

OPES ASIA DEVELOPMENT LIMITED 華保亞洲發展有限公司*

(Continued into Bermuda with limited liability)
(Stock Code : 810)



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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Dr. Wai Chung Fai (*Chairman*)

Lau Shun Chi, Benjamin

Shiu Kwok Keung

Chu Wai Lim

Fong Son Wa

Independent Non-executive Directors:

Tsang Wai Wa

Chen Man Lung

Choi Shek Chau

AUDIT COMMITTEE

Tsang Wai Wa (*Chairman*)

Chen Man Lung

Choi Shek Chau

REMUNERATION COMMITTEE

Chu Wai Lim (*Chairman*)

Tsang Wai Wa

Chen Man Lung

Choi Shek Chau

COMPANY SECRETARY

Yeung Ming Kong, Kenneth

AUDITORS

Lau & Au Yeung C.P.A. Limited

INVESTMENT MANAGER

Success Talent Investments Limited

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

CUSTODIAN

Standard Chartered Bank (Hong Kong) Limited

SOLICITORS

As to Hong Kong Law

D.S. Cheung & Co.

As to Bermuda Law

Appleby Hunter Bailhache

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1809, 18th Floor

Tower 2, Lippo Centre

89 Queensway

Hong Kong

REGISTRARS IN HONG KONG

Tricor Tengis Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

810

Management's Statement

On behalf of the Board of Directors (the "Board"), I present the annual report of Opes Asia Development Limited (the "Company") for the year ended 31 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operational Review for 2008

The Company is principally engaged in investment in listed and unlisted equity securities. During 2008, the Company continued to identify opportunities for development, specifically adopted diversification as its long-term growth strategy and tapped into various direct investments including the promising green biotechnology, organic farming and the emerging leasing sectors in China, with a view to improving the business outlook and enhancing the value of its shareholders' investments in the Company.

2. Investment Results

During the second half of 2008, the global financial crisis deteriorated and presented huge challenges to the economy. The Company recorded a loss of HK\$45,000,191 (2007: a profit of HK\$14,998,222) for the year, mainly due to the loss attributable to changes in fair value of the financial assets at fair value through profit or loss in the amount of HK\$40,081,422, and an impairment loss of an available-for-sale financial asset recognised in profit and loss, amounting to HK\$3,180,000.

Dating back as early as the second half of 2007, the Company has been exploring such areas as green biotechnology, organic farming and the emerging leasing sectors so as to re-adjust its focus of investment strategy. Notwithstanding the series of impact on the international financial markets in 2008, the Company still registered a net investment income (guaranteed return) of HK\$5,280,000 from its unlisted investments.

To reflect to its shareholders the value of the Company, we have re-evaluated our direct investments. We believe the PRC leasing market will see a healthy development. However, in light of the current credit crunch and economic uncertainties over the near term, as well as in a bid to safeguard our shareholders' interests and enhance the Company's risk management, the Company has lowered its value to HK\$8,820,000.

The Company will continue to maintain a balanced portfolio of listed and unlisted companies and increase its transparency to the investing public.

Details of the mix of our portfolio of the invested assets of the Company as at 31 December 2008 are set out in note 17 to the financial statements.

Management's Statement

3. Human Resources

As at 31 December 2008, the Company has 4 Executive Directors and 3 Independent Non-executive Directors and 2 professional employees.

Once again, we place high value on our staffs as they are our most valuable assets to grow with the Company. We encourage our staffs to be the best in their roles by providing training in diversified fields and address both personal development and work skills. We also provide workshops for staffs at different levels to build team spirit and morale. Our staffs are rewarded based on company performance as well as their performance and contribution to the Company.

4. Capital Adequacy and Financing

As at 31 December 2008, the Company had cash and bank balances of approximately HK\$1.08 million. Invested assets decreased by approximately HK\$27.84 million to approximately HK\$39.89 million, which indicated a 41% decrease as compared to the previous year.

As at 31 December 2008, the Company's net assets were approximately HK\$49.60 million, a decrease of approximately 46.80% as compared to 2007.

There were no capital commitments as at 31 December 2008, which would require a substantial use of the Company's present cash resources or external funding.

During the year under review, the Company's assets, liabilities and transactions were mainly denominated in Hong Kong Dollars and Australian Dollars. Because of its short-term nature, the Company had not actively hedged risks arising from the Australian Dollars.

The Company's gearing ratio as at 31 December 2008 was nil (2007: nil) as there was no long term borrowing at the balance sheet date.

5. Charges on the Company's assets and contingent liabilities

As at 31 December 2008, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

6. Litigation

The Company has no pending litigation and proceedings.

Management's Statement

7. Prospects

In 2008, growth across the globe witnessed a significant slowdown as compared with the level seen in 2007. During the fourth quarter of 2008, investors' confidence crumbled. Developed countries experienced the worst economic contraction since World War II, synchronizing downturns across Organisation for Economic Co-operation and Development ("OECD") and emerging market economies. Stock market valuations have declined by about one half or more, as capital flows reversed seeking to find a safe haven. Liquidity squeeze becomes a global phenomenon and an on-going economic slowdown is anticipated for 2009. Given the devastating negative return offered by the financial markets, the Company's investment performance in 2008 also suffered a major setback.

In anticipation of the volatile market conditions in 2009, the Company remains prudent but keeps its options open. When it comes to future development, only with a vision can we make the right decision. As China emerges as an economic powerhouse and her consumers increasingly demand higher quality, healthier and more nutritious food, we expect a quantum leap in the development of the green biotechnology and organic farming markets. The Company believes that the only thing that can attract to shareholders and win their confidence is positive return on investments in the long run, which is in line with the primary goal we strive to achieve.

With a healthy financial base and the concerted efforts by the Board, the management and staff, we are confident of creating substantial value for our shareholders.

On behalf of the Board

Lau Shun Chi, Benjamin

Executive Director

Hong Kong, 20 April 2009

Biographical Details of Directors

EXECUTIVE DIRECTORS

Dr. Wai Chung Fai, aged 51, joined the Company as an Executive Director in December 2007. Dr. Wai is also the Chairman of the Company. Dr. Wai holds a Doctor of Philosophy (Ph.D.) from the State University of New York at Buffalo, United States of America. Dr. Wai is presently operating two sizeable farms producing top-grade red, white and ice wines in Canada. With proprietary knowledge and techniques, his vineyard has successfully mixed grapes with various high-grade fruit juices, such as black currant, cherry and blueberry juices, to make a variety of quality fruit wines. Dr. Wai is highly dedicated to natural farming and the health food industry in Canada.

Mr. Lau Shun Chi, Benjamin, aged 50, joined the Company as Chief Executive Officer in October 2006 and became an Executive Director in November 2006. Mr. Lau has been a senior advisor to Culturecom Holdings Limited since 2002, a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lau has extensive experience in investment and publication industries. Mr. Lau was the Executive Vice President of Jing Tai Securities & Investment Limited from 2001 to 2002 and was the Vice Chairman of Televerse Publishing Limited from 1999 to 2001.

Mr. Shiu Kwok Keung, aged 42, has been re-designated as an Executive Director of the Company and has ceased to be the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company with effect from 22 January 2009. Mr. Shiu was appointed on 1 March 2006 as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Shiu is also an Independent Non-executive Director of China Bio Cassava Holdings Limited, a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Shiu was a member of the senior management of China Solar Energy Holdings Limited, a company whose shares are listed on the Stock Exchange, during 2006. Mr. Shiu has extensive experience in finance, accounting and management. Mr. Shiu holds a Master of Science degree in finance from the National University of Ireland, Dublin, a Master of Professional Accounting degree from the Southern Cross University in Australia, and a Bachelor of Social Science degree in China Studies (Economics) from the Hong Kong Baptist University. He is a Chartered Financial Analyst Charterholder and a Certified Practising Accountant of CPA Australia.

Mr. Chu Wai Lim, aged 31, joined the Company as an Executive Director in January 2005. Prior to that, Mr. Chu was a Chief Financial Officer and Company Secretary of ViaGOLD Capital Limited, a listed company in Australia, Mr. Chu had also been working in a company whose shares are listed on the Stock Exchange, as an executive assistant responsible for the group's administration, accounting, finance and information technology related management activities for 3 years. Mr. Chu holds a Bachelor of Arts degree in Economics from San Francisco State University.

Ms. Fong Son Wa, aged 29, joined the analytical team of the Company in August 2006 and became an Executive Director in October 2007. Ms. Fong holds a Postgraduate Diploma in Development Finance from The University of Manchester, UK; and a dual honours degree in Business Administration and Finance at University of Keele, UK. Her selected research focused on business development in emerging and developing countries. Her career started at the research tour to Sri Lanka performing research analysis in its financial monetary system. She has also served in The Universal.com Technology Ltd as business analyst. In early 2003, she joined one of the largest state-owned banking institutes, Bank of China Group, toured through various positions, such as research analysis, financial products, etc. She has gained extensive knowledge in the field of business incubation and development in the emerging markets.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Man Lung, aged 43, joined the Company as an Independent Non-executive Director in September 2006. Mr. Chen is the Vice President of Culturecom Holdings Limited, Executive Director of China Bio Cassava Holdings Limited, both companies shares are listed on the Stock Exchange. He is the CFO and the Deputy CEO of ViaGOLD Capital Limited, a listed company in Australia. He is also a Director of the Hong Kong Comics & Animation Federation Limited and a committee member of the Hong Kong Inbound Travel Association Limited (HKITA). Mr. Chen was a Non-executive Director of Mobile Telecom Network (Holdings) Limited, a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange, from March 2002 to November 2004. Mr. Chen obtained his Bachelor of Arts degree in Sociology from the Hong Kong Baptist University and Master of Arts degree in Chinese Studies from the Hong Kong University of Science and Technology. Mr. Chen has over 16 years of extensive experience in investment industry.

Mr. Choi Shek Chau, aged 52, joined the Company as an Independent Non-executive Director a member of the Audit Committee and a member of the Remuneration Committee of the Company in July 2008. Mr. Choi is the Founder of Fang Zheng TV Production Company Limited (Liaoning province) ("Fang Zheng TV") (遼寧省方正電視片製作有限公司) and Bo Hai Group Company Limited (Liaoning province) ("Bo Hai Group") (遼寧省渤海集團有限公司). Mr. Choi studied Chinese literature & history from the University of Macau. Mr. Choi has extensive experience in China Trade. In 1990, Mr. Choi established the Fang Zheng TV, and developed successful business via setting up a joint venture with the local TV production house in producing various arts programs. In 1993, his Hong Kong based company and the Liaoning province established the Bo Hai Group to perform the real estate investment and development projects. Mr. Choi have earned over 15 years of solid business experience from such investment in real estate in China.

Mr. Tsang Wai Wa, aged 48, has been appointed as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company on 7 April 2009. Mr. Tsang is a holder of a Bachelor degree in Finance and Accounting and a Master degree in Business Administration. He is a fellow member of the Chartered Association of Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing, accounting, company secretary and corporate finance experience.

Report of the Directors

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is principally engaged in investment in listed and unlisted companies established in the People's Republic of China (the "PRC"), Hong Kong and Australia.

An analysis of the Company's performance for the year by operating segment from both a business and geographical perspective is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2008 and the state of affairs at that date are set out in the financial statements on pages 20 to 21.

The Directors do not recommend the payment of a dividend.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 20 to the financial statements.

RESERVES

Details of the movements in the reserves of the Company during the year are set out in the statement of changes in equity on page 22.

DISTRIBUTABLE RESERVES

Under the Companies Act of the Bermuda, the share premium of the Company is available for paying distributions or dividends to the shareholders subject to the provisions of its Bye-Laws and a statutory solvency test. In accordance with Bye-Law 143 the dividends may be declared and paid out of the profits of the Company or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared or paid out of share premium account. The Company's reserves available for distribution amounted to HK\$48,238,638 as at 31 December 2008.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Company for the last five financial years, as extracted from the audited financial statements and restated and reclassified as appropriate, is set out on page 60. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company has not purchased, sold or redeemed any of its own shares during the year.

Report of the Directors

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 27 to the financial statements.

As at 31 December 2008, details of the share options granted under the share option scheme of the Company adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002 are as follows:

Grantee	held at 1 January 2008	Number of options			held at 31 December 2008	Exercise price HK\$	Grant date	Exercisable from	Exercisable until
		granted during the year	expired during the year	exercised during the year					
Wai Chung Fai	-	7,000,000	-	-	7,000,000	0.175	30 January 2008	30 January 2008	29 January 2018
Lau Shun Chi, Benjamin	-	8,000,000	-	-	8,000,000	0.175	30 January 2008	30 January 2008	29 January 2018
Chu Wai Lim	-	6,000,000	-	-	6,000,000	0.175	30 January 2008	30 January 2008	29 January 2018
Fong Son Wa	-	6,000,000	-	-	6,000,000	0.175	30 January 2008	30 January 2008	29 January 2018
Employees	-	1,600,000	-	-	1,600,000	0.175	30 January 2008	30 January 2008	29 January 2018
Others	-	70,400,000	-	-	70,400,000	0.175	30 January 2008	30 January 2008	29 January 2018
	-	99,000,000	-	-	99,000,000				

At 30 January 2008, the date before the options were granted, the market value per share was HK\$0.170. The value of the options granted to the respective parties is as follows:

	HK\$
Wai Chung Fai	49,583
Lau Shun Chi, Benjamin	56,666
Chu Wai Lim	42,499
Fong Son Wa	42,499
Employees	11,332
Others	498,661
	701,240

Report of the Directors

DIRECTORS

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

Executive Directors:

Dr. Wai Chung Fai

Mr. Lau Shun Chi, Benjamin

Mr. Shiu Kwok Keung (re-designated as Executive Director on 22 January 2009)

Mr. Chu Wai Lim

Ms. Fong Son Wa

Independent Non-executive Directors:

Mr. Chen Man Lung

Mr. Choi Shek Chau (appointed on 22 July 2008)

Mr. Tsang Wai Wa (appointed on 7 April 2009)

Ms. Yin Ling (resigned on 23 April 2008)

Mr. Shiu Kwong Keung (re-designated as Executive Director on 22 January 2009)

Subsequent to the balance sheet date, Mr. Shiu Kwok Keung was re-designated as Executive Director of the Company on 22 January 2009, and Mr. Tsang Wai Wa was appointed as an Independent Non-executive Director on 7 April 2009.

In accordance with the Company's Bye-laws, Mr. Lau Shun Chi, Benjamin, Mr. Chu Wai Lim, Mr. Chen Man Lung, Mr. Choi Shek Chau and Mr. Tsang Wai Wa will retire at the forthcoming annual general meeting and, being eligible, offers themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

As at 31 December 2008, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) that was required to be recorded pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 27 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2008, the register of substantial shareholders maintained by the Company under Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name of shareholder	Capacity	Note	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Team Equity Investments Limited	beneficial	(1)	126,000,000	9.27%

Note:

(1) Mr. Liang Jian Jun is the shareholder of Team Equity Investments Limited.

Save as disclosed above, as at 31 December 2008, no person, other than the Director whose interests are set out in the section "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant post balance sheet events of the Company are set out in note 28 to the financial statements.

Report of the Directors

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS

Details of the connected transactions are set out in note 26 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company 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.

MANAGEMENT CONTRACTS

Except as detailed in note 26 to the financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

AUDITORS

The financial statement have been audited by Lau & Au Yeung C.P.A. Limited who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lau Shun Chi, Benjamin

Executive Director

Hong Kong
20 April 2009

Corporate Governance Report

The Board is committed to maintaining sound corporate governance standard and formulating and implementing procedures to ensure integrity, transparency and quality of disclosure in order to promote the ongoing development of the best long term interest of the Company and enhancing value for all of its shareholders.

The Board has reviewed the Code on Corporate Governance Practices (the "CG Code") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has adopted the same as the Company's own code of corporate governance practices. During the financial year ended 31 December 2008, the Company has complied with all of the provisions under the CG Code.

THE BOARD

The Board has overall responsibility for the management of the Company and the implementation of the investment policy of the Company, which includes, inter alia, the adoption of long term corporate strategies, assessment of investment projects, supervision of the management of the Company to ensure that the Company's investments are conducted in accordance with the objectives of the Company, and reviewing financial performance. The Company's investment portfolio is managed by Success Talent Investments Limited as Investment Manager of the Company during the year ended 31 December 2008 in accordance with the terms and conditions of an investment management and administration agreement entered into between the Company and the Investment Manager.

Subsequent to the year ended 31 December 2008, Mr. Shiu Kwok Keung was re-designated as an Executive Director of the Company on 22 January 2009, and Mr. Tsang Wai Wa was appointed as an Independent Non-executive Director to fill the causal vacancy on 7 April 2009.

The Board currently has eight Directors of whom five are Executive Directors and three are Independent Non-executive Directors.

The Board held 32 meetings during the year ended 31 December 2008 and the attendance of each Director is set out below:

Name of Director	Number of meetings attended
<i>Executive Directors:</i>	
Dr. Wai Chung Fai (<i>Chairman</i>)	28
Mr. Lau Shun Chi, Benjamin (<i>Chief Executive Officer</i>)	30
Mr. Chu Wai Lim	30
Ms. Fong Son Wa	31
<i>Independent Non-executive Directors:</i>	
Mr. Shiu Kwok Keung	13
Mr. Chen Man Lung	12
Mr. Choi Shek Chau (appointed on 22 July 2008)	3
Ms. Yin Ling (resigned on 23 April 2008)	0

Corporate Governance Report

THE BOARD – continued

To the best knowledge of the Board, there is no financial, business or family relationship among members of the Board as at 31 December 2008. All of them are free to exercise their individual judgment.

Each of the Independent Non-executive Directors has given the Company an annual confirmation of his/her independence. The Company considers such Directors to be independent under the guidelines set out in rule 3.13 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). Subject to the Bye-Laws of the Company, each Independent Non-executive Director has been appointed for a term of one year. All Directors are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Bye-laws of the Company.

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code A.2.1 stipulates the role of Chairman and Chief Executive Officer (the “CEO”) should be separate and should not be performed by the same individual.

The position of the Chairman and the CEO are distinct and separate. A clean separation is maintained between the responsibilities of the Chairman and the CEO with the former, Dr. Wai Chung Fai, being mainly responsible for the leadership of the Board while the latter, Mr. Lau Shun Chi, Benjamin, is responsible for the overall performance of the Company.

THE BOARD COMMITTEES

Audit Committee

The Company established an Audit Committee on 25 January 2002 with its written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee currently consists three Independent Non-executive Directors: Mr. Tsang Wai Wa, Mr. Chen Man Lung and Mr. Choi Shek Chau. Mr. Tsang Wai Wa was the chairman of the Audit Committee.

On 23 April 2008, Ms. Yin Ling due to her business arrangement resigned as a member of the Audit Committee. As such, for the period where Ms. Yin Ling’s resignation, the Company did not comply with the code provision of the CG Code to the fullest extent, until the appointment of Mr. Choi Shek Chau to fill the vacancy on 22 July 2008.

Subsequent to the year ended 31 December 2008, on 22 January 2009, Mr. Shiu Kwok Keung was re-designated as an Executive Director and resigned as the Chairman of the Audit Committee; and Mr. Chen Man Lung was re-designated as the Chairman of the Audit Committee. Following the aforesaid re-designation, the Company has two Independent Non-executive Directors and two Audit Committee members. As such, the requirement of the Listing Rules have not been complied with by the Company.

On 7 April 2009, Mr. Tsang Wai Wa was appointed as an Independent Non-executive Director and the Chairman of the Audit Committee to fill the casual vacancy; and Mr. Chen Man Lung was re-designated as a member of the Audit Committee. Following the aforesaid appointment of Mr. Tsang Wai Wa, the requirement of the Listing Rules have been complied with the Company.

Corporate Governance Report

THE BOARD COMMITTEES – continued

Audit Committee – continued

The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee met 2 times during the year to review the completeness, accuracy and fairness of the Company's financial statements, the Company's financial reporting system and internal control procedures, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Audit Committee is also responsible for reviewing the Company's interim and annual financial statements and making recommendations as to the approval of the Company's interim and annual financial statements by the Board. The attendance of each member during the year ended 31 December 2008 is set out below:

Name of Director	Number of meetings attended
Dr. Wai Chung Fai	1
Mr. Shiu Kwok Keung	2
Mr. Chen Man Lung	2
Mr. Choi Shek Chau	1
Ms. Yin Ling (resigned on 23 April 2008)	0

Remuneration Committee

The Board established a Remuneration Committee on 30 August 2005 to review and make recommendations to the Board on matters relating to the remuneration of the Directors and the senior management of the Company. The Remuneration Committee currently consists one Executive Director and three Independent Non-executive Directors: Mr. Chu Wai Lim (Executive Director), Mr. Chen Man Lung (Independent Non-executive Director), Mr. Choi Shek Chau (Independent Non-executive Director) and Mr. Tsang Wai Wa (Independent Non-executive Director). Mr. Chu Wai Lim was the chairman of the Remuneration Committee. During the year under review, Ms. Yin Ling resigned due to her business arrangement and Mr. Choi Shek Chau was appointed to fill the casual vacancy.

Subsequent to the year ended 31 December 2008, Mr. Shiu Kwok Keung resigned as a member of the Remuneration Committee on 22 January 2009, and Mr. Tsang Wai Wa was appointed to fill the casual vacancy on 7 April 2009.

The Remuneration Committee has adopted terms of reference which are in line with the CG Code. Four meetings were held during the year ended 31 December 2008 to review the remuneration policy and remuneration packages of the Executive Directors. The attendance of each member is set out below:

Name of Director	Number of meetings attended
Mr. Chu Wai Lim	2
Mr. Shiu Kwok Keung	4
Mr. Chen Man Lung	4
Mr. Choi Shek Chau (appointed on 22 July 2008)	1
Ms. Yin Ling (resigned on 23 April 2008)	0

Corporate Governance Report

NOMINATION PROCEDURES AND CRITERIA

The Company has yet to appoint a Nomination Committee, the establishment of which is a recommended best practice by the Stock Exchange.

Current Board practice of appointment of new Directors is that all valid nomination of candidates, accompanied with related details of their biographies, for directorships in the Company would be brought before the Board for consideration as soon as practicable. Consideration would be given to factors such as the candidate's experience and qualifications relevant to the Company's business. It is believed that members of the Board would collectively have the required professional knowledge and skills in discharging the Board's responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship.

In the year under review, the Board has adopted the aforesaid nomination policy in the nomination and appointment of Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors.

On specific enquires made, all Directors have confirmed that, in respect of the year ended 31 December 2008, they have complied with the required standard as set out in the Model Code.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls and risk management of the Company and the review of its effectiveness. During the year, the Board has reviewed and ensured the internal control process was properly carried out in making investment or divestment decision with the Investment Manager of the Company; documents and records were properly maintained; and the investment or divestment was in compliance with relevant legislations and regulations.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements.

The statement of the external auditors of the Company, Lau & Au Yeung C.P.A. Limited, with regard to their reporting responsibilities on the Company's financial statements is set out in the Independent Auditor's Report on pages 18 to 19.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS – continued

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

AUDITORS' REMUNERATION

For the year ended 31 December 2008, services provided to the Company by external auditors, Lau & Au Yeung C.P.A. Limited and the fees paid/payable were as follows:

	HK\$
Audit services	275,862
Taxation services	11,000
Other engagement	12,154
	<hr/>
	299,016

The Company continues to improve its corporate governance and believes it is fundamental for the development of the Company as well as for the benefits of the shareholders. The Board is pleased to confirm that the Company has complied with the Code applicable during the period.

Independent Auditor's Report



劉歐陽會計師事務所有限公司

LAU & AU YEUNG C.P.A. LIMITED

LAU & AU YEUNG C.P.A. LIMITED

21/F., Tai Yau Building
181 Johnston Road, Wanchai
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OPES ASIA DEVELOPMENT LIMITED

(continued into Bermuda with limited liability)

We have audited the financial statements of Opes Asia Development Limited (the "Company") set out on pages 20 to 59, which comprise the balance sheet as at 31 December 2008, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY – continued

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2008 and of its 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.

Lau & Au Yeung C.P.A. Limited

Certified Public Accountants

Hong Kong, 20 April 2009

Au Yeung Tin Wah

Practising Certificate Number P02343

Income Statement

For the year ended 31 December 2008

	Note	2008 HK\$	2007 HK\$
Turnover	6	6,354,340	16,144,227
Cost of equity securities disposed of		(1,629,200)	(9,900,744)
Unrealised fair value (losses)/gains on financial assets at fair value through profit or loss		(40,081,422)	14,741,101
Gross (loss)/profit		(35,356,282)	20,984,584
Other income	7	26,685	893,697
Administrative expenses		(5,522,222)	(5,387,567)
Other operating expenses		(4,167,372)	(1,492,492)
(Loss)/profit before income tax	8	(45,019,191)	14,998,222
Income tax	10	18,600	–
(Loss)/profit for the year		(45,000,591)	14,998,222
Attributable to:			
Equity holders of the Company	11	(45,000,591)	14,998,222
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year	12		
– basic		HK cents (3.31)	HK cents 1.86
– diluted		HK cents (3.31)	N/A

The notes on pages 24 to 59 form an integral part of these financial statements.

Balance Sheet

As at 31 December 2008

	Note	2008 HK\$	2007 HK\$
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	16	6,490,000	25,370,000
Available-for-sale financial assets	14	22,200,000	12,720,000
		28,690,000	38,090,000
Current assets			
Financial assets at fair value through profit or loss	16	11,201,602	29,644,980
Deposits for acquisition of investments	15	3,000,000	15,000,000
Other receivables, prepayments and deposits	18	6,039,238	485,394
Cash and cash equivalents	21	1,078,712	10,619,059
		21,319,552	55,749,433
Total assets		50,009,552	93,839,433
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	20	1,359,600	1,359,600
Share premium	20	20,476,643	20,476,643
Contributed surplus		61,305,993	61,305,993
Share-based payment reserves		701,240	–
Available-for-sale fair value reserves		660,000	–
(Accumulated losses)/Retained earnings		(34,905,238)	10,095,353
Total equity		49,598,238	93,237,589
LIABILITIES			
Current liabilities			
Other payables and accrued charges	19	411,314	601,844
Total liabilities		411,314	601,844
Total equity and liabilities		50,009,552	93,839,433
Net current assets		20,908,238	55,147,589
Total assets less current liabilities		49,598,238	93,237,589

Director

Director

The notes on pages 24 to 59 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2008

	Note	Attributable to equity holders of the Company						Total HK\$
		Share capital HK\$	Share premium HK\$	Contributed surplus HK\$	Share-based payment reserves HK\$	Available- for-sale fair value reserves HK\$	(Accumulated loss)/Retained earnings HK\$	
Balance as at								
1.1.2007		12,360,000	86,489,636	-	-	-	(42,322,912)	56,526,724
Capital reduction	20	(12,236,400)	-	12,236,400	-	-	-	-
Share premium cancellation	20	-	(86,489,636)	86,489,636	-	-	-	-
Transfer	20	-	-	(37,420,043)	-	-	37,420,043	-
Rights issue	20	1,112,400	8,780,067	-	-	-	-	9,892,467
Proceeds from placing of new shares	20	123,600	11,696,576	-	-	-	-	11,820,176
Profit for the year		-	-	-	-	-	14,998,222	14,998,222
Balance as at 31.12.2007 and 1.1.2008		1,359,600	20,476,643	61,305,993	-	-	10,095,353	93,237,589
Share options granted during the year	27	-	-	-	701,240	-	-	701,240
Fair value gain transfer to equity	14	-	-	-	-	660,000	-	660,000
Loss for the year		-	-	-	-	-	(45,000,591)	(45,000,591)
Balance as at 31.12.2008		1,359,600	20,476,643	61,305,993	701,240	660,000	(34,905,238)	49,598,238

The notes on pages 24 to 59 form an integral part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2008

	<i>Note</i>	2008 HK\$	2007 HK\$
Cash flows from operating activities			
Cash (used in)/generated from operations	23	(9,585,632)	7,147,980
Income tax refunded		18,600	–
Income tax paid		–	(18,600)
Net cash (used in)/generated from operating activities		(9,567,032)	7,129,380
Cash flows from investing activities			
Deposits paid for acquisition of investments		–	(15,000,000)
Dividend received		–	56,291
Interest received		26,685	629,214
Investment in available-for-sale financial assets		–	(12,000,000)
Net cash generated from/(used in) investing activities		26,685	(26,314,495)
Cash flows from financing activities			
Proceeds from issuance of rights issues		–	9,892,467
Proceeds from issuance of ordinary shares		–	11,820,176
Net cash generated from financing activities		–	21,712,643
Net (decrease)/increase in cash and cash equivalents		(9,540,347)	2,527,528
Cash and cash equivalents at beginning of the year		10,619,059	8,091,531
Cash and cash equivalents at end of the year	21	1,078,712	10,619,059

The notes on pages 24 to 59 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2008

1. GENERAL INFORMATION

Opes Asia Development Limited (the "Company") is principally engaged in investment in listed and unlisted companies established in the People's Republic of China (the "PRC"), Hong Kong, Australia and the Cayman Islands while it has substantial operations in Hong Kong, in order to achieve medium to long term capital appreciation.

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. On 6 February, 2007, the Company de-registered from the Cayman Islands and duly continued into Bermuda as an exempted company under the laws of Bermuda. The address of the Company's registered office is Canon's court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is Unit 1809, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These financial statements are presented in Hong Kong dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors ("the Board") on 20 April 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

These financial statements have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern notwithstanding that the Company has incurred a loss of HK\$45,000,591. However, the Company still maintain a shareholders' funds of HK\$49,598,238 and the Board believe that the economy will be better in the coming years, the Company can continue its operations.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(a) Basis of preparation – continued

- (i) *Standards, amendments and interpretations effective in 2008 which are relevant to the Company's operations.*

HKAS 39 & HKFRS 7 (Amendments) – Reclassification of Financial Assets

HK(IFRIC) – Int 11 – HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above standards, amendments and interpretations does not have any significant impact on the Company's financial statements

- (ii) *Standards, amendments and interpretations effective in 2008 but not relevant to the Company's operations.*

HK(IFRIC) – Int 12 – Service Concession Arrangements

HK(IFRIC) – Int 14 – HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

- (iii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.*

HKFRSs (Amendments)	–	Improvements to HKFRSs ¹
HKAS 1 (Revised)	–	Presentation of Financial Statements ²
HKAS 23 (Revised)	–	Borrowing Costs ²
HKAS 27 (Revised)	–	Consolidated and Separate Financial Statements ³
HKFRS 1 (Revised)	–	First-time Adoption of Hong Kong Financial Reporting Standards ³
HKAS 32 and HKAS 1 (Amendments)	–	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	–	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	–	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	–	Share-based Payment – Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	–	Business Combinations ³
HKFRS 7 (Amendment)	–	Improving Disclosures about Financial Instruments ²
HKFRS 8	–	Operating Segments ²
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	–	Embedded Derivatives ⁴
HK(IFRIC) – Int 13	–	Customer Loyalty Programmes ⁵
HK(IFRIC) – Int 15	–	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	–	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC) – Int 17	–	Distributions of Non-cash Assets to Owners ³
HK(IFRIC) – Int 18	–	Transfers of Assets from Customers ⁷

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods ending on or after 30 June 2009

⁵ Effective for annual periods beginning on or after 1 July 2008

⁶ Effective for annual periods beginning on or after 1 October 2008

⁷ Effective for transfers on or after 1 July 2009

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(a) Basis of preparation – continued

(iii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.* – continued

The above standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2008 or later periods. The Company has started considering their potential impact. Based on the preliminary assessment, the Company believes that the adoption of these standards and interpretations to existing standards, if applicable, will not result in substantial changes to the Company's accounting policies. The Company has not early adopted these standards and interpretations to existing standards, if applicable, in the financial statements for the year ended 31 December 2008.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Sales of equity securities*

The Company invested in equity securities. Sales of listed and unlisted securities is recognised when instructions for sales given to securities brokers/purchasers are properly executed thereafter.

(ii) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(iii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(iv) *Investment income*

Investment income is recognised on an accrued basis in accordance with the substance of the relevant agreements.

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(c) Employee benefits

(i) *Employee leave entitlement*

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ relevant income and are expensed in the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iii) *Share-based compensation*

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity.

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

(d) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date in Hong Kong. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Current and deferred income tax – continued

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(e) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Hong Kong dollars, which is the Company’s functional and presentation currency.

(ii) *Transactions and balances*

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale fair value reserves in equity.

(f) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets designated by the entity upon initial recognition.

Financial assets at fair value through profit or loss under current portion are held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) Financial assets – continued

(i) *Financial assets at fair value through profit or loss – continued*

Financial assets at fair value through profit or loss under non-current portion are also held for investment purpose by the Company. The Company is an investment company applied to Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). Due to the specific nature of the Company’s business, all financial assets it invested with quoted market price are classified as financial assets at fair value through profit or loss even some of them are not held for short-term trading, in order to avoid accounting mismatch. For financial assets held for investment purpose but not to be sold in the following twelve months, they are classified as non-current assets.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company’s loans and receivables comprise “deposits for acquisition of investments” and “other receivables, prepayments and deposits” and “cash and cash equivalents” in the balance sheet (Note 2(g) and 2(k)).

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. For available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost, less provision for impairment. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement as “unrealised fair value gains/(losses) on financial assets at fair value through profit or loss” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of “other income” when the Company’s right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) Financial assets – continued

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of 'other income'. Dividends on available-for-sale equity instruments are recognised in the income statement as part of 'other income' when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of other receivables is described in Note 2(g).

(g) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the other debtor, probability that the other debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the other receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "other operating income/expenses". When a receivable is uncollectible, it is written off against the allowance account for other receivables. Subsequent recoveries of amounts previously written off are credited against "other operating expenses" in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(h) Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(i) Related parties

A party is related to the Company if:

- (i) directly or indirectly through one or more intermediaries, the party:
 - (a) controls, is controlled by, or is under common control with, the Company;
 - (b) has an interest in the Company that gives it significant influence over the Company; or
 - (c) has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v);
- (vii) any investment manager, investment adviser or custodian (or any connected person thereof) under the Listing Rules Chapter 21.13.

(j) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(l) Operating leases

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

Notes to the Financial Statements

For the year ended 31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(m) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

As at 31 December 2008, the Company's financial assets and liabilities mainly consisted of financial assets at fair value through profit or loss, available-for-sale financial assets, bank balances and cash, other receivables and deposits and other payables and accrued charges. Details of these financial instruments are disclosed in respective notes. The risks associated with these risks are set out below.

The Company does not have written risk management policies and guidelines. However, the Board meets periodically to analyse and formulate measures to manage the Company's exposure to market risk, including principally changes in currency exchange rates, equity price risk, interest rate risk, credit risk and liquidity risk to ensure appropriate measures are implemented on a timely and effective manner. Generally, the Company employs a conservative strategy regarding its risk management. As the Company's exposure to market risk is kept at a minimum level, the Company does not use any derivatives or other instruments for hedging purposes. The Company does not hold or issue derivative financial instruments for trading purposes.

(i) Foreign currency risk

The Company has certain investments in Australian Securities Exchange, whose net assets are exposed to foreign currency risk. The Company 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.

During the year, approximately 21% (2007: 21%) of the Company's investment is denominated in Australian dollars. The carrying amounts of the Company's foreign currency denominated investments held for trading at the balance sheet date is AUD1,548,430 (2007: AUD2,024,870).

Notes to the Financial Statements

For the year ended 31 December 2008

3. FINANCIAL RISK MANAGEMENT – continued

(a) Financial risk factors – continued

(i) Foreign currency risk – continued

The following table demonstrates the Company's sensitivity analyses at the balance sheet date to a reasonably possible change in the Australian dollars rate, with all other variables held constant, of the Company's (loss)/profit before income tax.

	Increase/ (decrease) in Australian dollars rate %	Increase/ (decrease) in (loss)/profit before income tax
2008		
If HK\$ weakens against Australian dollars	5	415,421
If HK\$ strengthens against Australian dollars	(5)	(415,421)
2007		
If HK\$ weakens against Australian dollars	5	695,198
If HK\$ strengthens against Australian dollars	(5)	(695,198)

The Company has certain investments in foreign operations, being approximately 58% (2007: 15%) of total assets are exposed to foreign currency translation risk. However, the currency exposure arising from the net assets of the Company's foreign operations is limited as the investments are mainly denominated in Hong Kong dollars.

(ii) Equity Price risk

The Company is exposed to equity price risk through its financial assets at fair value through profit or loss. The management manages the exposure by maintaining a portfolio of equity investments with different risk profiles.

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

If the prices of the respective equity instruments had been increased/decreased by 5%,

- the Company's loss for the year ended 31 December 2008 would have increased/decreased by HK\$884,580 (2007: profit would have increased/decreased by HK\$2,750,749) as a result of the changes in fair value on financial assets at fair value through profit or loss; and
- Available-for-sale fair value reserves would have increased/decreased by HK\$510,000 (2007: nil) as a result of the changes in fair value on Available-for-sale financial assets.

Notes to the Financial Statements

For the year ended 31 December 2008

3. FINANCIAL RISK MANAGEMENT – continued

(a) Financial risk factors – continued

(iii) *Cash flow and fair value interest rate risk*

The Company's exposure to change in interest rates is mainly attributable to its bank balances. As the cash deposited in bank is simply to generate the interest income and used for daily operations, the impact from the changes in interest rate is considered to be minimum. Available-for-sale financial assets or other financial assets and liabilities do not have material interest rate risk.

(iv) *Credit risk*

The Company's credit risk are primarily attributable to other receivables and bank balances.

The Company's maximum exposure to credit risk which will cause a financial loss to the Company in the event of the counterparties' failure to perform their obligations as at 31 December 2008 in relation to the financial assets is the carrying amount of those assets as stated in the balance sheet.

The Company has significant concentration of credit risk on other receivables as the other receivables are mainly attributable from certain limited counterparties.

In order to minimise credit risk, management has delegated a team to be responsible for the monitoring procedures. In addition, management reviews the recoverable amount of the other receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Company's credit risk is significantly reduced.

The Company's bank balances are mainly deposited with banks in Hong Kong and part of them deposited with a securities dealer in Hong Kong rating of 'A' are accepted.

The Company has limited credit risk with its banks and financial institution which are leading, reputable and assessed as having low credit risk. The Company has not had any significant loss arising from non-performance by those parties in the past and management does not expect so in the future.

Notes to the Financial Statements

For the year ended 31 December 2008

3. FINANCIAL RISK MANAGEMENT – continued

(a) Financial risk factors – continued

(iv) Credit risk – continued

The table below shows the balances of the two major counterparties at the balance sheet date.

		2008	2007
		HK\$	HK\$
Counterparty	Rating		
Standard Chartered Bank (HK) Ltd	A+/Stable/A-1	1,056,492	10,597,162
Bank of East Asia (HK) Ltd	A-/Negative/A-2	21,012	21,432
		1,077,504	10,618,594

The carrying amount of these balances substantially represent the Company's maximum exposure to credit risk as at 31 December 2008.

(v) Liquidity risk

The Company has no significant liquidity risk. The Company manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure sufficient cash flows to meet all financial commitment and to capitalise on opportunities for business expansion.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying Amount HK\$	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Over 5 years HK\$
At 31 December 2008					
Other payables and accrued expenses	411,314	411,314	-	-	-
At 31 December 2007					
Other payables and accrued expenses	601,844	601,844	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2008

3. FINANCIAL RISK MANAGEMENT – continued

(b) Fair value estimation

The fair value of financial instruments traded in active markets (such as trading securities and available-for-sales securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as estimated discounted cash flows.

The carrying value less impairment provision of receivables and payables are assumed to approximate to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(c) Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt to total equity. Debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet). Total capital is calculated as "equity", as shown in the balance sheet plus debt. The gearing ratios at 31 December 2008 and 2007 were as follows:

	2008 HK\$	2007 HK\$
Total borrowings	–	–
Total equity	49,598,238	93,237,589
Gearing ratio	Nil	Nil

Notes to the Financial Statements

For the year ended 31 December 2008

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical accounting estimates and assumptions

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

Income taxes

The Company is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and defined income tax assets and liabilities in the period in which such determination is made.

(b) Critical judgements in applying the Company's accounting policies

Impairment of available-for sale financial assets

The Company follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) Fair value of available-for-sale financial assets

As described in note 14 to the financial statements, the independent qualified professional valuers use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The Company's unlisted equity instruments with carrying amount of HK\$10,200,000 (2007: HK\$12,720,000 out of which HK\$720,000 valued by Directors and HK\$12,000,000 valued by independent qualified professional valuers) are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Notes to the Financial Statements

For the year ended 31 December 2008

5. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Company's is principally engaged in investment in listed and unlisted companies in Hong Kong, the PRC and Australia during the year.

The business analysis of revenue, expense, segment result, segment assets and segment liabilities reflects the process through which the Company's operating activities are managed. In accordance with the Company's organizational structure and its internal financial reporting process, the Company has determined that business segments should be presented as its primary segment.

Turnover of HK\$6,354,340 (2007: HK\$16,144,227) represents income from investments in listed and unlisted companies.

The segment results for the year ended 31 December 2008 are as follows:

	Investments in listed companies HK\$	Investments in unlisted companies HK\$	Total HK\$
Revenue	1,074,340	5,280,000	6,354,340
Segment results	(40,636,282)	2,100,000	(38,536,282)
Unallocated income and expenses, net			(6,482,909)
Loss before income tax			(45,019,191)
Income tax refund			18,600
Loss for the year			(45,000,591)
Segment assets	17,691,602	27,480,000	45,171,602
Unallocated assets			4,837,950
Total assets			50,009,552
Segment liabilities	-	-	-
Unallocated liabilities			411,314
Total liabilities			411,314
Impairment	-	3,180,000	3,180,000

The Company did not incur any capital expenditures in the business for the year ended 31 December 2008. And there is no depreciation or amortisation required for disclosure purpose.

Notes to the Financial Statements

For the year ended 31 December 2008

5. SEGMENT INFORMATION – continued

(a) Primary reporting format – business segments – continued

The segment results for the year ended 31 December 2007 are as follows:

	Investments in listed companies HK\$	Investments in unlisted companies HK\$	Total HK\$
Revenue	16,144,227	–	16,144,227
Segment results	20,984,584	–	20,984,584
Unallocated income and expenses, net			(5,986,362)
Profit before income tax			14,998,222
Income tax			–
Profit for the year			14,998,222
Segment assets	55,014,980	12,720,000	67,734,980
Unallocated assets			26,104,453
Total assets			93,839,433
Segment liabilities	–	–	–
Unallocated liabilities			601,844
Total liabilities			601,844
Impairment	–	3,280,000	3,280,000

The Company did not incur any capital expenditures in the business for the year ended 31 December 2007. And there is no depreciation or amortisation required for disclosure purpose.

Notes to the Financial Statements

For the year ended 31 December 2008

5. SEGMENT INFORMATION – continued

(b) Secondary reporting format – geographical segments

Geographical segments comprise the Company's secondary segment. The Company engaged in 3 geographical areas. They are in Hong Kong, the PRC and Australia.

The segment results for the year ended 31 December 2008 are as follows:

	Total assets		Revenue	
	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$
Hong Kong	12,601,141	52,935,461	1,074,340	16,144,227
The PRC	29,100,000	27,000,000	5,280,000	–
Australia	8,308,411	13,903,972	–	–
	50,009,552	93,839,433	6,354,340	16,144,227

The Company did not incur any cost to acquire segment assets that are expected to be used during more than one period (property, plant and equipment, and intangible assets) by geographical location of assets (2007: Nil).

6. TURNOVER

The Company is engaged in investment in equity securities. Revenues recognised during the year are as follows:

	2008	2007
	HK\$	HK\$
Sales of equity securities	1,074,340	16,144,227
Investment income	5,280,000	–
	6,354,340	16,144,227

Notes to the Financial Statements

For the year ended 31 December 2008

7. OTHER INCOME

	2008 HK\$	2007 HK\$
Bank interest income	26,685	629,214
Sundry income	–	208,192
Dividend income	–	56,291
	26,685	893,697

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/ profit before income tax is arrived at:

	<i>Note</i>	2008 HK\$	2007 HK\$
After crediting the following items:			
Net realised and unrealised gains on financial assets at fair value through profit or loss		–	20,984,584
Reversal of impairment loss on an other receivable		–	2,850,000
And after charging the following items:			
Net realised and unrealised losses on financial assets at fair value through profit or loss		40,636,282	–
Auditors' remuneration		275,862	331,000
Operating lease payments		786,267	555,012
Impairment loss on available-for-sale financial assets	14	3,180,000	3,280,000
Employee benefit expense	9	3,201,645	2,918,180

Notes to the Financial Statements

For the year ended 31 December 2008

9. EMPLOYEE BENEFIT EXPENSE

	2008 HK\$	2007 HK\$
Directors' remuneration		
– fee	293,226	240,000
– salaries	2,006,600	1,802,513
– share-based payments	191,247	–
– mandatory provident fund contributions	36,000	32,150
	2,527,073	2,074,663
Wages and salaries	641,740	824,193
Share-based payments	11,332	–
Mandatory provident fund contributions	21,500	19,324
	674,572	843,517
	3,201,645	2,918,180

Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 December 2008 is set out below:

Name of Director	Fees HK\$	Salaries, and allowances HK\$	Discretionary bonuses HK\$	Employer's mandatory provident fund contributions HK\$	Employee share-based payments HK\$	Total HK\$
<i>Executive Directors</i>						
Wai Chung Fai	–	600,000	40,000	13,000	49,583	702,583
Lau Shun Chi, Benjamin	–	720,000	50,000	12,000	56,666	838,666
Chu Wai Lim	–	267,300	14,300	11,000	42,499	335,099
Fong Son Wa	–	300,000	15,000	–	42,499	357,499
<i>Independent Non-executive Directors</i>						
Shiu Kwok Keung	120,000	–	–	–	–	120,000
Chen Man Lung	120,000	–	–	–	–	120,000
Choi Shek Chau (a)	53,226	–	–	–	–	53,226
Yin Ling (b)	–	–	–	–	–	–
	293,226	1,887,300	119,300	36,000	191,247	2,527,073

Note:

(a) Appointed on 22 July 2008.

(b) Resigned on 23 April 2008.

Notes to the Financial Statements

For the year ended 31 December 2008

9. EMPLOYEE BENEFIT EXPENSE – continued

Directors' and senior management's emoluments – continued

The remuneration of every Director for the year ended 31 December 2007 is set out below:

Name of Director	Fees HK\$	Salaries, allowances and benefits in kind HK\$	Employer's mandatory provident fund contributions HK\$	Total HK\$
<i>Executive Directors</i>				
Wai Chung Fai	–	90,000	–	90,000
Lau Shun Chi, Benjamin	–	770,000	12,000	782,000
Chu Wai Lim	–	205,900	9,150	215,050
Fong Son Wa	–	76,613	–	76,613
Ma Kam Fook	–	–	–	–
Li Ji Ning	–	660,000	11,000	671,000
<i>Independent Non-executive Directors</i>				
Yin Ling	–	–	–	–
Shiu Kwok Keung	120,000	–	–	120,000
Chen Man Lung	120,000	–	–	120,000
	240,000	1,802,513	32,150	2,074,663

There was no arrangement under which a Director waived or agreed to waive any remuneration during the year (2007: Nil).

During the year, no emoluments were paid by the Company to the Directors as an inducement to join, or upon joining the Company, or as compensation for loss of office (2007: Nil).

Five highest paid individuals

The five individuals whose emoluments were the highest in the Company for the year include four (2007: three) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2007: two) individuals during the year are as follows:

	2008 HK\$	2007 HK\$
Wages and salaries	405,740	570,720
Bonus	35,000	–
Share-based payments	7,082	–
Mandatory provident fund contributions	12,000	11,000
	459,822	581,720

The emoluments of the above one (2007: two) highest paid employees during the year were within the emoluments band ranging from nil to HK\$1,000,000.

Notes to the Financial Statements

For the year ended 31 December 2008

10. INCOME TAX

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2007: Nil).

	2008 HK\$	2007 HK\$
Hong Kong profits tax		
Over-provision in respect of prior years	18,600	–

The taxation on the (loss)/profit before tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2008 HK\$	2007 HK\$
(Loss) / Profit before tax	(45,019,191)	14,998,222
Tax calculated at a tax rate of 16.5% (2007: 17.5%)	(7,428,166)	2,624,688
Over provision in respect of prior years	(18,600)	–
Income not subject to tax	(875,603)	(3,569,362)
Expenses not deductible for tax purposes	4,667,792	659,169
Tax losses for which no deferred income tax asset was recognised	3,635,977	285,505
	(18,600)	–

During the year, as a result of the change in Hong Kong corporate tax rate from 17.5% to 16.5% that is effective from 1 April 2008, deferred tax balances have been remeasured (Note 22).

11. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$45,000,591 (2007: Profit of HK\$14,998,222).

12. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008 HK\$	2007 HK\$
(Loss)/profit attributable to equity holders of the Company	(45,000,591)	14,998,222
Weighted average number of ordinary shares in issue	1,359,600,000	807,484,612
Basic (loss)/earnings per share	HK cents (3.31)	HK cents 1.86

Notes to the Financial Statements

For the year ended 31 December 2008

12. (LOSS)/EARNINGS PER SHARE – continued

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Accordingly, the fair value was less than the Exercise price, thus no adjustment need be made to the weighted average number of ordinary shares in issue.

	2008 HK\$	2007 HK\$
(Loss)/earnings		
(Loss)/profit attributable to equity holders of the Company	(45,000,591)	14,998,222
Weighted average number of ordinary shares in issue	1,359,600,000	807,484,612
Adjustments for:		
– Share options	–	N/A
Weighted average number of ordinary shares for diluted (loss)/earnings per share	1,359,600,000	807,484,612
	HK cents (3.31)	N/A

Notes to the Financial Statements

For the year ended 31 December 2008

13. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables HK\$	Assets at fair value through the profit or loss HK\$	Available- for-sale HK\$	Total HK\$
Assets as per balance sheet				
31. 12. 2008				
Available-for-sale financial assets (Note 14)	–	–	22,200,000	22,200,000
Financial assets at fair value through profit or loss (Note 16)	–	17,691,602	–	17,691,602
Deposit for acquisition of an investments (Note 15)	3,000,000	–	–	3,000,000
Other receivables, prepayments and deposits (Note 18)	6,039,238	–	–	6,039,238
Cash and cash equivalents (Note 21)	1,078,712	–	–	1,078,712
Total	10,117,950	17,691,602	22,200,000	50,009,552
31. 12. 2007				
Available-for-sale financial assets	–	–	12,720,000	12,720,000
Financial assets at fair value through profit or loss	–	55,014,980	–	55,014,980
Deposits for acquisition of investments	15,000,000	–	–	15,000,000
Other receivables, prepayments and deposits	485,394	–	–	485,394
Cash and cash equivalents	10,619,059	–	–	10,619,059
Total	26,104,453	55,014,980	12,720,000	93,839,433

None of the above deposits for acquisition of investments, other receivables, prepayments and deposits is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Notes to the Financial Statements

For the year ended 31 December 2008

13. FINANCIAL INSTRUMENTS BY CATEGORY – continued

	Liabilities at fair value through the profit or loss HK\$	Derivatives used for hedging HK\$	Other financial liabilities HK\$	Total HK\$
Liabilities as per balance sheet				
31. 12. 2008				
Other payables and accrued charges (Note 19)	–	–	411,314	411,314
31. 12. 2007				
Other payables and accrued charges	–	–	601,844	601,844

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008 HK\$	2007 HK\$
Non-current portion		
At the beginning of the year	12,720,000	4,000,000
Additions	12,000,000	12,000,000
Impairment	(3,180,000)	(3,280,000)
Fair value gain transfer to equity	660,000	–
At the end of the year	22,200,000	12,720,000

There were no disposals on available-for-sale financial assets in 2008 or 2007.

Available-for-sale financial assets including the following:

	2008 HK\$	2007 HK\$
Unlisted securities		
– Unlisted securities – the Cayman Islands	1,380,000	720,000
– Unlisted securities – the PRC	8,820,000	12,000,000
– Unlisted securities – Hong Kong	12,000,000	–
	22,200,000	12,720,000

Notes to the Financial Statements

For the year ended 31 December 2008

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS – continued

All the available-for-sale financial assets are denominated in Hong Kong dollars.

The fair values of the investment in 北京華寶時代國際設備有限公司 and Dyxnet Holdings Limited at 31 December 2008 have been arrived at on the basis of business valuations carried out on that date by BMI Appraisals Limited, independent qualified professional valuers not connected with the Company. The valuations was arrived at by reference to income approach.

The investment in Becky Agric Resources Co., Limited is stated at cost less any impairment.

On 31 December 2007, the Company entered into a co-operation agreement with Becky Agric Bio Energy Co., Limited (“BAB Energy”), an independent third party who wished to form a wholly foreign owned enterprise (the “WFOE”), which will be engaged in the production of organic agricultural products, promotion of organic farming and operating an organic theme park in the PRC.

In January 2008, BAB Energy started its organic farming project and signed a sub-contracting contract with Guangdong Conghua City Lu Town Investment Service Centre (“GCCL”) for the usage of land.

An investee company, namely Becky Agric Resources Co., Limited (“BARL”), was incorporated in Hong Kong in June 2008 and the Company shared 30% of equity interests of BARL accordingly (Note 15(b)).

In October 2008, BAB Energy informed the Company that the organic farming project in Conghua City was terminated because GCCL could not fulfill the contract terms. Therefore, BAB Energy cancelled the contract and got the deposit back from GCCL. In December 2008, BAB Energy informed the Company that the organic farming project would be restarted in Guangdong Luoding City. Pursuant to a supplemental agreement, the Company still enjoys 30% of return of this organic farming operation in the future.

After due consideration and review of the financial position of BARL, the Board of Directors confirms that BARL has a positive net assets value to ensure the recoverability of the investment of the Company.

	2008 HK\$	2007 HK\$
Fair value of available-for-sale financial assets are as follows:		
Unlisted securities		
– The Cayman Islands	1,380,000	720,000
– The PRC	8,820,000	12,000,000
	10,200,000	12,720,000

None of these financial assets are either past due or impaired.

Notes to the Financial Statements

For the year ended 31 December 2008

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS – continued

At 31 December 2008, the carrying amounts of interests in each of the following companies exceed 10% of total assets of the Company.

Name	Place of incorporation	Principal activities	Interest held
北京華寶時代國際 設備租賃有限公司(「北京華寶」)	PRC	Leasing of equipment, machinery and facilities	30%
Becky Agric Resources Co., Limited ("BARL")	Hong Kong	Organic farming and agriculture business	30%

The Company does not have significant influence on 北京華寶 or BARL because:

- the Company did not have any representative on the board of directors or equivalent governing body of 北京華寶 or BARL;
- the Company did not participate in policy-making processes, including participation in decisions about dividends or other distributions;
- the Company did not have any transactions with 北京華寶 or BARL;
- the Company did not interchange any managerial personnel with 北京華寶 or BARL;
- the Company did not provide any technical information to 北京華寶 or BARL.

As the Company did not act to fulfill any one of the issues stated above, it does not consider as having significant influence on the investments. Hence, 北京華寶 or BARL are not considered as the Company's associated companies.

Notes to the Financial Statements

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15. DEPOSITS FOR ACQUISITION OF INVESTMENTS

	2008 HK\$	2007 HK\$
Deposits for acquisition of investments in		
– 廣州星越 (Note a)	3,000,000	3,000,000
– 生態農莊 (Note b)	–	12,000,000
	3,000,000	15,000,000

The carrying values of the deposits are approximate to their fair values due to their short term maturities. None of the deposits are past due and all of them are denominated in Hong Kong dollars.

Notes:

- a. As at 31 December 2007 and 31 December 2008, the deposit paid of HK\$3 million represented a consideration for the purchase of 20% equity interests in an unlisted company, 廣州星越航空服務有限公司 (“廣州星越”) from an independent third party (the “Acquisition”). 廣州星越 was incorporated in the PRC as a limited liability company with registered capital of RMB3,800,000. The principal activity of 廣州星越 is the provision of consultancy services on navigation. Other than the aforesaid HK\$3 million, the Company does not have to inject further funds for this project.

The Acquisition has not been completed up to the date of approval of these financial statements pending on the completion of the procedures for changing the investing company from a domestic private enterprise to a Sino-foreign equity joint venture company (“SFEJV”) and the issuance of formal business licence which allows the SFEJV to (i)act as an air freight forwarding agent and (ii)providing air freight forwarding enterprise management consultancy service to 廣州星越. On 1 September 2008, the Board extended the period for preparing preliminary work to 20 September 2009. Accordingly, should the aforesaid licences not be obtained on or before 20 September 2009, the vendor is required to refund the deposit to the Company together with an interest which is calculated at HSBC’s best lending rate.

After due consideration and review of the financial position of the vendor, the Board of Directors confirms that the vendor has the ability to refund the deposit when required.

- b. On 31 December 2007, the Company entered into a co-operation agreement with Becky Agric Bio Energy Co., Limited (“BAB Energy”), an independent third party, to form a wholly foreign owned enterprise (the “WFOE”), which will be engaged in the production of organic agricultural products, promotion of organic farming and operating an organic theme park in the PRC. Under the agreement, the Company had to contribute HK\$12,000,000 for 30% equity interests in the WFOE. As at 31 December 2007, the Company has paid a deposit of HK\$12,000,000 (the “Deposit”) to BAB Energy and it was shown in the balance sheet as a deposit paid. On 1 June 2008, BAB Energy informed the Company that it needed to change the incorporation place of the investee company from the PRC to Hong Kong due to a practical need. An investee company, namely Becky Agric Resources Co., Limited (“BARL”), was then incorporated in Hong Kong on 13 June 2008. Further, BARL allotted 3,000 ordinary shares, representing 30% equity interests of BARL, at a consideration of HK\$12,000,000 to the Company on incorporation and BAB Energy settled the share allotment consideration on behalf of the Company by transferring the Deposit to BARL. As such, the Deposit was transferred from deposit paid to available-for-sale financial assets during the year.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008 HK\$	2007 HK\$
Listed securities		
Equity securities – Hong Kong	9,383,191	41,111,008
Equity securities – Australia	8,308,411	13,903,972
Market value of listed securities	17,691,602	55,014,980
Less: non-current portion	(6,490,000)	(25,370,000)
Current portion	11,201,602	29,644,980

Notes to the Financial Statements

For the year ended 31 December 2008

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – continued

Financial assets at fair value through profit or loss are presented within “operating activities” as part of changes in working capital in the cash flow statement (Note 23).

Changes in fair values of financial assets at fair value through profit or loss are recorded in “unrealised fair value (losses)/gains on financial assets at fair value through profit or loss” in the income statement.

The fair value of all equity securities is based on their current bid prices in active markets.

17. INVESTMENTS

Pursuant to the requirements stipulated in Chapter 21.12 of the Listing Rules, the Company discloses its list of all investments with a value greater than 5 per cent of the Company’s gross assets and at least the 9 largest investments* as at 31 December 2008 and 2007 respectively as follows:

As at 31 December 2008

Name	Nature of business	% of total issued capital	Invested amount HK\$	Carrying amount HK\$ (Note b)	% of gross asset value	Dividend received HK\$
Culturecom Holdings Limited	Publishing	0.24	3,509,263	510,881	1.02%	–
Mobile Telecom Network (Holdings) Limited	Provision of mobile internet communication telecommunications	1.93	2,649,277	867,160	1.73%	–
China Solar Energy Holdings Limited	Manufacture and sale of photovoltaics business	0.57	14,527,765	1,422,150	2.84%	–
REXLot Holdings Limited (Formerly known as “Rexcapital Financial Holdings Limited”)	Provision of financial services	0.01	22,296	93,000	0.19%	–
ViaGOLD Capital Limited	Travel related business	9.41	11,727,980	8,308,411	16.61%	–
China Bio Cassava Holdings Limited (Formerly known as “Bio Cassava Technology Holdings Limited”)	Development and sale of computer software	3.78	11,416,390	6,490,000	12.98%	–
Dyxnet Holdings Limited (Note 14)	Provision of internet services	3.72	4,000,000	1,380,000	2.76%	–
北京華寶時代國際設備租賃有限公司(「北京華寶」) (Note 14)	Leasing of equipment, machinery and facilities	30.00	12,000,000	8,820,000	17.64%	Note c
Becky Agric Resources Co., Limited (“BARL”) (Note 14)	Organic farming and agriculture business	30.00	12,000,000	12,000,000	24.00%	Note d
Total			71,852,971	39,891,602	79.77%	–

* The Company held only 9 investments at the year end

Notes to the Financial Statements

For the year ended 31 December 2008

17. INVESTMENTS – continued

As at 31 December 2007

Name	Nature of business	% of total issued capital	Invested amount HK\$	Carrying amount HK\$	% of gross asset value	Dividend received HK\$
Culturecom Holdings Limited	Publishing	0.21	2,539,169	1,429,064	1.52%	–
Mobile Telecom Network (Holdings) Limited	Provision of mobile internet communication telecommunications	1.93	2,649,277	1,807,344	1.92%	–
China Solar Energy Holdings Limited	Manufacture and sale of photovoltaics business	0.44	11,934,138	10,690,400	11.39%	–
REXLot Holdings Limited	Provision of financial services	0.01	22,296	745,000	0.79%	–
PacMos Technologies Holdings Limited	Design and distribution of integrated circuits	0.53	1,320,958	1,069,200	1.14%	–
ViaGOLD Capital Limited	Travel related business	6.72	11,727,980	13,903,972	14.82%	–
China Bio Cassava Holdings Limited	Development and sale of computer software	3.79	11,416,390	25,370,000	27.04%	–
Dyxnet Holdings Limited (Note a)	Provision of internet services	3.72	4,000,000	720,000	0.77%	–
北京華寶時代國際設備租賃有限公司	Leasing of equipment, machinery and facilities	30.00	12,000,000	12,000,000	12.79%	–
Total			57,610,208	67,734,980	72.18%	–

Notes:

- It is stated at Directors' valuation by using guideline publicly traded company method.*
- Except for the investment in BARL, all investments are stated at fair values.*
- According to the original investment agreement, 北京華寶 is engaged in leasing of equipment, machinery and facilities in the PRC. Up to 31 December 2008, 北京華寶 is still in development stage and no revenue was generated from leasing activities, thus 北京華寶 did not generate profit attributable to its shareholders.*

Though 北京華寶 did not declare any dividend during the year ended 31 December 2008, pursuant to the co-operation agreement dated 31 December 2007, the counter party of 北京華寶 has provided a guarantee to the Company for an annual return of not less than HK\$2,640,000 for each of the 3 years ended 31 December 2008, 2009 and 2010 respectively. The Company has recorded and subsequently received the investment return of HK\$2,640,000 from the counter party for the year ended 31 December 2008.
- During the year ended 31 December 2008, no dividend was declared or received from the investment in BARL. However, pursuant to the original co-operation agreement dated 31 December 2007, the counter party has provided a guarantee to the Company for an annual return of not less than HK\$2,640,000 for each of the 5 years ended 31 December 2008, 2009, 2010, 2011 and 2012 respectively. The Company has recorded and subsequently received the investment return of HK\$2,640,000 from the counter party for the year ended 31 December 2008.*

Notes to the Financial Statements

For the year ended 31 December 2008

18. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2008 HK\$	2007 HK\$
Other receivables – investment income	5,280,000	–
Prepayments	491,216	319,837
Rental and utility deposits	268,022	165,557
	6,039,238	485,394

Other receivables of \$5,280,000 represents the guarantee annual returns receivable from the counterparties of the investment contracts the Company has entered into as disclosed in note 17(c) and (d) to the financial statements.

The carrying value of other receivables, prepayments and deposits approximates to its fair value due to its short term maturities.

None of the other receivables, prepayments and deposits are past due and all of them are denominated in Hong Kong dollars.

19. OTHER PAYABLES AND ACCRUED CHARGES

	2008 HK\$	2007 HK\$
Accrued expenses	411,314	601,844

The carrying value of accrued expenses approximates to its fair value due to its short term maturities.

	2008 HK\$	2007 HK\$
Denominated in:		
– Hong Kong dollars	392,667	517,398
– US dollars	18,647	84,446
	411,314	601,844

Notes to the Financial Statements

For the year ended 31 December 2008

20. SHARE CAPITAL

	Number of shares	Ordinary shares HK\$	Share premium HK\$	Total HK\$
At 1 January 2007	123,600,000	12,360,000	86,489,636	98,849,636
Capital reduction	(111,240,000)	(12,236,400)	–	(12,236,400)
Share premium cancellation	–	–	(86,489,636)	(86,489,636)
Rights issue	111,240,000	1,112,400	8,780,067	9,892,467
Placing of new shares	12,360,000	123,600	11,696,576	11,820,176
Subdivision of shares	1,223,640,000	–	–	–
At 31 December 2007 and at 31 December 2008	<u>1,359,600,000</u>	<u>1,359,600</u>	<u>20,476,643</u>	<u>21,836,243</u>

In 2007, the Company carried out Capital Reorganisation which involved Share Consolidation, Capital Reduction, Subdivision and Share Premium Cancellation. The Share Consolidation was implemented to consolidate every ten Shares of HK\$0.1 each into one Consolidated Share of HK\$1.0 each. Immediately after the Share Consolidation, the authorised share capital of the Company is HK\$200,000,000 divided into 200,000,000 consolidated Shares of HK\$1 each. The Consolidated Shares rank *pari passu* in all respects with each other.

The Capital Reduction of approximately HK\$12.24 million involves a reduction of the nominal value of the then issued Consolidated Shares from HK\$1.0 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.99 on each of the then issued Consolidated Shares. The subdivision involves the subdivision of each authorised but unissued Consolidated Share into 100 Adjusted Shares of HK\$0.01 each. The Share Premium Cancellation involves the cancellation of the entire amount of approximately HK\$86.49 million as at 30 June 2006 standing to the credit of the share premium account of the Company.

The credit arising from the Capital Reduction and the Share Premium Cancellation is transferred to the contributed surplus account of the Company. A credit of an aggregate amount of approximately HK\$98.73 million arises in the books of the Company as a result of the Capital Reduction and the Share Premium Cancellation, which approximately HK\$37.42 million is used to set off in full the accumulated losses of the Company as at 30 June 2006. The remaining HK\$61.31 million may be applied in future in such manner as is permitted by the laws of Bermuda and the Bye-laws of the Company.

In 2007, the Company completed a rights issue of 111,240,000 shares of HK\$0.01 each (the "Rights Shares") at a price of HK\$0.1 per Rights Share on the basis of nine rights shares for every share held on the record date. Details of the Rights Issue are set out in the prospectus of the Company dated 26 March 2007.

Notes to the Financial Statements

For the year ended 31 December 2008

20. SHARE CAPITAL – continued

The Company entered into a placing agreement (the “Placing Agreement”) with an independent third party on 2 October 2007. Pursuant to the Placing Agreement, the Company issued a total of 12,360,000 ordinary shares with par value of HK\$0.01 each at a price of HK\$0.98 each. The issued share capital of the Company was thus increased from HK\$1,236,000 to HK\$1,359,600. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company has applied approximately HK\$11.7 million of the proceeds raised for numerous future investment opportunities that fulfill the investment objectives of the Company.

By a special general meeting passed on 14 November 2007, each of the issued and unissued shares of HK\$0.01 each in share capital of the Company was subdivided into 10 shares of HK\$0.001 each. The board believes that the shares sub-division will improve the liquidity in trading in shares of the Company and enable the Company to attract more investors and broaden the shareholder base.

The total number of authorised ordinary shares is 200,000,000,000 shares (2007: 200,000,000,000 shares) with a par value of HK\$0.001 per share (2007: HK\$0.001 per share). All issued shares are fully paid.

21. CASH AND CASH EQUIVALENTS

	2008 HK\$	2007 HK\$
Cash at bank and securities agent	1,077,581	10,618,670
Cash on hand	1,131	389
	1,078,712	10,619,059
Maximum exposure to credit risk	1,077,581	10,618,670

All cash and cash equivalents are denominated in Hong Kong dollars.

22. DEFERRED INCOME TAX

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Company did not recognise deferred income tax assets of HK\$3,635,977 (2007: HK\$285,505) in respect of losses amounting to HK\$22,036,225 (2007: HK\$1,631,458) that can be carried forward against future taxable income. The estimated tax losses may be carried forward indefinitely.

Notes to the Financial Statements

For the year ended 31 December 2008

23. CASH (USED IN)/GENERATED FROM OPERATIONS

	2008 HK\$	2007 HK\$
(Loss)/profit before income tax	(45,019,191)	14,998,222
Adjustments for:		
– Dividend income (Note 7)	–	(56,291)
– Impairment loss on available-for-sale financial assets (Note 8)	3,180,000	3,280,000
– Bank interest income (Note 7)	(26,685)	(629,214)
– Share option granted for the year	701,240	–
– Investment income	(5,280,000)	–
Changes in working capital:		
Decrease/(increase) in financial assets at fair value through profit or loss	37,323,378	(10,630,088)
Increase in other receivables, prepayments and deposits	(273,844)	(139,516)
(Decrease)/increase in other payables and accrued charges	(190,530)	324,867
Cash (used in)/generated from operations	(9,585,632)	7,147,980

Non-cash transactions

1. Cost of investment in BARL of HK\$12,000,000 was recognised by transferring a deposit of HK\$12,000,000 paid in December 2007 (Note 15(b)).
2. Fair value gain of an available-for-sale financial asset of HK\$660,000 (2007: Nil) was recognised in equity.

24. COMMITMENTS UNDER OPERATING LEASES

The Company leases an office under a non-cancellable operating lease agreement.

The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	2008 HK\$	2007 HK\$
Not later than 1 year	346,883	208,130

Notes to the Financial Statements

For the year ended 31 December 2008

25. RETIREMENT BENEFIT OBLIGATIONS

The Company operates a Mandatory Provident Fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Company, in funds under the control of trustees. The Company contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees, subject to a cap of monthly relevant income of HK\$20,000.

The total cost charged to income statement of HK\$57,500 (2007: HK\$51,474) represents contributions payable to this scheme by the Company in respect of the current accounting year.

26. RELATED PARTY TRANSACTIONS

Under Listing rules Chapter 21.13, any investment manager, investment adviser or custodian (or any connected person thereof) is regarded as connected person.

The following transactions were carried out with related parties:

	2008 HK\$	2007 HK\$
Investment management fee paid to Success Talent Investments Limited	360,000	279,677
Consultancy fees to Directors (<i>Note</i>)		
Dr. Wai Chung Fai	–	50,000
Mr. Li Ji Ning	–	60,000
	–	110,000

Note: They were rendering consultancy services to the Company while they were not in the positions of Directors.

Under the Investment Management Agreement, Success Talent Investments Limited was entitled to a fixed management fee of HK\$30,000 (2007: HK\$30,000) per month.

Notes to the Financial Statements

For the year ended 31 December 2008

27. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002, for the primary purpose of providing incentives to Directors and eligible participants (as defined in the Scheme), and will expire on 7 February 2012. Under the Scheme, the Board of Directors of the Company may grant options to Directors of the Company (including Non-executive Directors and Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1 % of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 7 days of the date of grant, upon payment of HK\$1.00 for the options granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board of Directors of the Company to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board of Directors of the Company at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

On 30 January 2008, the Company granted options under the Scheme to certain Directors, employees and consultants of the Company, which entitle them to subscribe for a total of 99,000,000 shares at HK\$0.175 per share, upon payment of HK\$1 per grant. Options granted are exercisable within a period of 10 years commencing on the adoption date. The share options are non-transferable (2007: Nil).

Movements of the share options outstanding and their related weighted average exercise prices are as follows:

	Exercise price per share HK\$	Number of share options
At as 1 January 2008	–	–
Granted	0.175	99,000,000
Exercised	–	–
Lapsed	–	–
As at 31 December 2008	0.175	99,000,000

Notes to the Financial Statements

For the year ended 31 December 2008

27. SHARE OPTION SCHEME – continued

As at 31 December 2008, all the 99,000,000 share options were exercisable, which represents approximately 7.28% of the issued ordinary shares of the Company.

Share options outstanding at the end of the period have the following expiry date and exercise price:

Expiry date	Exercise price per share HK\$	31 December 2008 Number of share options	31 December 2007 Number of share options
29 January 2018	0.175	99,000,000	–

The estimated fair value of the share options granted during the period was approximately HK\$701,240 (2007: Nil). Total consideration received during the period from employees, Directors and consultants for taking up the share option granted amounted to HK\$22. The fair value was calculated using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and condition upon which the option were granted.

The significant assumptions and inputs used in the valuation model are as follows:

	2008	2007
Spot price	HK\$0.170	–
Exercise price	HK\$0.175	–
Expected volatility	42.99%	–
Expected life of the options	40 days	–
Risk free rate	1.473%	–
Expected dividend yield	–	–

Expected volatility was determined based on the historical stock prices of the Company as at the valuation date under the same period as the expected life.

28. EVENTS AFTER THE BALANCE SHEET DATE

On 26 February 2009, the Company entered into a placing agreement (the “Placing Agreement”) with an independent third party. On 19 March 2009, the placing was completed. Pursuant to the Placing Agreement, the Company issued a total of 249,000,000 ordinary shares with par value of HK\$0.001 each at a price of HK\$0.100 each. The issued share capital of the Company was thus increased from HK\$1,359,600 to HK\$1,608,600. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company has applied approximately HK\$24.4 million of the proceeds raised for numerous future investment opportunities that fulfill the investment objectives of the Company.

Financial Summary

	1.1.2004 to 31.12.2004 HK\$	1.1.2005 to 31.12.2005 HK\$	1.1.2006 to 31.12.2006 HK\$	1.1.2007 to 31.12.2007 HK\$	1.1.2008 to 31.12.2008 HK\$
Results					
(Loss)/Profit from operations and before income tax	(606,511)	(897,386)	10,025,677	14,998,222	(45,019,191)
Income tax expense/(income)	–	–	(18,600)	–	18,600
Net (loss)/profit for the year	(606,511)	(897,386)	10,007,077	14,998,222	(45,000,591)
(Loss)/Earnings per share – Basic	(0.59) cents	(0.77) cents	8.10 cents	1.86 cents	(3.31) cents
As at 31 December					
	2004 HK\$	2005 HK\$	2006 HK\$	2007 HK\$	2008 HK\$
Assets and liabilities					
Total assets	44,940,433	47,332,295	56,822,301	93,839,433	50,009,552
Total liabilities	(201,400)	(812,648)	(295,577)	(601,844)	(411,314)
Total equity	44,739,033	46,519,647	56,526,724	93,237,589	49,598,238