available-for-sale investments	**(5,978)**	4,018
Reclassification adjustments upon impairment of available-for-sale investments	**25,784**	7,173
Share of changes in other comprehensive income (expense) of associates	**3,061**	(16,132)
At the end of the year/period	**120,455**	327,647

30. RESERVES *(continued)*

Translation reserve

	2012	2011
	HK$'000	HK$'000
At the beginning of the year/period	**174,861**	6,894
Share of changes in other comprehensive (expense) income of associates	**(33,239)**	161,903
Exchange gain arising from translation of foreign operation	**2,700**	6,064
At the end of the year/period	**144,322**	174,861

31. DEFERRED TAXATION

	Revaluation of properties	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2010	3,102	(3,102)	–
Charge (credit) to consolidated income statement for the period	512	(512)	–
At 30 June 2011 and 30 June 2012	**3,614**	**(3,614)**	**–**

At 30 June 2012, the Group had estimated unused tax losses of approximately HK$2,390 million (2011: HK$2,187 million) for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$21.9 million (2011: HK$21.9 million) of such losses. No deferred tax asset has been recognised in respect of remaining estimated tax losses of approximately HK$2,368 million (2011: HK$2,165 million) due to the unpredictability of future profit streams. These estimated tax losses may be carried forward indefinitely.

32. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to banks and securities brokers house to secure credit facilities:

	2012 HK$'000	2011 HK$'000
Investments held for trading	1,074,602	1,198,601
Interests in associates	906,570	–
Available-for-sale investments	140,062	528,120
Pledged bank deposits	7,801	12,959
	2,129,035	1,739,680

33. LEASE COMMITMENTS

The Group as lessee

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Minimum lease payments paid under operating leases in respect of premises	2,099	2,099

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

	2012 HK$'000	2011 HK$'000
Within one year	2,099	2,099
In the second to fifth year inclusive	4,023	6,121
	6,122	8,220

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated and rentals are fixed for a lease term of four years.

33. LEASE COMMITMENTS *(continued)*

The Group as lessor

Property rental income earned during the year was approximately HK$3,329,000 (1 January 2010 to 30 June 2011: HK$4,138,000). The properties held have committed tenants for a lease term ranging from two to three years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**2,295**	3,069
In the second to fifth year inclusive	**1,575**	1,759
	3,870	4,828

34. RETIREMENT BENEFITS SCHEMES

The Group has joined a MPF Scheme for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

During the year ended 30 June 2012, the retirement benefits scheme contributions charged to consolidated income statement were HK$152,000 (1 January 2010 to 30 June 2011: HK$231,000).

35. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties:

	1.7.2011 to 30.6.2012	1.1.2010 to 30.6.2011
	HK$'000	HK$'000
Interest income from loans granted to associates of the Company	**7,835**	6,660

35. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

The remuneration of Directors which is the key management of the Group during the year/period was as follows:

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Salaries and other short-term employee benefits	**4,558**	5,120
Retirement benefits costs	**36**	54
	4,594	5,174

The remuneration of Directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

36. LOSS OF CONTROL OF DEEMED DISPOSAL OF A SUBSIDIARY

As referred to in note 18 (e), on 2 April 2012, Think Future issued new shares to the Group, the other shareholder and a new shareholder. Based on the subscription agreements, the other shareholder and the new shareholder contributed HK$60,000,000 in aggregate to Think Future on 2 April 2012. At the same time, the sharholder's loan of HK$30,000,000 due to the Group was capitalised as additional capital contribution to Think Future. After the issuance of new shares, the Group, the other shareholder and the new shareholder each holds 33.33%, 22.22% and 44.45% respectively. As the Group's equity interest in Think Future decreased from 80% to 33.33%, Think Future has ceased as a subsidiary of the Company with effect from 2 April 2012.

The net liabilities of Think Future, immediately prior to the capital contribution of HK$60 million and capitalisation loan of HK$30 million, were as follows:

	2.4.2012 HK$'000
Analysis of assets and liabilities over which control was lost:	
Property and equipment	65
Prepayments, deposits and other receivables	845
Bank balances and cash	14,155
Accrued liabilities and other payables	(7,206)
Shareholder's loan due to the Group	(30,000)
Net liabilities disposed of	(22,141)

36. LOSS OF CONTROL OF DEEMED DISPOSAL OF A SUBSIDIARY *(continued)*

	HK$'000
Gain on losing control of a subsidiary:	
Deemed investment costs at date of loss of control	(30,000)
Fair value of the remaining equity interest in Think Future	22,629
Net liabilities disposed of	22,141
Non-controlling interests	(4,424)
Gain on loss of control or deemed disposal of a subsidiary	10,346
Net cash outflow arising on loss of control:	
Bank balances and cash disposed of	(14,155)

The principal activities of Think Future and its subsidiaries are development of elderly services in the PRC. During the year ended 30 June 2012, Think Future had no revenue generated and incurred administrative expenses and operating cash outflows of HK$22,117,000 before the date of loss of control. The expenses incurred by Think Future before the date of loss of control are staff costs and other expenses incurred in the identification of suitable locations in the PRC for development of elderly service centers. As at the date of loss of control, Think Future did not materialise any contracts regarding elderly service centers.

37. SUMMARY OF FINANCIAL POSITION OF THE COMPANY

	2012	2011
	HK$'000	HK$'000
Total assets	**1,139,763**	898,323
Total liabilities	**(238,579)**	(354,020)
	901,184	544,303
Capital and reserves		
Share capital	**5,445**	5,563
Reserves	**895,739**	538,740
	901,184	544,303

As at 30 June 2012, the carrying amount of investment of subsidiaries is approximately HK$32,168,000 (2011: HK$32,168,000) and amounts due from subsidiaries is approximately HK$1,095,748,000 (2011: HK$865,090,000).

38. NON-CASH TRANSACTIONS

During the year ended 30 June 2012, deposits received of HK$66,533,000 (included in customers' deposits and receipts in advance as at 30 June 2011) was fully settled through the escrow account kept by a law firm (included in debtors, deposits and prepayments as at 30 June 2011) upon the termination of the disposal of APAC as disclosed in note 18(a).

During the period ended 30 June 2011, investments held for trading of HK$535,071,000, which represented the interests in APAC, is transfer to interest in associates, upon the additional acquisition of equity interest in APAC as disclosed in note 18(a).

39. EVENT AFTER THE END OF THE REPORTING PERIOD

On 19 September 2012, Champion Record Limited ("CRL"), a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "Agreement") with an independent third party to acquire 19.34% equity interest in Extra Earn at a consideration of HK$89,860,000 by issuing a promissory note. Pursuant to the Agreement, CRL has promised to pay the consideration on or before 19 September 2013. The promissory note bears annual interest of 12% accrues from the date of the completion. Upon completion of the acquisition, the Group's equity interest in Extra Earn was increased to 58.01% and obtained control over Extra Earn. The directors of the Company have not yet performed a detailed analysis of the impact of the acquisition to the financial position and results of the Group at the date the consolidated financial statements is authorised for issue.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 30 June 2012 and 30 June 2011 are as follows:

Name of subsidiary	Country/ place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company 30 June 2012 & 30 June 2011	Principal activities
Directly held				
Besford International Limited	BVI	Ordinary US$1	100%	Investment holding
Classic Fortune Limited	BVI	Ordinary US$1	100%	Investment holding
Mission Time Holdings Limited	BVI	Ordinary US$1	100%	Investment holding
Star Paging (BVI) Limited	BVI	Ordinary US$400	100%	Investment holding
Yuenwell Holdings Limited	BVI	Ordinary US$1	100%	Investment holding
Indirectly held				
China Online (Bermuda) Limited	Hong Kong	Ordinary HK$2	100%	Investment holding

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Country/ place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company 30 June 2012 & 30 June 2011	Principal activities
China Online Nominees Limited	Hong Kong	Ordinary HK$200	100%	Investment holding and provision of nominee services
China Online Secretaries Limited	Hong Kong	Ordinary HK$2	100%	Provision of secretarial services
Focus Clear Limited	BVI	Ordinary US$1	100%	Securities trading in Hong Kong
Forepower Limited	BVI	Ordinary US$1	100%	Property investment in Hong Kong
Future Rise Investments Limited	BVI	Ordinary US$1	100%	Securities trading in overseas
Genwo Limited	Hong Kong	Ordinary HK$200,000	100%	Property investment
Gold Chopsticks Limited	BVI	Ordinary US$1	100%	Investment holding
Honest Opportunity Limited	BVI	Ordinary US$1	100%	Securities trading and investment in Hong Kong and overseas
Join Capital Limited	Hong Kong	Ordinary HK$2	100%	Money lending
Keentime Investments Limited*	BVI	Ordinary US$2	50%	Securities trading in Hong Kong
Kintic Limited	Hong Kong	Ordinary HK$2	100%	Property investment
Konnic Limited	Hong Kong	Ordinary HK$2	100%	Property investment
Pacific Orchid Investments Limited	BVI	Ordinary US$10,000	100%	Investment holding
Rise Cheer Investments Limited	BVI	Ordinary US$1	100%	Investment holding
Sparkling Summer Limited	BVI	Ordinary US$6,500,000	100%	Securities trading in Hong Kong and overseas
Star Telecom (China Investment) Limited	Hong Kong	Ordinary HK$2	100%	Investment holding

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Country/ place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company 30 June 2012 & 30 June 2011	Principal activities
Star Telecom Holding Limited	Hong Kong	Ordinary HK$200 Deferred HK$4,000,000#	100%	Investment holding
Star Telecom Properties Limited	Hong Kong	Ordinary HK$200	100%	Investment and property holding
Success East Investment Limited	Hong Kong	Ordinary HK$280,000,000	81%	Securities trading and investment in Hong Kong
Taskwell Limited	BVI	Ordinary US$1	100%	Investment holding
Tricom Tianchi Limited	Hong Kong	Ordinary HK$2	81%	Investment holding
True Focus Limited	BVI	Ordinary US$1	100%	Investment holding
Vinka Limited	Hong Kong	Ordinary HK$2	81%	Investment holding
Widerich Limited	Hong Kong	Ordinary HK$2	100%	Property investment
Year Champion Investments Limited	BVI	Ordinary US$1	100%	Investment holding
星電電子技術發展（深圳）有限公司**	PRC	Registered HK$1,000,000	100%	Investment holding

The deferred shares, which are not held by the Group, practically carry no rights to any dividend or to receive notice of or to attend or vote at any general meeting of the company or to any distribution in winding up.

* The Group is able to control the voting power at all general meetings of Keentime Investments Limited, accordingly, Keentime Investments Limited is accounted for as a subsidiary of the Company.

** Wholly foreign-owned enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All subsidiaries operate principally in their places of incorporation unless specified otherwise under "Principal activities".

None of the subsidiaries had any debts securities subsisting at 30 June 2012 and 30 June 2011 or at any time during the respective year/period.

FINANCIAL SUMMARY

The results and the assets and liabilities of the Group for the past five financial years/period, as extracted from the Group's published audited consolidated financial statements and reclassified as appropriate, are set out below:

RESULTS

	For the year ended 31 December			For the period from 1 January 2010 to 30 June	**For the year ended 30 June**
	2007	2008	2009	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue					
Continuing operations	2,289,440	660,308	1,115,002	2,234,930	**538,434**
Discontinued operation	7,681	–	71,355	–	**–**
	2,297,121	660,308	1,186,357	2,234,930	**538,434**
Profit (loss) before taxation					
Continuing operations	1,560,048	(2,806,060)	931,651	515,779	**(664,476)**
Discontinued operation	(1,501)	–	124,449	–	**–**
	1,558,547	(2,806,060)	1,056,100	515,779	**(664,476)**
Taxation (charge) credit	(175,900)	2,377	(15,066)	(483)	**(383)**
Profit (loss) for the year/period	1,382,647	(2,803,683)	1,041,034	515,296	**(664,859)**
Attributable to:					
Owners of the Company	1,378,824	(2,799,811)	1,025,401	513,134	**(645,078)**
Non-controlling interests	3,823	(3,872)	15,633	2,162	**(19,781)**
	1,382,647	(2,803,683)	1,041,034	515,296	**(664,859)**

ASSETS AND LIABILITIES

	As at 31 December			As at 30 June	**As at 30 June**
	2007	2008	2009	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	5,311,251	1,817,576	2,597,422	4,441,605	**3,466,029**
Total liabilities	(1,206,932)	(1,037,235)	(561,515)	(1,663,874)	**(1,619,083)**
	4,104,319	780,341	2,035,907	2,777,731	**1,846,946**
Equity attributable to owners of the Company	4,100,447	780,341	1,982,736	2,722,398	**1,804,495**
Non-controlling interests	3,872	–	53,171	55,333	**42,451**
	4,104,319	780,341	2,035,907	2,777,731	**1,846,946**