THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in COL Capital Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00383)

MAJOR TRANSACTION RELATING TO ACQUISITION OF SALE SHARES

A letter from the Board is set out on pages 4 to 14 of this circular.

16 October 2009

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"Acquisition"	acquisition of the Sale Shares by the Offeror from the Vendors pursuant to the Sale and Purchase Agreement
"Announcement"	the announcement dated 11 September 2009 issued by the Company in relation to, among other things, the Acquisition
"associate"	has the meaning ascribed thereto in the Listing Rules
"Business Day"	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
"Company"	COL Capital Limited (Stock Code: 383), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration payable for the Sale Shares
"Directors"	directors of the Company
"Enlarged Group"	the Group immediately following Completion
"Greenfield"	Greenfield Chemical Holdings Limited (Stock Code: 582), a Company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"Greenfield Board"	the board of directors of Greenfield

"Greenfield Shares"	ordinary shares of HK$0.10 each in the share capital of Greenfield
"Greenfield Group"	Greenfield and its subsidiaries
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of Greenfield and its connected persons
"Jumbo Hill"	Jumbo Hill Group Limited, a wholly owned subsidiary of Mulpha Strategic and is the shareholder holding 32% of the issued share capital of Pacific Orchid
"Latest Practicable Date"	13 October 2009, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mulpha Strategic"	Mulpha Strategic Limited, a company incorporated in the British Virgin Islands with limited liability and is a shareholder holding 68% of the issued share capital of Pacific Orchid
"Offer"	the unconditional mandatory general cash offer to be made by Sun Hung Kai on behalf of the Offeror to the Offer Shareholders for their Greenfield Shares at HK$1.50 per share in compliance with the Takeovers Code
"Offer Shareholders"	Greenfield Shareholders other than the Offeror and parties acting in concert with it
"Offeror" or "Purchaser"	True Focus Limited, an Independent Third Party and a company incorporated in British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company

"Pacific Orchid"	Pacific Orchid Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is the holder and beneficial owner of 187,500,000 Greenfield Shares representing approximately 68.72% of the issued share capital of Greenfield immediately prior to Completion
"Sale Shares"	the 10,000 shares in Pacific Orchid registered in the name of and beneficially owned by the Vendors (as to 6,800 shares owned by Mulpha Strategic and 3,200 shares owned by Jumbo Hill), representing the entire issued share capital of Pacific Orchid upon Completion
"SFO"	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
"Sale and Purchase Agreement"	the agreement dated 4 September 2009 entered into among the Offeror, the Vendors, the Vendors' Guarantor and the Company for the sale and purchase of the Sale Shares
"Shares"	ordinary shares of HK$0.01 each in the registered capital of the Company
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sun Hung Kai"	Sun Hung Kai International Limited, a corporation licensed to conduct types 1 (dealings in securities) and 6 (advising on corporate finance) regulated activities under the SFO which will make the Offer on behalf of the Offeror
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"Vendors"	collectively Jumbo Hill and Mulpha Strategic
"Vendors' Guarantor"	Mulpha International Bhd. a company incorporated in Malaysia with limited liability and the shares of which are listed on Bursa Malaysia Securities Bhd.
"Vigor Online"	Vigor Online Offshore Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company
"%"	per cent.

COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00383)

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

Independent Non-executive Directors:
Mr. Lo Wai On
Mr. Lau Siu Ki, Kevin
Mr. Zhang Jian

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM 12
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Principal place of business in Hong Kong:
47th Floor
China Online Centre
333 Lockhart Road
Wan Chai
Hong Kong

16 October, 2009

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION RELATING TO ACQUISITION OF SALE SHARES

INTRODUCTION

On 11 September 2009, the Company announced that on 4 September 2009 (after trading hours), the Vendors, the Offeror, the Vendors' Guarantor and the Company has entered into the Sale and Purchase Agreement, pursuant to which the Vendors agreed to dispose of the and the Offeror agreed to acquire the Sale Shares for a consideration of HK$281.25 million. The Sale Shares represent the entire issued share capital of Pacific Orchid as at the date of the Announcement. Pacific Orchid is the holder and beneficial owner of 187,500,000 Greenfield Shares, representing approximately 68.72% of the issued share capital of Greenfield. Completion has taken place immediately after the signing of the Sale and Purchase Agreement.

Immediately following Completion, the Offeror indirectly owns an aggregate 187,500,000 Greenfield Shares, representing approximately 68.72% of the entire issued share capital of Greenfield. Therefore, the Offeror will under Rule 26.1 of the Takeovers Code make an unconditional mandatory general cash offer to acquire all the issued Greenfield Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it.

Under the Listing Rules, the Acquisition and the making of the Offer as a result of the Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders in general meeting.

As at the date of the Sale and Purchase Agreement, the Company has received a written approval of the Acquisition from Vigor Online, a controlling shareholder of the Company holding approximately 64.3% in nominal value of the issued Shares giving the right to attend and vote at the general meeting of the Company. Vigor Online has given irrevocable and unconditional approval of the Acquisition and the transactions contemplated as envisaged by Rule 14.44 of the Listing Rules. Accordingly, the Acquisition and the making of Offer have been duly approved and passed by the Shareholders and a general meeting of the Company to approve the Acquisition and the making of Offer is no longer required under the Listing Rules.

The purpose of this circular is to provide you with details on, among other things, (i) further details of the Acquisition and (ii) the financial information in accordance with the Listing Rules.

SALE AND PURCHASE AGREEMENT

Date	:	4 September 2009
Purchaser	:	the Offeror, True Focus Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirectly wholly owned subsidiary of the Company.
Vendors	:	Mulpha Strategic Limited, a company incorporated in the British Virgin Islands with limited liability and is the holder and beneficial owner of 6,800 Sale Shares representing approximately 68% of the issued share capital of Pacific Orchid. Mulpha Strategic is wholly and beneficially owned by the Vendors' Guarantor.

		Jumbo Hill Group Limited, a company incorporated in the British Virgin Islands with limited liability and is the holder and beneficial owner of 3,200 Sale Shares representing approximately 32% of the issued share capital of Pacific Orchid. Jumbo Hill is a wholly-owned subsidiary of Mulpha Strategic, a company wholly and beneficially owned by the Vendors' Guarantor. Each of the Vendors is principally engaged in investment holding.
Vendors' Guarantor	:	Mulpha International Bhd. a company incorporated in Malaysia with limited liability and the shares of which are listed on Bursa Malaysia Securities Bhd., which indirectly owns 100% interest in Mulpha Strategic.
Purchaser's Guarantor	:	the Company, an Independent Third Party and a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange which indirectly owns 100% interest in the Purchaser.
Sale Shares	:	10,000 shares in Pacific Orchid beneficially owned by the Vendors (as to 6,800 shares beneficially owned by Mulpha Strategic and 3,200 shares beneficially owned by Jumbo Hill), representing the entire issued share capital of Pacific Orchid. The Sale Shares are sold free from all liens, claims, equities, charges, encumbrances or third party rights of whatsoever nature on Completion. There are no restrictions imposed on the subsequent sale of the Sale Shares. Pacific Orchid is principally engaged in investment holding with its sole asset being the 187,500,000 Greenfield Shares, representing approximately 68.72% of the issued share capital of Greenfield.

Consideration	:	HK$281.25 million which has been paid on Completion from internal resources of the Group as to approximately HK$100.1 million and borrowings from Sun Hung Kai Investment Services Limited as to approximately HK$181.15 million. The Consideration per Sale Share amounts to HK$28,125.
Completion	:	Completion has taken place immediately after the signing of the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief having made, all reasonable enquiries, each of the Offeror and the Company together with their respective ultimate beneficial owners are independent third parties not connected with the Vendors, Greenfield and their connected persons.

Save for the entering into of the loan agreement between Join Capital Limited ("Join Capital"), an indirectly wholly-owned subsidiary of the Company, as lender and Mulpha Strategic as borrower (the "Loan Agreement") in relation to the revolving secured term loan in the amount of HK$250,000,000 (the "Loan") granted by Join Capital to Mulpha Strategic as disclosed in the announcement and the circular of the Company dated 7 July 2009 and 28 July 2009 respectively, the Company and its ultimate beneficial owners did not have any prior transactions or relationship with the Vendors.

The principal terms of the Loan Agreement are as follows:

Amount	:	HK$250,000,000
Term	:	1 year
Repayment	:	Mulpha Strategic shall repay the outstanding principal and interest accrued thereon on 8 July 2010 or such other date as may be agreed to between Join Capital and Mulpha Strategic
Purpose	:	The Loan shall be used for the general working capital of Mulpha Strategic
Interest	:	1% per month

Security	:	(a)	deeds of charge executed by Mulpha Strategic and Jumbo Hill in favour of Join Capital by way of a first legal charge of all its rights, title and interest in and to 6,800 and 3,200 Sale Shares respectively;
		(b)	the debenture created by Pacific Orchid in favour of Join Capital by way of first fixed and floating charge cover all the undertaking, property and assets and rights of Pacific Orchid
			Mulpha Strategic has repaid the outstanding amount of the Loan and interest accrued thereon of HK$265,266,771.48 in full immediately after Completion from the proceeds of the sale of the Sale Shares and the above security documents have been fully discharged and released.

The provision of the Loan is a transaction carried out as part of the ordinary and usual course of business activities of the Company and there is no relationship among the provision of the Loan, the Acquisition and the Offer.

The aggregate Consideration for the Sale Shares of HK$281.25 million (which is based on HK$1.50 per Greenfield Share in relation to the 187,500,000 Greenfield Shares, representing approximately 68.72% of the issued share capital of Greenfield, held by Pacific Orchid) was negotiated in arms length between the parties to the Sale and Purchase Agreement with reference to the prevailing market price of Greenfield Shares and the net asset value of Greenfield Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Following the Completion, Greenfield becomes a subsidiary of the Company and the Company considers that the Offer represents an opportunity for the Company to widen its existing business scope of securities trading and investments, provision of financial services, property investment and strategic investment and to diversify its revenue base by allowing the Company to participate in the manufacture of industrial paints and trading of petrochemical and related products and to diversify into business sectors other than paint manufacturing, when opportunities arise, through a listed platform, though none has yet been identified.

In view of the above, the Directors (including independent non-executive directors of the Company) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON GREENFIELD

Greenfield is an exempted company incorporated in the Cayman Islands and Greenfield Shares are listed on the Main Board of the Stock Exchange. Greenfield Group is principally engaged in manufacture of paints and trading in petrochemical and related products.

Below are the audited financial information of Greenfield Group for the two years ended 31 December 2007 and 31 December 2008 extracted from the audited consolidated financial statements of Greenfield Group:

	For the year ended 31 December 2008 (audited) *(HK$'000)*	**For the year ended 31 December 2007 (audited)** *(HK$'000)*
Turnover	335,697	317,066
Profit before taxation	18,230	26,573
Profit after taxation	14,904	23,226
Net assets	391,168	400,227
Total assets	565,734	590,179

SHAREHOLDING STRUCTURE OF GREENFIELD

The following table sets out the shareholding structure of Greenfield as (i) immediately after the Completion and as at the Latest Practicable Date but before the Offer, (ii) immediately after the Completion and the Offer (assuming none of the Offer Shareholder accepts the Offer), and (iii) immediately after the Completion and the Offer (assuming all of the Offer Shareholders accept the Offer and assuming the Offeror has placed down the Greenfield Shares in order to maintain the public float) assuming that there is no change in the issued share capital of Greenfield:–

	Immediately after the Completion and as at the Latest Practicable Date but before the Offer		**Immediately after the Completion and the Offer (assuming none of the Offer Shareholders accepts the Offer)**		**Immediately after the Completion and the Offer (assuming all the Offer Shareholders accept the Offer and assuming the Offeror has placed down the Greenfield Shares in order to maintain the public float)**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
The Offeror and parties acting in concert *(Note 1)*	187,500,000	68.72	187,500,000	68.72	204,645,000	75.00 *(Note 3)*
Public Shareholders	85,360,000	31.28	85,360,000	31.28	68,215,000	25.00 *(Notes 2 and 3)*
Total	272,860,000	100.00	272,860,000	100.00	272,860,000	100.00

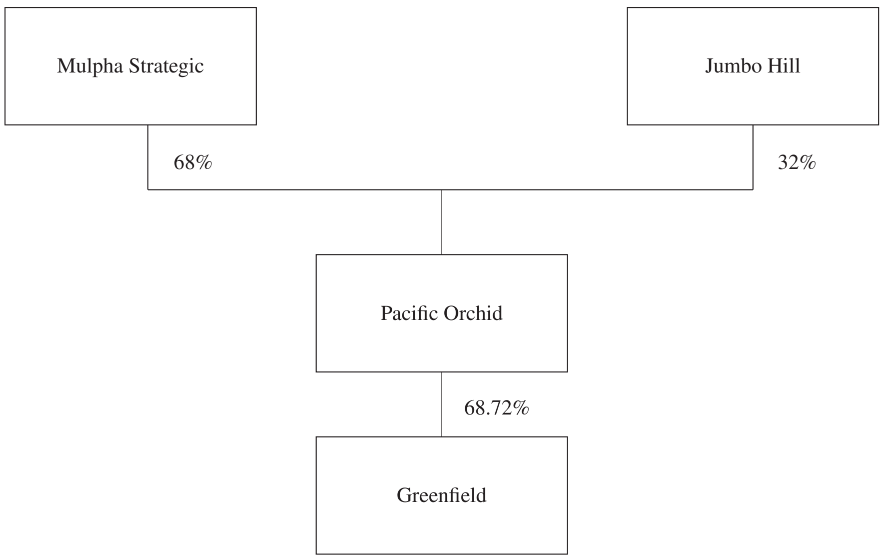
Note (1) These Greenfield Shares are held by the Offeror through its shareholding in Pacific Orchid.

(2) The Offeror intends to maintain the listing of Greenfield Shares on the Stock Exchange. The Offeror and Greenfield Board jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Greenfield Shares immediately after completion of the Offer.

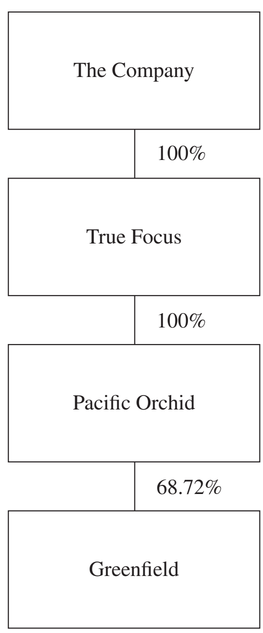
(3) The percentages held by the Offeror and parties acting in concert and those held by the public would be 75% and 25% respectively on the assumption that the public float is maintained after the Offer.

Below is the shareholding structure of Greenfield (i) before Completion; (ii) immediately upon Completion but before close of the Offer; and (iii) after Completion and the Offer:

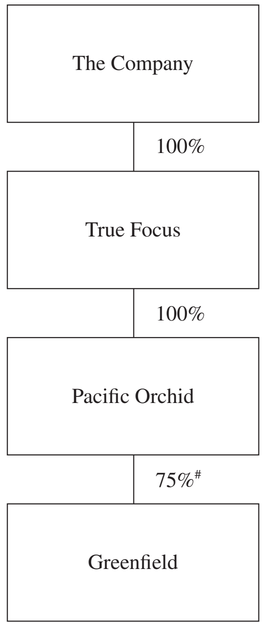
Before Completion:



Immediately upon Completion but before close of the Offer:



After Completion and the Offer[#]:



\# *Assuming all Offer Shareholders accept the Offer. The Offeror intends to maintain the listing of Greenfield Shares on the Stock Exchange. The Offeror and Greenfield Board jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Greenfield Shares immediately after completion of the Offer.*

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition, Greenfield will become a subsidiary of the Company and the financial results of Greenfield will be consolidated into the financial results of the Company.

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, the total asset and the total liabilities of the Group will be increased by approximate HK$199,998,000 to HK$2,226,887,000 and HK$40,376,000 to HK$528,482,000 respectively as a result of the Acquisition.

It is expected that both turnover and earnings of the Group will increase as a result of the Acquisition.

INFORMATION ON THE OFFEROR AND THE COMPANY

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company.

The Company is a company incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The principal business activity of the Company is investment holding and through its subsidiaries engaged in securities trading and investments, provision of financial services, property investment and strategic investment.

INTENTION OF THE OFFEROR REGARDING GREENFIELD

The Offeror does not have any concrete plan to change Greenfield Group's existing business activities and management of Greenfield. However, it is the intention of the Offeror that, following Completion, it will initiate and commence a review on the business activities and assets of Greenfield Group, for the purpose of formulating new business plans and strategies for the future business development of Greenfield Group. Save as disclosed above, the Offeror has no intention to inject any material assets or businesses into Greenfield Group.

It is proposed that Mr. Chung Tze Hien and Mr. Ng Seng Nam will resign as directors of Greenfield and Dato' Wong Peng Chong and Mr. Kong Muk Yin will be appointed as directors of Greenfield. Any such change will only take effect in accordance with the requirements of the Takeovers Code. In the event of any change in the composition of Greenfield Board, Greenfield will comply with the publication requirement under the Listing Rules to inform the public accordingly.

MAINTAINING THE LISTING STATUS OF GREENFIELD

The Offeror intends to maintain the listing of Greenfield Shares on the Stock Exchange. The Offeror and Greenfield Board jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Greenfield Shares immediately after completion of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to Greenfield, being 25% of the issued Greenfield Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of Greenfield Shares; or

(ii) there are insufficient Greenfield Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in Greenfield Shares.

LISTING RULES IMPLICATIONS

Under the Listing Rules, the Acquisition and the making of the Offer as a result of the Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders in general meeting.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Agreement and making of the Offer and accordingly no Shareholder is required to abstain from voting at the general meeting of the Company.

As at the date of the Sale and Purchase Agreement, the Company has received a written approval of the Acquisition from Vigor Online, a controlling shareholder of the Company holding approximately 64.3% in nominal value of the issued Shares (i.e. 354,544,374 Shares) giving the right to attend and vote at the general meeting of the Company. Vigor Online has given irrevocable and unconditional approval of the Acquisition and the transactions contemplated as envisaged by Rule 14.44 of the Listing Rules. Accordingly, the Acquisition and the making of Offer have been duly approved and passed by the Shareholders and a general meeting of the Shareholders to approve the Acquisition and the making of Offer is no longer required under the Listing Rules.

If a general meeting were held to approve the Acquisition, the Board would recommend the Shareholders to vote in favour of the Acquisition as the Acquisition is in the best interest of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
COL CAPITAL LIMITED
Chong Sok Un
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated income statements and consolidated balance sheets of the Group for the last three years ended 31 December 2008, as extracted from the relevant published annual reports of the Company for the last three years ended 31 December 2008.

The auditors' reports from Deloitte Touche Tohmatsu in respect of the Group's audited consolidated financial statements for each of the three years ended 31 December 2008, 2007 and 2006 did not contain any qualifications. There were no other exceptional items or extraordinary items of the Group during each of the three years ended 31 December 2006, 2007 and 2008.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Revenue (excluding securities trading)	80,592	55,315	30,589
Gross proceeds from sale of investments held for trading	579,716	2,234,125	1,132,153
Total	660,308	2,289,440	1,162,742
Continuing operations:			
Revenue (excluding securities trading)	80,592	55,315	30,589
Net (loss) gain on investments	(2,688,205)	1,560,870	801,269
Other income	5,707	24,943	22,297
Administrative and other expenses	(22,222)	(78,680)	(63,489)
Finance costs	(50,955)	(35,801)	(10,895)
Share of profits (losses) of associates	3,701	(4,094)	–
Impairment loss recognised on associates	(122,324)	–	–
Gain on disposal of an associate	–	–	1,740
Fair value changes on investment properties	(12,408)	37,351	6,856
Revaluation surplus on buildings	54	144	387
(Loss) profit before taxation	(2,806,060)	1,560,048	788,754
Taxation	2,377	(175,873)	(11,432)
(Loss) profit from continuing operations	(2,803,683)	1,384,175	777,322

	For the year ended 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Discontinued operation:			
Loss for the year from discontinued operation	–	(1,528)	(4,805)
(Loss) profit for the year	(2,803,683)	1,382,647	772,517
Attributable to:			
Equity holders of the Company	(2,799,811)	1,378,824	772,468
Minority interests	(3,872)	3,823	49
	(2,803,683)	1,382,647	772,517
Dividends recognised as distribution	11,047	13,846	14,280
(Loss) earnings per share			
From continuing and discontinued operations			
– Basic	HK$(9.79)	HK$4.78	HK$2.67
From continuing operations			
– Basic	HK$(9.79)	HK$4.78	HK$2.69
Dividends per share	HK$0.04	HK$0.05	HK$0.05

CONSOLIDATED BALANCE SHEET

	At 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Investment properties	103,105	110,925	81,589
Property, plant and equipment	3,036	3,796	4,712
Prepaid lease payments	54	1,001	2,424
Interests in associates	138,501	368,297	–
Available-for-sale investments	356,835	849,923	557,375
Loan notes	–	–	50,476
Convertible bonds	–	–	6,626
	601,531	1,333,942	703,202
Current assets			
Available-for-sale investments	124,055	9,801	–
Loan notes	–	52,401	–
Inventories held for sale – finished goods	–	–	1,471
Investments held for trading	818,971	3,617,216	1,690,510
Amount due from a minority shareholder	–	–	–
Debtors, deposits and prepayments	36,648	41,284	33,708
Loan receivables	164,875	174,015	123,598
Tax recoverable	4,050	4,050	3,543
Pledged bank deposits	1,167	10,718	–
Bank balances and cash	66,279	67,824	58,007
	1,216,045	3,977,309	1,910,837
Assets classified as held for sale	–	–	134,419
	1,216,045	3,977,309	2,045,256

	At 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Creditors and accrued charges	70,011	97,995	55,480
Customers' deposits and receipts in advance	34,647	14,192	31,283
Other borrowings	854,682	918,838	170,100
Derivative financial instruments	9,453	4,874	–
Taxation payable	68,442	171,033	15,657
	1,037,235	1,206,932	272,520
Liabilities associated with assets classified as held for sale	–	–	60,044
	1,037,235	1,206,932	332,564
Net current assets	178,810	2,770,377	1,712,692
	780,341	4,104,319	2,415,894
Capital and reserves			
Share capital	2,756	2,762	2,829
Reserves	777,585	4,097,685	2,396,218
Equity attributable to equity holders of the Company	780,341	4,100,447	2,399,047
Minority interests	–	3,872	16,847
Total equity	780,341	4,104,319	2,415,894

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2008

The following is the audited financial statements and notes to the financial statements of the Group for the year ended 31 December 2008 extracted from the annual report 2008 of the Company:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

		2008	2007
	NOTES	*HK$'000*	*HK$'000*
Revenue (excluding securities trading)		80,592	55,315
Gross proceeds from sale of investments held for trading		579,716	2,234,125
Total		660,308	2,289,440
Continuing operations:			
Revenue (excluding securities trading)	6	80,592	55,315
Net (loss) gain on investments	8	(2,688,205)	1,560,870
Other income	9	5,707	24,943
Administrative and other expenses		(22,222)	(78,680)
Finance costs	10	(50,955)	(35,801)
Share of profits (losses) of associates		3,701	(4,094)
Impairment loss recognised on associates		(122,324)	–
Fair value changes on investment properties		(12,408)	37,351
Revaluation surplus on buildings		54	144
(Loss) profit before taxation		(2,806,060)	1,560,048
Taxation credit (charge)	12	2,377	(175,873)
(Loss) profit from continuing operations		(2,803,683)	1,384,175
Discontinued operation:			
Loss for the year from discontinued operation	13	–	(1,528)
(Loss) profit for the year	14	(2,803,683)	1,382,647

	NOTES	2008 HK$'000	2007 HK$'000
Attributable to:			
Equity holders of the Company		(2,799,811)	1,378,824
Minority interests		(3,872)	3,823
		(2,803,683)	1,382,647
Dividends recognised as distribution	*15*	11,047	13,846
(Loss) earnings per share	*16*		
From continuing and discontinued operations			
– Basic		HK$(9.79)	HK$4.78
From continuing operations			
– Basic		HK$(9.79)	HK$4.78

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	NOTES	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties	17	103,105	110,925
Property, plant and equipment	18	3,036	3,796
Prepaid lease payments	19	54	1,001
Interests in associates	20	138,501	368,297
Available-for-sale investments	21	356,835	849,923
		601,531	1,333,942
Current assets			
Available-for-sale investments	21	124,055	9,801
Loan notes	22	–	52,401
Investments held for trading	23	818,971	3,617,216
Debtors, deposits and prepayments	24	36,648	41,284
Loan receivables	25	164,875	174,015
Tax recoverable		4,050	4,050
Pledged bank deposits	26	1,167	10,718
Bank balances and cash	26	66,279	67,824
		1,216,045	3,977,309
Current liabilities			
Creditors and accrued charges	27	70,011	97,995
Customers' deposits and receipts in advance		34,647	14,192
Other borrowings	28	854,682	918,838
Derivative financial instruments	29	9,453	4,874
Taxation payable		68,442	171,033
		1,037,235	1,206,932
Net current assets		178,810	2,770,377
Net assets		780,341	4,104,319
Capital and reserves			
Share capital	30	2,756	2,762
Reserves		777,585	4,097,685
Equity attributable to equity holders of the Company		780,341	4,100,447
Minority interests		–	3,872
		780,341	4,104,319

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Building revaluation reserve** *HK$'000* *(Note)*	**Investment revaluation reserve** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained profits (accumulated loss)** *HK$'000*	**Total** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2007	2,829	625,061	1,274	432,100	2,111	969	1,334,703	2,399,047	16,847	2,415,894
Fair value changes on available-for-sale investments	–	–	–	288,183	–	–	–	288,183	–	288,183
Surplus on transfer from prepaid lease payments to investment properties at fair value	–	–	3,242	–	–	–	–	3,242	–	3,242
Surplus on revaluation of buildings	–	–	520	–	–	–	–	520	–	520
Share of changes in equity of associates	–	–	–	–	–	5,944	–	5,944	–	5,944
Exchange differences arising from translation of foreign operations	–	–	–	–	–	2,123	–	2,123	–	2,123
Net income recognised directly in equity	–	–	3,762	288,183	–	8,067	–	300,012	–	300,012
Realised upon disposal of available-for-sale investments	–	–	–	596	–	–	–	596	–	596
Profit for the year	–	–	–	–	–	–	1,378,824	1,378,824	3,823	1,382,647
Total recognised income for the year	–	–	3,762	288,779	–	8,067	1,378,824	1,679,432	3,823	1,683,255
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(16,798)	(16,798)
Reversed previously recognised changes in fair value of investments held for trading	–	–	–	–	–	–	68,265	68,265	–	68,265
Changes in equity of SAC (as defined in note 20) on previous held interest	–	–	–	–	–	–	(74)	(74)	–	(74)
Dividends paid	–	–	–	–	–	–	(13,846)	(13,846)	–	(13,846)
Repurchase of shares	(67)	(32,310)	–	–	67	–	(67)	(32,377)	–	(32,377)
At 31 December 2007	2,762	592,751	5,036	720,879	2,178	9,036	2,767,805	4,100,447	3,872	4,104,319

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Building revaluation reserve HK$'000 (Note)	Investment revaluation reserve HK$'000	Capital redemption reserve HK$'000	Translation reserve HK$'000	Retained profits (accumulated loss) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Fair value changes on available-for-sale investments	–	–	–	(514,802)	–	–	–	(514,802)	–	(514,802)
Surplus on transfer from prepaid lease payments to investment properties at fair value	–	–	2,214	–	–	–	–	2,214	–	2,214
Deficit on revaluation of buildings	–	–	(50)	–	–	–	–	(50)	–	(50)
Share of changes in equity of associates	–	–	–	–	–	3,459	–	3,459	–	3,459
Exchange difference arising from translation of foreign operations	–	–	–	–	–	3,353	–	3,353	–	3,353
Net income (expenses) recognised directly in equity	–	–	2,164	(514,802)	–	6,812	–	(505,826)	–	(505,826)
Realised upon disposal of available-for-sale investments	–	–	–	(2,104)	–	–	–	(2,104)	–	(2,104)
Loss for the year	–	–	–	–	–	–	(2,799,811)	(2,799,811)	(3,872)	(2,803,683)
Total recognised income and expenses for the year	–	–	2,164	(516,906)	–	6,812	(2,799,811)	(3,307,741)	(3,872)	(3,311,613)
Dividend paid	–	–	–	–	–	–	(11,047)	(11,047)	–	(11,047)
Repurchase of shares *(note 30)*	(6)	(1,371)	–	–	6	–	(6)	(1,377)	–	(1,377)
Issue of new shares upon exercise of warrants *(note 30)*	–	59	–	–	–	–	–	59	–	59
At 31 December 2008	2,756	591,439	7,200	203,973	2,184	15,848	(43,059)	780,341	–	780,341

Note: At 31 December 2008, the balance of building revaluation reserve included surplus of HK$5,456,000 (2007: HK$3,242,000), arising from revaluation of prepaid lease payments on transfer of prepaid lease payments to investment properties carried at fair value.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	2008	**2007**
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
(Loss) profit before taxation	(2,806,060)	1,558,547
Adjustments for:		
Interest income	(4,016)	(10,060)
Depreciation of property, plant and equipment	315	284
Loss on disposal of property, plant and equipment	–	293
Reversal of inventories	–	(571)
Interest expense	50,955	35,801
Amortisation of prepaid lease payments	1	25
Net (gain) loss on disposal of available-for-sale investments	(2,104)	596
Change in fair value of investments held for trading	1,893,094	(1,259,479)
Fair value changes on investment properties	12,408	(37,351)
Revaluation surplus on buildings	(54)	(144)
Share of (profits) losses of associates	(3,701)	4,094
Impairment loss recognised on associates	122,324	–
Change in fair value of derivative financial instruments	4,579	4,874
Operating cash flow before movements in working capital	(732,259)	296,909
Decrease in inventories held for sale	–	2,042
Decrease (increase) in investments held for trading	905,151	(691,999)
Decrease (increase) in debtors, deposits and prepayments	4,636	(7,576)
Decrease (increase) in loan receivables	9,140	(50,417)
(Decrease) increase in creditors and accrued charges	(27,984)	42,515
Increase (decrease) in customers' deposits and receipts in advance	20,455	(17,091)
Cash generated from (used in) operating activities	179,139	(425,617)
Interest paid	(50,955)	(35,801)
Tax paid	(100,214)	(21,031)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	27,970	(482,449)

		2008	2007
		HK$'000	*HK$'000*
INVESTING ACTIVITIES			
Proceeds from redemption of loan notes		52,401	–
Proceeds from disposal of available-for-sale investments		9,864	1,434
Decrease (increase) in pledged bank deposits		9,551	(10,718)
Interest received		4,016	8,135
Purchases of available-for-sale investments		(31,200)	(15,600)
Purchases of property, plant and equipment		(979)	(95)
Disposal of a subsidiary	*37*	–	71,330
Proceeds from redemption convertible bonds		–	6,626
Acquisition of associates		–	(273,484)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		43,653	(212,372)
FINANCING ACTIVITIES			
New borrowings raised		2,008,953	4,447,322
Proceeds from issue of shares		59	–
Repayments of borrowings		(2,073,109)	(3,698,584)
Dividends paid		(11,047)	(13,846)
Repurchase of shares		(1,377)	(32,377)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(76,521)	702,515
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,898)	7,694
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES		3,353	2,123
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		67,824	58,007
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		66,279	67,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed on page 2 of the annual report.

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

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 39.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	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]
HKAS 32 & 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)	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.*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue recognition

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

Sales of goods are recognised when goods are delivered and title has passed.

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

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Investment properties

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

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

Any revaluation increase arising on the revaluation of buildings is credited to the building revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the building revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Where an item of property, plant and equipment together with the relevant prepaid lease payments, if any, is transferred to an investment property, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in building revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment losses. When the Group's share of losses of associates equals or exceeds its interest in that associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

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

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

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

For acquisition of associates which involved successive share purchases for which the investment was previously accounted for at fair value with changes in fair value included in profit or loss, cumulative changes in the fair value of previously held ownership interests are reversed through profit or loss and retained profits respectively. The investee's profit or loss, changes in the investee's retained profits and other equity balances after each exchange transaction are included in the profit or loss, retained profits or the relevant reserves respectively to the extent that they relate to the previously held ownership interests.

Prepaid lease payments

Prepaid lease payments of land under operating lease are charged to the consolidated income statement on a straight-line basis over the lease terms.

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including investments held for trading, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

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

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

A financial asset is classified as held for trading if:

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

At each balance sheet date subsequent to initial recognition, investments held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned in the financial assets.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as loans and receivables, held-to-maturity instruments or financial assets at fair value through profit or loss. The Group designated investments in equity securities, unit trusts investments and club debentures as available-for-sale financial assets. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets (including certain equity securities investments and club debentures) are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities

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

Equity instruments

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

Consideration paid to repurchase the Company's own equity instruments are deducted from equity. No gain or loss is recognised in profit or loss.

Derivative financial instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Taxation

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

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

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

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

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

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

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Leases

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for those that are classified and accounted for an investment properties under fair value model.

Retirement benefits scheme

Payments to the Group's defined contribution scheme or Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. Key sources of estimation uncertainty

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

Income taxes

As at 31 December 2008, no deferred tax asset has been recognised in the Group's consolidated balance sheet in relation to the estimated unused tax losses and deductible temporary differences of approximately HK$2,606 million (2007: HK$726 million) and HK$7.8 million (2007: HK$9.4 million) respectively. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, further recognition of deferred tax asset in relation to unutilised tax losses may arise, which would be recognised in the consolidated income statement for the period in which such a recognition takes place.

5. Financial instruments

Capital risk management

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

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

Categories of financial instruments

	2008	**2007**
	HK$'000	*HK$'000*
Financial assets		
Investments held for trading	818,971	3,617,216
Loans and receivables (including cash and cash equivalents)	268,400	345,722
Available-for-sale financial assets	480,890	859,724
Financial liabilities		
Amortised cost	860,600	952,574
Financial liabilities held for trading	9,453	4,874

Financial risk management objectives and policies

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

Market risk

Currency risk

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

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

	Assets		Liabilities	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States Dollars ("USD")	132,152	130,921	–	11,014
Renminbi ("RMB")	90,263	107,221	–	–
Australian Dollars ("AUD")	14,968	–	–	–

Sensitivity analysis

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

The following table details the Group's sensitivity to a 10% (2007: 5%) increase and decrease in HK$ against relevant foreign currencies and all other variables were held constant. 10% (2007: 5%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. As a result of volatile market, the sensitivity rate is increased to 10% in the current year. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts its translation at the year end for a 10% (2007: 5%) change in foreign currencies rates. A positive number below indicates a decrease in loss (2007: increase in profit) for the year where foreign currencies strengthen 10% (2007: 5%) against HK$. For a 10% (2007: 5%) weakening of foreign currencies against HK$ there would be an equal and opposite impact on the profit for the year.

	RMB Impact		AUD Impact	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in loss for the year	7,537	–	1,250	–
Increase in profit for the year	–	4,423	–	–

Other price risk

(i) Equity price risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate is increased to 10% in the current year as a result of the volatile financial market.

If the prices of the respective equity instruments had been 10% (2007: 5%) higher/lower and all other variables were held constant, the Group's:

- loss for the year ended 31 December 2008 would decrease/increase by HK$68,384,000 (2007: profit for the year would increase/decrease by HK$151,019,000) as a result of the changes in fair value of held for trading investments; and

- investment revaluation reserve would increase/decrease by HK$48,021,000 (2007: HK$42,952,000) for the Group as a result of the changes in fair value of available-for-sale investments.

- loss for the year ended 31 December 2008 would decrease/increase by HK$1,498,000/HK$1,646,000 (2007: profit for the year would increase/decrease by HK$2,645,000/HK$3,980,000) as a result of the changes in the fair value of derivative financial instruments.

(ii) Foreign currencies risk on non-monetary items

The Group is engaged in securities trading and investments which are denominated in foreign currencies and is therefore exposed to foreign currency price risk. Approximately 32% (2007: 14%) of the Group's investments are denominated in currencies other than the functional currency of the group entity.

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

	2008	**2007**
	HK$'000	*HK$'000*
USD	56,135	66,740
Australian Dollars	97,329	186,330
Malaysian Ringgit	45,182	97,483
New Taiwan Dollars	108,323	263,909
RMB	113,989	–

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2007: 5%) increase and decrease in HK$ against foreign currencies and all other variables were held constant. USD is not included in sensitivity analysis. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate. 10% (2007: 5%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. As a result of the volatile financial market in 2008, the management adjusted the sensitivity rate from 5% to 10% for purpose of assessing foreign currencies risk on non-monetary items. A positive number below indicates an decrease in loss (2007: increase in profit) for the year where foreign currencies strengthen 10% (2007: 5%) against HK$. For a 10% (2007: 5%) weakening of foreign currencies against HK$ there would be an equal and opposite impact on the profit for the year and the investment revaluation reserve.

	2008	**2007**
	HK$'000	*HK$'000*
Decrease in loss/increase in profit for the year	14,251	14,191
Increase in investment revaluation reserve	22,231	13,195

Interest rate risk

The Group's fair value interest rate risk relates primarily to bank deposits, fixed rate loan notes and fixed rate loan receivables. The Group's cash flow interest rate risk relates to its variable rate loan receivables, bank balances and other borrowings.

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

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

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

If the interest rate of loan receivables and other borrowings had been 100 basis point higher/lower and all other variable were held constant, the Group's loss for the year would increase/decrease by HK$6,577,000 (2007: profit for the year would decrease/increase by HK$7,656,000).

Credit risk

The Group's credit risk is primarily attributable to trade debtors, loan notes, loan receivables and bank balances.

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

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

The Group has significant concentration of credit risk on loan notes and loan receivables as the credit risk is mainly attributable to certain counterparties. Other than these, there is no significant concentration of credit risk in trade debtors as the exposure spread over a number of counterparties and customers.

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

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. For derivative financial instruments, the Group has approximately HK$30,136,000 (2007: HK$81,689,000) contractual cash outflow in return with listed securities within 1 year. The nature of the derivative financial instruments is disclosed in note 29 to the financial statements.

For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	Repayable on demand	Less than 1 month	1 – 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at year end
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2008							
Non-derivative financial liabilities							
Creditors	–	–	5,636	150	132	5,918	5,918
Other borrowings							
– variable rates	prime rate plus spread	489,682	–	–	307,500	797,182	789,682
– fixed rates	8%	–	–	–	66,733	66,733	65,000
		489,682	5,636	150	374,365	869,833	860,600
As at 31 December 2007							
Non-derivative financial liabilities							
Creditors	–	–	29,826	380	3,530	33,736	33,736
Other borrowings							
– variable rates	prime rate plus spread	918,838	–	–	–	918,838	918,838
		918,838	29,826	380	3,530	952,574	952,574

Fair values

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

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

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

- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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

6. Revenue

	2008	**2007**
	HK$'000	*HK$'000*
Dividend income from listed investments	60,932	36,512
Interest income from loan receivables	15,654	14,023
Rental income	4,006	4,780
	80,592	55,315

7. Business and geographical information

Business segments

For management purposes, the Group is currently organised into three operating divisions – securities trading and investments, financial services and property investment. These divisions are the basis on which the Group reports its primary segment information.

The Group was also engaged in mobile phone distribution. This operation was discontinued in the year 2007 *(see note 13)*.

Segment information about these businesses is presented below:

For the year ended 31 December 2008

	Continuing operations			
	Securities trading and investments	**Financial services**	**Property investment**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross proceeds from sale of investments held for trading	579,716	–	–	579,716
Revenue	60,932	15,654	4,006	80,592
Result				
Segment result	(2,629,163)	15,301	(9,846)	(2,623,708)
Share of profits of associates				3,701
Impairment loss recognised on associates				(122,324)
Unallocated other income				5,250
Unallocated corporate expenses				(18,024)
Finance costs				(50,955)
Loss before taxation				(2,806,060)
Taxation				2,377
Loss for the year				(2,803,683)

	Securities trading and investments *HK$'000*	Financial services *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Consolidated balance sheet				
Assets				
Segment assets	1,334,624	164,983	105,792	1,605,399
Interests in associates				138,501
Unallocated corporate assets				73,676
Consolidated total assets				1,817,576
Liabilities				
Segment liabilities	505,178	32,465	1,390	539,033
Unallocated corporate liabilities				498,202
Consolidated total liabilities				1,037,235

	Securities trading and investments *HK$'000*	Financial services *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other information					
Capital expenditure	–	–	125	854	979
Depreciation	–	–	131	184	315

For the year ended 31 December 2007

	Continuing operations				Discontinued operation	
	Securities trading and investments	**Financial services**	**Property investment**	**Total**	**Mobile phone distribution**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Gross proceeds from sale of investments held for trading	2,234,125	–	–	2,234,125	–	2,234,125
Revenue	36,512	14,023	4,780	55,315	7,681	62,996
Result						
Segment result	1,605,287	13,898	43,402	1,662,587	(2,087)	1,660,500
Share of losses of associates				(4,094)	–	(4,094)
Unallocated other income				11,359	586	11,945
Unallocated corporate expenses				(74,003)	–	(74,003)
Finance costs				(35,801)	–	(35,801)
Profit before taxation				1,560,048	(1,501)	1,558,547
Taxation				(175,873)	(27)	(175,900)
Profit for the year				1,384,175	(1,528)	1,382,647

	Securities trading and investments *HK$'000*	Financial services *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Consolidated balance sheet				
Assets				
Segment assets	4,564,299	174,253	115,722	4,854,274
Interests in associates				368,297
Unallocated corporate assets				88,680
Consolidated total assets				5,311,251
Liabilities				
Segment liabilities	955,935	15,861	2,301	974,097
Unallocated corporate liabilities				232,835
Consolidated total liabilities				1,206,932

	Continuing operations				Discontinued operation		
	Securities trading and investments *HK$'000*	Financial services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*	Mobile phone distribution *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other information							
Capital expenditure	–	–	–	–	–	95	95
Depreciation	–	–	139	139	18	127	284
Loss on disposal of property, plant and equipment	–	–	–	–	293	–	293
Reversal of write-down of inventories	–	–	–	–	(571)	–	(571)

Geographical segments

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

The Group's securities trading and investments and financial services are mainly carried out in Hong Kong. Rental income from property investment is derived from Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market except for investments held for trading and available-for-sale investment, in which the business of securities trading and investments is operated:

	Revenue from continuing operations by geographical market	
	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong	77,810	52,754
The PRC	2,782	2,561
	80,592	55,315

Revenue of HK$7,681,000 from the Group's discontinued distribution of mobile phone for the year ended 31 December 2007 was derived principally from Hong Kong.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located and for investments held for trading and available-for-sale investments, in which the business of securities trading and investments is operated.

	Carrying amount of segment assets		Additions to property, plant and equipment	
	At 31.12.2008	**At 31.12.2007**	**Year ended 31.12.2008**	**Year ended 31.12.2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	1,568,489	4,817,114	979	95
The PRC	36,910	37,160	–	–
	1,605,399	4,854,274	979	95

8. Net (loss) gain on investments

	2008	**2007**
	HK$'000	*HK$'000*
Change in fair value of investments held for trading *(Note a)*	(2,685,835)	1,579,182
Change in fair value of derivative financial instruments *(Note b)*	(4,474)	(17,716)
Net gain (loss) on disposal of available-for-sale investments	2,104	(596)
	(2,688,205)	1,560,870

Notes:

(a) Approximately net realised loss of HK$792,741,000 (2007: net realised gain of HK$319,703,000) on disposal of investments held for trading are included in change in fair value of investments held for trading.

(b) Approximately net realised gain of HK$105,000 (2007: net realised loss of HK$12,842,000) on derivative financial instruments are included in change in fair value of derivative financial instruments.

9. Other income

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest income from:						
– Loan notes	762	4,036	–	–	762	4,036
– Bank deposits	737	982	–	47	737	1,029
– Others	2,517	4,995	–	–	2,517	4,995
	4,016	10,013	–	47	4,016	10,060
Net exchange gain	–	9,538	–	–	–	9,538
Others	1,691	5,392	–	539	1,691	5,931
	5,707	24,943	–	586	5,707	25,529

10. Finance costs

The amounts represent interest on other borrowings wholly repayable within five years.

11. Directors' emoluments and five highest paid individuals

Directors' emoluments

The Directors' emoluments are analysed as follows:

	For the year ended 31 December 2008				
	Directors' fees	Salaries and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*
Executive Directors					
Ms. Chong Sok Un	–	455	–	12	467
Dato' Wong Peng Chong	–	1,300	–	12	1,312
Mr. Kong Muk Yin	–	1,170	–	12	1,182
Independent Non-executive Directors					
Mr. Lo Wai On	180	–	–	–	180
Mr. Lau Siu Ki	180	–	–	–	180
Mr. Zhang Jian	80	–	–	–	80
	440	2,925	–	36	3,401

	For the year ended 31 December 2007				
	Directors' fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 (Note)	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive Directors					
Ms. Chong Sok Un	–	455	55,000	12	55,467
Dato' Wong Peng Chong	–	1,300	600	12	1,912
Mr. Kong Muk Yin	–	1,040	480	12	1,532
Independent Non-executive Directors					
Mr. Lo Wai On	180	–	–	–	180
Mr. Lau Siu Ki	180	–	–	–	180
Mr. Zhang Jian	80	–	–	–	80
	440	2,795	56,080	36	59,351

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

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

Five highest paid individuals

During the year, the five highest paid individuals included three Directors (2007: three), details of their emoluments are set out above. The emoluments for the remaining two (2007: two) highest paid individuals of the Group are as follows:

	2008 *HK$'000*	**2007** *HK$'000*
Salaries and other benefits	1,682	1,000
Retirement benefits scheme contributions	22	24
	1,704	1,024

The emoluments are within the following bands:

	2008	2007
	Number of employees	*Number of employees*
Nil to HK$1,000,000	2	2

12. Taxation credit (charge)

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current tax:						
Hong Kong Profits Tax	–	(172,005)	–	(27)	–	(172,032)
Enterprise income tax in the PRC	(236)	(3,868)	–	–	(236)	(3,868)
	(236)	(175,873)	–	(27)	(236)	(175,900)
Overprovision in prior years – Hong Kong Profits Tax	2,613	–	–	–	2,613	–
	2,377	(175,873)	–	(27)	2,377	(175,900)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. No provision for taxation has been made for Hong Kong Profits Tax as there is no assessable profit for the year ended 31 December 2008.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiary in the PRC was reduced from 33% to 25% from 1 January 2008 onwards. The relevant tax rates for the Group's subsidiary in the PRC is 25% (2007: 33%).

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

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit before taxation		
– Continuing operations	(2,806,060)	1,560,048
– Discontinued operation	–	(1,501)
	(2,806,060)	1,558,547
Taxation credit (charge) at the income tax rate of 16.5% (2007: 17.5%)	463,000	(272,746)
Tax effect of share of profits (losses) of associates	611	(716)
Tax effect of expenses that are not deductible	(165,378)	(12,885)
Tax effect of income that is not taxable	11,500	16,823
Overprovision in respect of prior years	2,613	–
Utilisation of tax losses/deductible temporary differences previously not recognised	99	98,328
Tax effect of tax losses not recognised	(310,020)	(5,364)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(193)	(119)
Others	145	779
Taxation credit (charge)	2,377	(175,900)

13. Discontinued operation

The Group ceased the business operation of mobile phone distribution in year 2007.

The results of the discontinued operation which represented the mobile phone distribution operation from 1 January 2007 to 31 March 2007, which have been included in the consolidated income statement for year ended 31 December 2007, were as follows:

	Period ended 31.3.2007 *HK$'000*
Revenue	7,681
Cost of sales	(7,501)
Other income	586
Distribution expenses	(1,050)
Administrative and other expenses	(1,217)
Finance costs	–
Loss before taxation	(1,501)
Taxation	(27)
Loss for the period	(1,528)

During the period from 1 January 2007 to 31 March 2007, the business operation of mobile phone distribution paid HK$4,009,000 to the Group's net operating cash flows, received HK$47,000 in respect of investing activities and paid HK$11,397,000 in respect of financing activities.

14. (Loss) profit for the year

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):						
Auditor's remuneration	1,168	1,402	–	–	1,168	1,402
Cost of inventories recognised as expenses	–	–	–	7,855	–	7,855
Amortisation of prepaid lease payments	1	25	–	–	1	25
Depreciation of property, plant and equipment	315	266	–	18	315	284
Reversal of write-down of inventories	–	–	–	(571)	–	(571)
Loss on disposal of property, plant and equipment	–	–	–	293	–	293
Staff costs, inclusive of directors' emoluments	7,081	61,784	–	944	7,081	62,728
Net exchange loss	2,707	–	–	–	2,707	–
Gross rental income from properties	(4,006)	(4,780)	–	–	(4,006)	(4,780)
Less: Direct operating expenses that generated rental income	898	1,423	–	–	898	1,423
Direct operating expenses that did not generate rental income	363	22	–	–	363	22
Net rental income	(2,745)	(3,335)	–	–	(2,745)	(3,335)

15. Dividends

	2008	2007
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2007 Interim dividend paid – HK$0.01 per share	–	2,762
2007 Final dividend paid – HK$0.04 per share	11,047	–
2006 Final dividend paid – HK$0.04 per share	–	11,084
	11,047	13,846

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2008.

16. (Loss) earnings per share

From continuing and discontinued operations

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

	2008	2007
	HK$'000	*HK$'000*
(Loss) earnings for the purpose of basic (loss) earnings per share ((loss) profit for the year attributable to equity holders of the Company)	(2,799,811)	1,378,824
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	285,915,057	288,522,498

No diluted loss per share has been presented because the exercise price of the Company's outstanding warrants was higher than the average market price of shares for the period from date of issue to 31 December 2008.

The calculation of basic (loss) earnings per share attributable to the ordinary equity holders of the Company has been adjusted as a result of the Company's rights issue subsequent to 31 December 2008. Details of the rights issue are disclosed in note 38(1).

From continuing operations

The calculation of the basic (loss) earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
(Loss) earnings for the year attributable to equity holders of the Company	(2,799,811)	1,378,824
Add: Loss for the period from discontinued operation	–	1,528
(Loss) earnings for the purposes of basic (loss) earnings per share from continuing operations	(2,799,811)	1,380,352

The denominators used are the same as those detailed above for basic (loss) earnings per share.

From discontinued operation

For the year ended 31 December 2007, basic loss per share for the discontinued operation is HK$0.005 per share. The calculation of the basic loss per share was based on the loss for the period from the discontinued operation of HK$1,528,000 attributable to the ordinary equity holders of the Company and the denominators detailed above for basic (loss) earnings per share.

17. Investment properties

	HK$'000
FAIR VALUE	
At 1 January 2007	81,589
Transfer from prepaid lease payments	4,640
Transfer from buildings	1,098
Net change in fair value	23,598
At 31 December 2007	110,925
Transfer from prepaid lease payments	3,160
Transfer from buildings	1,428
Net change in fair value	(12,408)
At 31 December 2008	103,105

The Group's investment properties are analysed as follows:

	2008 HK$'000	2007 HK$'000
Properties held under medium term leases:		
– in Hong Kong	66,815	73,765
– in the PRC	33,030	33,350
Properties situated in the PRC held under long term leases	3,260	3,810
	103,105	110,925

The fair value of the Group's investment properties at 31 December 2008 and 2007 has been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the institute of valuers and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions and on the basis of capitalisation of the net income with due allowance for the reversionary income.

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

18. Property, plant and equipment

	Buildings in Hong Kong under medium-term lease *HK$'000*	Computer and electronic equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST OR VALUATION					
At 1 January 2007	4,105	2,285	3,110	501	10,001
Additions	–	35	60	–	95
Disposals	–	(1,571)	(1,491)	–	(3,062)
Revaluation increase	579	–	–	–	579
Transfer to investment properties	(1,098)	–	–	–	(1,098)
At 1 January 2008	3,586	749	1,679	501	6,515
Additions	–	141	160	678	979
Disposals	–	–	–	(501)	(501)
Revaluation decrease	(62)	–	–	–	(62)
Transfer to investment properties	(1,428)	–	–	–	(1,428)
At 31 December 2008	2,096	890	1,839	678	5,503
Comprising:					
At cost	–	890	1,839	678	3,407
At valuation – 2008	2,096	–	–	–	2,096
	2,096	890	1,839	678	5,503
DEPRECIATION					
At 1 January 2007	–	2,084	2,704	501	5,289
Provided for the year	85	67	132	–	284
Eliminated on disposals	–	(1,455)	(1,314)	–	(2,769)
Eliminated on revaluation	(85)	–	–	–	(85)
At 1 January 2008	–	696	1,522	501	2,719
Provided for the year	66	35	101	113	315
Eliminated on disposals	–	–	–	(501)	(501)
Eliminated on revaluation	(66)	–	–	–	(66)
At 31 December 2008	–	731	1,623	113	2,467
CARRYING VALUES					
At 31 December 2008	2,096	159	216	565	3,036
At 31 December 2007	3,586	53	157	–	3,796

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

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

The buildings of the Group were valued on 31 December 2008 and 2007 by DTZ Debenham Tie Leung Limited, a firm of independent professional property valuers, on a market value basis. DTZ Debenham Tie Leung Limited is not connected with the Group. A revaluation surplus on buildings of approximately HK$54,000 (2007: HK$144,000) has been credited to the consolidated income statement. A revaluation deficit on buildings of approximately HK$50,000 (2007: surplus of HK$520,000) has been charged to the building revaluation reserve.

If the buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of HK$647,000 (2007: HK$1,360,000).

19. Prepaid lease payments

The Group's prepaid lease payments represent leasehold land in Hong Kong held under medium term leases.

The leasehold land is amortised on a straight-line basis over the remaining term of the leases.

20. Interests in associates

	2008	2007
	HK$'000	*HK$'000*
Cost of investment in associates		
Listed in Hong Kong	184,640	184,640
Unlisted	67,175	181,807
Share of post-acquisition profits and reserves, net of dividends received	9,010	1,850
Less: Impairment loss	(122,324)	–
	138,501	368,297
Fair value of listed investments	57,379	534,218

As at 31 December 2008 and 2007, the Group had interests in the following associates:

Name of entities	Form of business structure	Place/ Country of incorporation/ registration	Principal place of operation	Class of shares held	Number of share held by the Group	Proportion of nominal value of issued capital held by the Group 2008 %	2007 %	Proportion of voting power held 2008 %	2007 %	Principal activity
Shanghai Allied Cement Limited ("SAC")	Incorporated	Bermuda	The PRC	Ordinary	197,858,680	27.1	27.1	27.1	27.1	Investment holding
Printronics Electronics Limited ("Printronics")	Incorporated	Hong Kong	The PRC	Ordinary	2	40	40	40	40	Inactive

During the year ended 31 December 2007, the Group acquired an additional 17% equity interest in SAC ("Acquisition") at a consideration of approximately HK$87,763,000 and acquired 40% equity interest in Printronics at a consideration of approximately HK$181,807,000.

Before the Acquisition, the Group had 9.99% equity interest in SAC and the investment was accounted for as investments held for trading. Following the completion of the Acquisition on 29 June 2007, the Group has a 26.99% beneficially interest in SAC and is able to exercise significant influence on SAC. Accordingly, SAC has become an associate of the Group. On 29 June 2007, the cumulative fair value changes of the Group's 9.99% equity interest in SAC was accounted for as explained in note 3.

On 20 September 2007, the Group further acquired 0.14% equity interest in SAC in open market at a consideration of approximately HK$3,914,000.

During the year, the Directors of the Company reviewed the recoverable amounts of the interests in associates based on the value in use calculation with the expected discounted future cash flows of the associates at discount rate of 12.94% is estimated to be less than the carrying amount and accordingly, an impairment loss of approximately HK$122,324,000 was recognised in the consolidated income statement.

At 31 December 2008 and 2007, the total number of SAC shares held by the Group was 197,858,680. On 6 March 2009, the Group disposed the entire shares and the details of the transaction is disclosed in note 38(4).

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

	2008	**2007**
	HK$'000	*HK$'000*
Total assets	1,237,313	1,284,974
Total liabilities	(921,836)	(838,021)
Net assets	315,477	446,953
Group's share of net assets of associates	85,890	140,538
Revenue	557,249	434,300
Losses for the year/since acquisition dates of relevant associates	(4,564)	(16,569)
Group's share of profits (losses) of associates for the year	3,701	(4,094)

21. Available-for-sale investments

Available-for-sale investments comprise:

	2008	2007
	HK$'000	*HK$'000*
Listed investments:		
– Equity securities listed in Hong Kong	206,966	557,853
– Equity securities listed elsewhere *(Note)*	222,312	263,909
	429,278	821,762
Unlisted investments:		
– Unit trusts	50,934	37,284
– Club debentures	678	678
	51,612	37,962
Total	480,890	859,724
Analysed for reporting purposes as:		
Current assets	124,055	9,801
Non-current assets	356,835	849,923
	480,890	859,724

Note: The currency of the equity securities listed elsewhere is mainly denominated in New Taiwan Dollars and RMB.

22. Loan notes

The loan notes were issued by Sun Hung Kai & Co. Limited ("SHK"). The loan notes bear interest at 4% per annum (effective interest rate: 7.9%) with maturity date on 7 March 2008 and are redeemable by SHK if specifically agreed by both parties. During the year ended 31 December 2008, the loan notes were redeemed.

23. Investments held for trading

Investments held for trading include:

	2008	2007
	HK$'000	*HK$'000*
Listed securities:		
– Equity securities listed in Hong Kong	669,130	3,294,145
– Equity securities listed elsewhere *(Note)*	149,841	323,071
	818,971	3,617,216

Note: The currency of the equity securities listed elsewhere is mainly denominated in Australian Dollars, USD and Malaysian Ringgit.

As at 31 December 2008, particulars of the Group's investments in the equity securities included in investments held for trading and available-for-sale investments which exceed 10% of the assets of the Group disclosed pursuant to Section 129(2) of the Hong Kong Companies Ordinance are as follows:

Name of company	Place of incorporation	Class of shares	Number of shares held by the Group	Percentage of issued share capital held by the Group
Allied Properties (H.K.) Limited	Hong Kong	Ordinary	356,174,000	6.3%
SHK	Hong Kong	Ordinary	53,328,265	3.1%
APAC Resources Limited	Hong Kong	Ordinary	614,260,000	13.0%

24. Debtors, deposits and prepayments

The Group has a policy of allowing an average credit period of 30-90 days to its trade debtors.

An aged analysis of trade debtors is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Trade debtors within 90 days	1,096	1,992
Other debtors, deposits and prepayments	35,552	39,292
	36,648	41,284

There is no allowance for doubtful debts in both years.

25. Loan receivables

	2008	**2007**
	HK$'000	*HK$'000*
Fixed-rate loan	162,875	172,015
Variable-rate loan	2,000	2,000
	164,875	174,015

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

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivable from the date credit was initially granted up to the reporting date. Accordingly, the Directors believe that there is no further credit provision required.

The average interest rate for the fixed-rate loan receivables was approximately 10% (2007: 10%) per annum.

The contracted interest rates of the variable-rate loan receivables denominated in Hong Kong dollars is The Hongkong and Shanghai Banking Corporation Limited ("HSBC") prime rate (2007: from HSBC prime rate to HSBC prime rate plus 2%) with effective interest rate of 6% (2007: 8%). Interest is normally repriced every six months.

The loan receivables with a carrying amount of HK$164,875,000 (2007: HK$143,415,000) are secured by certain deposits and unlisted securities which are neither past due nor impaired at the reporting date for which the Group believes that the amounts are considered recoverable as the creditworthiness and the past collection history of each client are satisfactory.

26. Pledged bank deposits and bank balances

The pledged bank deposits represent deposit pledged to banks to secure banking facilities granted to the Group and carry fixed interest rate with a range from 0.5% to 3.8% (2007: 1% to 3.4%).

Bank balances carry interest at market rates with a range from 0.1% to 2.8% (2007: 2% to 5.25%).

27. Creditors and accrued charges

Creditors and accrued charges principally comprise amounts outstanding for trade purpose and ongoing costs.

An aged analysis of trade creditors is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Trade creditors due within 90 days	2,263	29,778
Other creditors and accrued charges	67,748	68,217
	70,011	97,995

28. Other borrowings

The following table provides an analyses of the other borrowings:

	2008	**2007**
	HK$'000	*HK$'000*
Securities margin loans	489,682	918,838
Unsecured term loan	300,000	–
Secured term loan	65,000	–
	854,682	918,838

(a) Securities margin loans

This represents securities margin financing received from stock broking, futures and options broking house and were secured by certain collateral of the Group as disclosed in note 32. Additional funds or collateral are required if the balance of the borrowings exceeds the eligible margin value of securities pledged to the broking house. The collateral can be sold at the broking house's discretion to settle any outstanding borrowings owed by the Group. The entire loans are secured by the Group's marketable securities as disclosed in note 32, repayable on demand and bear variable interest with a range from 0.95% to 7% (2007: 3.4% to 8.0%).

(b) Unsecured term loan

At the balance sheet date, the Group's unsecured loan is denominated in Hong Kong dollars bearing variable interest rate (which is also equal to contracted interest rates) with a range from 5% to 5.25% per annum. The unsecured term loan is payable in July 2009.

(c) Secured term loan

At the balance sheet date, the term loan is denominated in Hong Kong dollars with fixed interest rate at 8% per annum and payable in April 2009. Pursuant to the loan agreement, the lender has incorporated first floating charge over the undertaking, property and assets of the Company.

29. Derivative financial instruments

The derivative financial instruments comprise option contracts linked with the equity securities listed in Hong Kong with certain brokers for a period of one year.

30. Share capital

	Number of shares		Carrying value	
	2008	2007	2008	2007
			HK$'000	*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At beginning and end of the year	30,000,000,000	30,000,000,000	300,000	300,000
Issued and fully paid:				
At beginning of the year	276,183,547	282,883,547	2,762	2,829
Repurchase of shares	(578,000)	(6,700,000)	(6)	(67)
Issue of shares due to exercise of warrants	16,947	–	–	–
At end of the year	275,622,494	276,183,547	2,756	2,762

During the year ended 31 December 2008 and 2007, the Company repurchased its own shares through the Stock Exchange as follows:

2008

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
June 2008	235,000	4.20	4.18	984
September 2008	223,000	1.62	1.16	299
October 2008	120,000	1.20	0.70	94
	578,000			1,377

2007

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
February 2007	348,000	3.38	3.30	1,169
March 2007	548,000	3.36	3.15	1,820
April 2007	1,816,000	4.13	4.08	7,493
May 2007	2,760,000	5.64	4.37	13,795
June 2007	768,000	6.55	5.90	4,813
July 2007	316,000	7.70	6.60	2,181
August 2007	144,000	8.13	6.60	1,106
	6,700,000			32,377

The repurchased shares were cancelled during the year and the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on repurchase of the shares of HK$1,371,000 (2007: HK$32,310,000) has been charged to the share premium account. An amount equivalent to the nominal value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

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

Warrants

During the year, 55,236,709 units of warrants in the value of HK$193,328,481.50 were issued on the basis of one warrant for every five ordinary shares held on 26 June 2008. Registered holders of warrants can exercise their rights to subscribe for the ordinary shares of the Company at HK$3.5 per share during the period from 28 July 2008 to 27 July 2009.

During the year, warrants in the value of HK$59,314.50 were exercised their rights to subscribe for 16,947 ordinary shares in the Company at HK$3.5 per share.

At 31 December 2008, the Company had outstanding 55,219,762 warrants to be exercised at any time on or before 27 July 2009. Exercise in full of such warrants would result in the issue of 55,219,762 additional ordinary shares of HK$0.01 each.

The exercise price in respect of warrants has been adjusted from HK$3.5 to HK$2.63 after the approval of the proposed rights issue exercise (announced by the Company on 1 December 2008) by the shareholders of the Company at the special general meeting held on 16 January 2009.

31. Deferred taxation

	Revaluation of properties	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2007	417	(417)	–
Charge (credit) to consolidated income statement for the year	2,672	(2,672)	–
At 31 December 2007	3,089	(3,089)	–
Effect of change in tax rate	(177)	177	–
(Credit) charge to consolidated income statement for the year	(1,076)	1,076	–
At 31 December 2008	1,836	(1,836)	–

At 31 December 2008, the Group has estimated unused tax losses of approximately HK$2,617 million (2007: HK$744 million), for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$11.1 million (2007: HK$17.6 million) of such losses. No deferred tax asset has been recognised in respect of remaining estimated tax losses of approximately HK$2,606 million (2007: HK$726 million) due to the unpredictability of future profit streams. These estimated tax losses may be carried forward indefinitely.

The Group has deductible temporary differences in respect of accounting depreciation of approximately HK$7.8 million (2007: HK$9.4 million). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

32. Pledge of assets

At the balance sheet date, the following assets of the Group were pledged to banks and securities brokers house to secure short term credit facilities:

	2008	2007
	HK$'000	*HK$'000*
Investment properties	–	33,300
Investments held for trading	773,077	3,121,898
Available-for-sale investments	108,323	460,628
Pledged bank deposits	1,167	10,718
	882,567	3,626,544

33. Major non-cash transaction

During the year, dividends of HK$114,632,000 received from Printronics, an associate of the Group, were settled by receipt of 20,659,852 ordinary shares of Tianjin Printronics Circuit Corp. listed in Shenzhen Stock Exchange.

34. Lease commitments

The Group as lessee

	2008	2007
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases in respect of premises	1,966	1,920

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

	2008	2007
	HK$'000	*HK$'000*
Within one year	1,898	1,966
In the second to fifth year inclusive	2,689	4,587
	4,587	6,553

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

The Group as lessor

Property rental income earned during the year was approximately HK$4,006,000 (2007: HK$4,780,000). The properties held have committed tenants for a lease term of two years.

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

	2008	2007
	HK$'000	*HK$'000*
Within one year	3,076	3,293
In the second to fifth year inclusive	2,228	472
	5,304	3,765

35. Retirement benefits schemes

The Group operates a defined contribution retirement benefits scheme for its qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustee.

The retirement benefits scheme contributions charged to the consolidated income statement represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group or will be refunded to the Company upon request.

There is no forfeited contribution for the year ended 31 December 2008. Forfeited contributions of HK$419,000 for the year ended 31 December 2007, which arose upon employees leaving the schemes, were available to reduce the contributions payable by the Group in future years.

In addition to the defined contribution retirement benefits scheme, the Group is required to contribute to Mandatory Provident Fund for certain employees in Hong Kong based on applicable rates of monthly salary in accordance with the relevant regulations.

During the year, the retirement benefits scheme contributions charged to consolidated income statement were HK$147,000 (2007: HK$157,000).

36. Related party transactions

Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the year was as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	5,047	60,315
Retirement benefits costs	58	60
	5,105	60,375

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

37. Disposal of a subsidiary

During the year ended 31 December 2007, the Group disposed of a non-wholly owned subsidiary:

	HK$'000
NET ASSETS DISPOSED OF	
Investment property	94,706
Property, plant and equipment	48,046
Debtors, deposits and prepayments	615
Amount due from a minority shareholder	4,805
Creditors and accrued charges	(24,616)
Deferred tax liability	(5,391)
Taxation liability	(10)
	118,155
Minority interests	(16,798)
Net assets disposed of	101,357
Total consideration satisfied by:	
Deposits received in advance	30,027
Bank balances and cash	71,330
	101,357
Net cash inflow arising on disposal:	
Cash consideration	71,330

The major asset held by the subsidiary is investment property. The fair value gain of HK$13,753,000 on the investment property upon the disposal was recognised in the consolidated income statement during the year ended 31 December 2007.

38. Post balance sheet events

Subsequent to 31 December 2008, the Group entered the following transactions:

(1) On 1 December 2008, the Company announced that it is proposed to raise not less than approximately HK$110 million before expenses by way of a rights issue ("Rights Issue") of not less than 275,622,494 shares and not more than 330,842,256 shares at a price of HK$0.40 per share on the basis of one rights share for every existing share. On 11 February 2009, the Company announced 275,649,760 rights shares were issued in relation to the Rights Issue.

(2) On 1 December 2008, the Company announced that it and a placing agent entered into a placing agreement on 23 November 2008, whereby the Company has conditionally agreed to place, through the placing agent on a fully underwritten basis, a maximum of HK$300,000,000 value of convertible bonds. On 11 February 2009, the Company has issued HK$300,000,000 principal amount of the convertible bonds with maturity of three years at a conversion price of HK$0.75 and at an interest rate of 9% per annum convertible into shares of the Company. The Directors has commenced considering and quantifying the potential financial impact of the issuance of the convertible bonds.

(3) On 13 February 2009, the Group disposed of 38,000,000 shares of SHK, which were classified as available-for-sale investments as at 31 December 2008, at a consideration of approximately HK$178.6 million. The disposal will result in a gain of approximately HK$113.7 million.

(4) On 6 March 2009, the Group disposed of 197,858,680 shares in SAC, an associate of the Group at a price of HK$0.70 per share to an independent third party by crossing on market. The disposal will not result in material financial impact on the result of the Group by comparing the proceeds from the disposal with the carrying amount of SAC in the Group's consolidated financial statements as at 31 December 2008.

39. Particulars of principal subsidiaries

Particulars of the principal subsidiaries as at 31 December 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company 2008 & 2007	Principal activities
Directly held				
Besford International Limited	The British Virgin Islands	Ordinary US$1	100%	Investment holding
Classic Fortune Limited	The British Virgin Islands	Ordinary US$1	100%	Investment holding
Mission Time Holdings Limited	The British Virgin Islands	Ordinary US$1	100%	Investment holding
Star Paging (BVI) Limited	The British Virgin Islands	Ordinary US$400	100%	Investment holding
Yuenwell Holdings Limited	The British Virgin Islands	Ordinary US$1	100%	Investment holding
Indirectly held				
China Capital Holdings Limited	Hong Kong	Ordinary HK$2	100%	Treasury service
China Online (Bermuda) Limited	Hong Kong	Ordinary HK$2	100%	Investment holding
China Online Nominees Limited	Hong Kong	Ordinary HK$200	100%	Investment holding and provision of nominee services
China Online Secretaries Limited	Hong Kong	Ordinary HK$2	100%	Provision of secretarial services
Focus Clear Limited	The British Virgin Islands	Ordinary US$1	100%	Securities trading in Hong Kong
Forepower Limited	The British Virgin Islands	Ordinary US$1	100%	Property investment in Hong Kong
Future Rise Investments Limited	The British Virgin Islands	Ordinary US$1	100%	Securities trading in overseas

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company 2008 & 2007	Principal activities
Genwo Limited	Hong Kong	Ordinary HK$200,000	100%	Property investment
Gold Chopsticks Limited	The British Virgin Islands	Ordinary US$1	100%	Investment holding
Honest Opportunity Limited	The British Virgin Islands	Ordinary US$1	100%	Securities trading and investment in Hong Kong and overseas
Join Capital Limited	Hong Kong	Ordinary HK$2	100%	Money lending
Keentime Investments Limited*	The British Virgin Islands	Ordinary US$2	50%	Securities trading in Hong Kong
Kintic Limited	Hong Kong	Ordinary HK$2	100%	Property investment
Konnic Limited	Hong Kong	Ordinary HK$2	100%	Property investment
Rich Investments Limited	Hong Kong	Ordinary HK$2	100%	Investment holding
Sparkling Summer Limited	The British Virgin Islands	Ordinary US$6,500,000	100%	Securities trading in Hong Kong and overseas
Star Charter Limited	Hong Kong	Ordinary HK$2	100%	Investment holding
Star Telecom (China Investment) Limited	Hong Kong	Ordinary HK$2	100%	Investment holding
Star Telecom Holding Limited	Hong Kong	Ordinary HK$200 Deferred[#] HK$4,000,000	100%	Investment holding
Star Telecom Properties Limited	Hong Kong	Ordinary HK$200	100%	Investment and property holding
Taskwell Limited	The British Virgin Islands	Ordinary US$1	100%	Investment holding

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company 2008 & 2007	Principal activities
Tricom Tianchi Limited	Hong Kong	Ordinary HK$2	100%	Investment holding
Vinka Limited	Hong Kong	Ordinary HK$2	100%	Investment holding
Widerich Limited	Hong Kong	Ordinary HK$2	100%	Property investment
星電電子技術發展(深圳)有限公司**	The PRC	Registered HK$1,000,000	100%	Research and development for computer software and relevant technical consultancy services

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

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

** *Wholly foreign-owned enterprise.*

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

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

None of the subsidiaries had any debts securities subsisting at 31 December 2008 and 31 December 2007 or at any time during the respective years.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTH ENDED 30 JUNE 2009

The following is the unaudited condensed consolidated financial statements and notes to the financial statements of the Group for the six months ended 30 June 2009 extracted from the 2009 interim report of the Company:

The unaudited condensed consolidated financial statements have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the Company's Audit Committee. There were no other exceptional items or extraordinary items of the Group for the six months period ended 30 June 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(For the six months ended 30 June 2009)

		Six months ended	
		30.6.2009	**30.6.2008**
	NOTES	*HK$'000*	*HK$'000*
		(unaudited)	(unaudited)
Revenue (excluding securities trading)	*3*	18,474	13,939
Gross proceeds from sales of investments held for trading	*3*	504,836	169,423
Total		523,310	183,362
Rental income		1,805	2,056
Dividend income from listed investments		9,385	4,192
Interest income from loan receivables		7,284	7,691
Net gain (loss) on investments	*4*	634,584	(1,504,066)
Other income		17,470	5,375
Fair value changes on investment property		4,900	–
Administrative expenses		(12,747)	(9,187)
Finance costs	*5*	(24,876)	(25,265)
Gain on disposal of an associate		10,756	–
Share of losses of associates		(1,848)	(6,243)
Profit (loss) before taxation		646,713	(1,525,447)
Taxation	*6*	(124)	(1,413)
Profit (loss) for the period	*7*	646,589	(1,526,860)

	Six months ended 30.6.2009 HK$'000 (unaudited)	30.6.2008 HK$'000 (unaudited)
Other comprehensive income and expense		
Fair value gain (loss) on available-for-sale investments:		
Gain (loss) arising during the period	102,971	(292,814)
Reclassification adjustment upon disposal of available-for-sale investments	(119,344)	(2,104)
	(16,373)	(294,918)
Exchange difference arising on translation:		
Share of translation reserve of associates	–	9,353
Exchange gain arising during the period	357	3,712
Reclassification adjustment upon disposal of an associate	(9,406)	–
	(9,049)	13,065
Other comprehensive income and expense for the period	(25,422)	(281,853)
Total comprehensive income and expenses for the period	621,167	(1,808,713)
Profit (loss) for the period attributable to:		
Owners of the Company	646,589	(1,528,615)
Minority interest	–	1,755
	646,589	(1,526,860)

		Six months ended	
		30.6.2009	**30.6.2008**
	NOTES	*HK$'000*	*HK$'000*
		(unaudited)	(unaudited)
Total comprehensive income and expenses attributable to:			
Owners of the Company		621,167	(1,810,468)
Minority interests		–	1,755
		621,167	(1,808,713)
Earnings (loss) per share	*9*		
– Basic		HK$1.33	(HK$5.34)
– Diluted		HK$0.83	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(At 30 June 2009)

	NOTES	30.6.2009 HK$'000 (unaudited)	31.12.2008 HK$'000 (audited)
Non-current assets			
Investment properties	*10*	86,705	103,105
Property, plant and equipment	*10*	2,896	3,036
Prepaid lease payments		54	54
Interest in associates	*11*	–	138,501
Available-for-sale investments		288,211	356,835
		377,866	601,531
Current assets			
Available-for-sale investments		6,522	124,055
Investments held for trading		1,241,068	818,971
Debtors, deposits and prepayments	*12*	150,845	36,648
Loan receivables		141,475	164,875
Taxation recoverable		4,050	4,050
Pledged bank deposits		10,531	1,167
Bank balances and cash		94,532	66,279
		1,649,023	1,216,045
Current liabilities			
Creditors and accrued charges	*13*	24,435	70,011
Customers' deposits and receipts in advance		36,129	34,647
Other borrowings	*14*	80,233	854,682
Derivative financial instruments		–	9,453
Taxation payable		68,442	68,442
		209,239	1,037,235
Net current assets		1,439,784	178,810
Total assets less current liabilities		1,817,650	780,341
Non-current liabilities			
Convertible bonds	*15*	278,867	–
Net assets		1,538,783	780,341

	NOTES	30.6.2009 HK$'000 (unaudited)	31.12.2008 HK$'000 (audited)
Capital and reserves			
Share capital	16	5,513	2,756
Reserves		1,533,270	777,585
Equity attributable to owners of the Company		1,538,783	780,341
Minority interest		–	–
Total equity		1,538,783	780,341

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(For the six months ended 30 June 2009)

	Share capital HK$'000	Share premium HK$'000	Buildings revaluation reserve HK$'000	Investments revaluation reserve HK$'000	Capital redemption reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Attributable to owners of the Company HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008 (audited)	2,762	592,751	5,036	720,879	2,178	9,036	2,767,805	4,100,447	3,872	4,104,319
Fair value loss on available-for-sale investments	–	–	–	(292,814)	–	–	–	(292,814)	–	(292,814)
Share of translation reserve of associates	–	–	–	–	–	9,353	–	9,353	–	9,353
Exchange differences arising on translation	–	–	–	–	–	3,712	–	3,712	–	3,712
Reclassification adjustment upon disposal of available-for-sale investments	–	–	–	(2,104)	–	–	–	(2,104)	–	(2,104)
(Loss) profit for the period	–	–	–	–	–	–	(1,528,615)	(1,528,615)	1,755	(1,526,860)
Total comprehensive income and expense for the period	–	–	–	(294,918)	–	13,065	(1,528,615)	(1,810,468)	1,755	(1,808,713)
Repurchase of shares	(2)	(981)	–	–	2	–	–	(981)	–	(981)
Dividends recognised as distribution	–	–	–	–	–	–	(11,047)	(11,047)	–	(11,047)
At 30 June 2008 (unaudited)	2,760	591,770	5,036	425,961	2,180	22,101	1,228,143	2,277,951	5,627	2,283,578

	Share capital HK$'000	Share premium HK$'000	Convertible bonds equity reserve HK$'000	Buildings revaluation reserve HK$'000	Investments revaluation reserve HK$'000	Capital redemption reserve HK$'000	Translation reserve HK$'000	(Accumulated losses) retained profits HK$'000	Attributable to owners of the Company HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2009 (audited)	2,756	591,439	–	7,200	203,973	2,184	15,848	(43,059)	780,341	–	780,341
Fair value gain on available-for-sale investments	–	–	–	–	102,971	–	–	–	102,971	–	102,971
Exchange differences arising on translation	–	–	–	–	–	–	357	–	357	–	357
Reclassification adjustment upon disposal of associate	–	–	–	–	–	–	(9,406)	–	(9,406)	–	(9,406)
Reclassification adjustment upon disposal of available-for-sale investments	–	–	–	–	(119,344)	–	–	–	(119,344)	–	(119,344)
Profit for the period	–	–	–	–	–	–	–	646,589	646,589	–	646,589
Total comprehensive income and expense for the period	–	–	–	–	(16,373)	–	(9,049)	646,589	621,167	–	621,167
Issue of new shares upon exercise of warrants	–	145	–	–	–	–	–	–	145	–	145
Issue of new shares upon rights issue	2,757	107,504	–	–	–	–	–	–	110,261	–	110,261
Recognition of equity component of convertible bonds	–	–	28,242	–	–	–	–	–	28,242	–	28,242
Transaction costs attributable to issue of shares	–	(1,373)	–	–	–	–	–	–	(1,373)	–	(1,373)
At 30 June 2009 (unaudited)	5,513	697,715	28,242	7,200	187,600	2,184	6,799	603,530	1,538,783	–	1,538,783

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(For the six months ended 30 June 2009)

	Six months ended 30.6.2009 HK$'000 (unaudited)	Six months ended 30.6.2008 HK$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(46,391)	(139,416)
INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale investments	301,225	9,864
Proceeds from disposal of an investment property	21,300	–
Proceeds from disposal of an associate	138,003	–
Dividends received	9,385	4,192
Purchases of available-for-sale investments	(12,097)	(31,199)
Proceeds from redemption of loan notes	–	52,401
(Increase) decrease in pledged bank deposits	(9,364)	1,873
Other investing activities	251	(779)
NET CASH FROM INVESTING ACTIVITIES	448,703	36,352
FINANCING ACTIVITIES		
New other borrowings raised	5,422	1,153,111
Repayments of other borrowings	(779,871)	(1,071,833)
Convertible bonds transaction costs	(9,000)	–
Issue of convertible bonds	300,000	–
Repurchase of shares	–	(981)
Proceeds from issue of shares	110,406	–
Expenses on issue of shares	(1,373)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(374,416)	80,297
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,896	(22,767)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	66,279	67,824
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	357	3,712
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	94,532	48,769

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation

Except as described below, the same accounting policies and presentation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2008.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 *(see note 3)*. The adoption of these new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

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

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

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

Embedded derivatives

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

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised 2008)	Consolidated and separate financial statements[3]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[4]
HKFRS 3 (Revised 2008)	Business combinations[3]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[3]
HK(IFRIC) – INT 18	Transfers of assets from customers[5]

1 *Amendments to HKFRS 5 as part of Improvement to HKFRSs issued in 2008, effective for annual periods beginning on or after 1 July 2009.*

2 *Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.*

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

4 *Effective for annual periods beginning on or after 1 January 2010.*

5 *Effective for transfers on or after 1 July 2009.*

The Directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors of the Company, in order to allocate resources to the segment and to assess its performance. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14 but the measure of segment profit or loss had been changed.

As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments remains unchanged as follows:

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

Financial services – provision of financial services.

Property investment – leasing of residential properties and office spaces.

For the six months ended 30 June 2009

	Securities trading and investments	Financial services	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross proceeds from sales of investments held for trading	504,836	–	–	504,836
Revenue	9,385	7,284	1,805	18,474
Segment profits	658,241	6,641	5,746	670,628
Other income				2,430
Central corporate expenses				(19,143)
Share of losses of associates				(1,848)
Gain on disposal of an associate				10,756
Finance costs				(16,110)
Profit before taxation				646,713

For the six months ended 30 June 2008

	Securities trading and investments *HK$'000*	**Financial services** *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Gross proceeds from sales of investments held for trading	169,423	–	–	169,423
Revenue	4,192	7,691	2,056	13,939
Segment (losses) profits	(1,525,299)	7,392	1,489	(1,516,418)
Other income				4,940
Central corporate expenses				(7,726)
Share of losses of associates				(6,243)
Loss before taxation				(1,525,447)

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

Segment profits or losses represents the profit or loss earned by each segment without allocation of bank interest income, net foreign exchange gain, central corporate expenses, share of losses of associates, gain on disposal of an associate and effective interest expense on convertible bonds. This is the measure reported to the Company's Executive Directors for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by operating segments:

	30.6.2009 *HK$'000*	**31.12.2008** *HK$'000*
Securities trading and investments	1,691,701	1,334,624
Financial services	147,682	164,983
Property investment	86,885	105,792
	1,926,268	1,605,399

4. Net gain (loss) on investments

	Six months ended 30.6.2009	Six months ended 30.6.2008
	HK$'000	*HK$'000*
Change in fair value of investments held for trading *(Note a)*	509,162	(1,485,787)
Change in fair value of derivative financial instruments *(Note b)*	6,078	(20,383)
Net realised gain on disposal of available-for-sale investments	119,344	2,104
	634,584	(1,504,066)

Notes:

(a) Included in change in fair value of investments held for trading, approximately HK$126,177,000 (2008: loss of HK$3,939,000) represented net realised gain on disposal of investments held for trading.

(b) Included in change in fair value of derivative financial instruments, approximately HK$6,078,000 (2008: HK$425,000) represented net realised gain on derivative financial instruments.

5. Finance costs

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

6. Taxation

	Six months ended 30.6.2009 *HK$'000*	Six months ended 30.6.2008 *HK$'000*
The current tax comprises:		
Hong Kong Profits Tax	–	1,295
Enterprise income tax in the People's Republic of China ("PRC")	124	118
	124	1,413

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

Enterprise income tax in the PRC is calculated at 25% of estimated assessable profit for both periods.

7. Profit (loss) for the period

	Six months ended 30.6.2009 *HK$'000*	Six months ended 30.6.2008 *HK$'000*
Profit (loss) for the period has been arrived at after charging (crediting):		
Staff costs including directors' emoluments	3,384	3,644
Depreciation and amortisation	162	149
Interest income	(273)	(1,039)
Net foreign exchange gain	(1,623)	(3,901)

8. Dividends

	Six months ended 30.6.2009 *HK$'000*	30.6.2008 *HK$'000*
Dividend recognised as distribution – Nil (2008: HK$0.04) per share	–	11,047
Interim dividend, proposed – Nil (2008: Nil) per share	–	–

9. Earnings (loss) per share

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

	Six months ended 30.6.2009 *HK$'000*	30.6.2008 *HK$'000*
Earnings (loss) for the purpose of basic earnings (loss) per share attributable to the owners of the Company	646,589	(1,528,615)
Effect of dilutive potential ordinary shares – interest on convertible bonds	16,110	
Earnings for the purpose of diluted earnings per share	662,699	

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	485,818,576	286,110,383
Effect of dilutive potential ordinary shares – convertible bonds	309,392,265	
Weighted average number of shares for the purpose of diluted earnings per share	795,210,841	

As the exercise price of the Company's outstanding warrants was higher than the average market price of shares during the period, the dilutive effect arisen from warrants is not presented.

Pursuant to the completion of rights issue on 11 February 2009, the weighted average number of ordinary shares for the purpose of earnings (loss) per share has been adjusted for both periods.

10. Movements in investment properties, property, plant and equipment

The Group's investment properties and buildings were fair valued by the directors.

During the period, the Group disposed an investment property with a carrying amount of HK$16,400,000 for a consideration of HK$21,300,000, while no material addition in investment properties and property, plant and equipment noted during the six months ended 30 June 2009.

At 30 June 2009, the directors considered that the carrying amounts of the investment properties and buildings included in property, plant and equipment carried at revalued amounts did not differ significantly from that which would be determined using fair values at the reporting date.

11. Interests in associates

On 6 March 2009, the Group disposed of 197,858,680 shares in Shanghai Allied Cement Limited ("SAC"), an associate of the Group at a price of HK$0.70 per share to an independent third party by crossing on market for proceeds of approximately HK$138,003,000. A gain on disposal of HK$10,756,000 was recognised in profit or loss.

12. Debtors, deposits and prepayments

	30.6.2009	**31.12.2008**
	HK$'000	*HK$'000*
Debtors from securities trading	3,090	1,096
Other debtors, deposits and prepayments	11,854	15,939
Balance with brokerage companies	135,901	19,613
	150,845	36,648

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

13. Creditors and accrued charges

	30.6.2009	**31.12.2008**
	HK$'000	*HK$'000*
Creditors from securities trading	1,865	2,263
Other creditors and accrued charges	22,570	67,748
	24,435	70,011

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

14. Other borrowings

Other borrowings represent securities margin financing received from stock broking, futures and options broking houses as well as both secured and unsecured term loans.

The securities margin loans are secured by the Group's marketable securities, repayable on demand and bear interest at prevailing market rates.

The unsecured term loan which bore variable interest rate was fully settled in July 2009.

The secured term loan which bore fixed interest rate was fully settled in April 2009.

15. Convertible bonds

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

16. Share capital

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2008 and 30 June 2009	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2008	276,183,547	2,762
Repurchase of shares	(578,000)	(6)
Issue of shares due to exercise of warrants	16,947	–
At 31 December 2008	275,622,494	2,756
Issue of shares due to rights issue	275,649,760	2,757
Issue of shares due to exercise of warrants	46,730	–
At 30 June 2009	551,318,984	5,513

During the period, the Company allotted and issued 275,649,760 shares by way of a rights issue at a subscription price of HK$0.40 per share to the qualifying shareholders, on the basis of one rights share for every existing share then held. These new shares rank pari passu with the then existing shares in issue in all respects.

17. Pledge of assets

At the end of the reporting period, the following assets of the Group were pledged to securities houses to secure short term credit facilities granted to the Group:

	30.6.2009	**31.12.2008**
	HK$'000	*HK$'000*
Investments held for trading	1,116,824	773,077
Available-for-sale investments	158,635	108,323
Pledged bank deposits	10,531	1,167
	1,285,990	882,567

18. Related party transactions

The remuneration of directors and other members of key management of the Group during the period was as follows:

	Six months ended	
	30.6.2009	**30.6.2008**
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	2,565	2,262
Retirement benefit costs	79	30
	2,644	2,292

19. Post balance sheet events

1. On 2 September 2009, the Group early redeemed HK$60,000,000 convertible bonds at par as specified in the redemption notice.

2. On 4 September 2009, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Pacific Orchid Investment Limited ("Pacific Orchid") which owns 187,500,000 shares, representing approximately 68.72% of the issued share capital, of Greenfield Chemical Holdings Limited ("Greenfield"), a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), for a total consideration of HK$281,250,000 ("Acquisition") on the basis of HK$1.50 per share. Completion of the Acquisition took place immediately after the signing of the sale and purchase agreement. The Group is required under the rules of the Hong Kong Code on Takeovers and Mergers to make a mandatory general cash offer ("General offer") at a similar price of HK$1.50 per share to acquire the remaining 85,360,000 shares of Greenfield not already owned. It is the intention of the Group to maintain the listing of the shares of Greenfield after the General Offer.

   Save for the entering into of the loan agreement between Join Capital Limited ("Join Capital"), a wholly-owned subsidiary of the Company, as lender and Mulpha Strategic Limited ("Mulpha Strategic"), a shareholder of Pacific Orchid, as borrower in relation to the revolving secured term loan of HK$250,000,000 granted by Join Capital to Mulpha Strategic as disclosed in the announcement and the circular of the Company dated 7 July 2009 and 28 July 2009 respectively, the Company did not have any prior transactions or relationship with Mulpha Strategic.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Enlarged Group's existing cash and bank balances, the present available banking and credit facilities and margin loan facilities and the expected internally generated funds, the Enlarged Group has sufficient working capital for its present requirement for the next twelve months from the date of this circular.

5. STATEMENT OF INDEBTEDNESS

At the close of business on 31 August 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding securities margin loans of approximately HK$338,279,000 and convertible bonds liabilities with principal value of HK$300,000,000 (the carrying amounts of convertible bonds is approximately HK$272,613,000). As at 31 August 2009, the Enlarged Group's investments held for trading, available-for-sale investments and securities brokers house deposits with respective carrying values of approximately HK$1,109,253,000, HK$127,644,000 and HK$16,749,000 were pledged to securities brokers houses to secure short term credit facilities granted to the Enlarged Group. The securities margin loans were secured by the Enlarged Group's pledged marketable securities and securities brokers house deposits.

In addition, the Enlarged Group pledged certain land and buildings in Hong Kong with a carrying value of approximately HK$2,216,000 to a bank to secure general banking facilities of HK$10,000,000 granted to the Enlarged Group. There is no draw down on this banking facilities at the close of business on 31 August 2009.

Save as aforesaid, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 31 August 2009 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments charges, guarantees or other material contingent liabilities.

6. CONTINGENT LIABILITIES

(a) In respect of the disposal of a subsidiary in prior years, the Enlarged Group has given an indemnity to the purchaser against all liabilities, losses, costs and expenses suffered and/or incurred by the purchaser in relation to or arising out of the assignment of certain of the subsidiary's business contracts.

(b) In 1997, the Enlarged Group had given a counter-indemnity to a former substantial shareholder and the ex-chairman of PCCW Limited (formerly known as Tricom Holdings Limited ("Tricom")), and Chambord Investment Inc. in respect of certain indemnities given to Tricom at the time of and to facilitate the listing of Tricom's shares on the Stock Exchange. These indemnities related to the use of the Tricom tradename, the infringement of the permitted use of properties, the guarantees granted to Tricom to secure banking facilities and tax liabilities.

The Directors consider it is not possible to estimate the financial effect of the indemnities and warranty given.

7. LITIGATION

As at 31 December 2008, the material litigations/claims of the Group are disclosed in the paragraph headed "Litigation" in Appendix III. Save as aforesaid, the Enlarged Group had no other material litigation as at 31 December 2008.

8. FUTURE PROSPECTS OF THE ENLARGED GROUP

The Group expects 2009 to be another difficult year with major uncertainties due to the continued economic downturn, rising unemployment and radical changes to the investment environment. Though governments worldwide have responded with massive fiscal stimulus and bailout packages together with aggressive monetary measures to counter the economic turmoil, it is expected that recovery may be a prolonged process. Although the signs of recovery were seen globally in the second half of the period under review, there is still uncertainty as whether such recovery is sustainable. Hence, the Group will remain cautiously optimistic in its investment approach and strategy in respect of its existing businesses in securities trading and investment, provision of financial services, property investment and strategic investment. As a value investor, the Group will continuously review and adjust its investment strategies and investment portfolio in light of the prevailing investment environment to seek and identify grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region. The Group expects that opportunities will present themselves in these geographical areas and the Group's renewed financial strength will enable it to take advantage of these opportunities as they arise, to enhance value for shareholders.

On 4 September 2009, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Pacific Orchid Investment Limited which owns 187,500,000 shares, representing approximately 68.72% of the issued share capital, of Greenfield Chemical Holdings Limited ("Greenfield"), a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), for a total consideration of HK$281,250,000 ("Acquisition") on the basis of HK$1.50 per share. Completion of the Acquisition took place immediately after the signing of the sale and purchase agreement. The Group is required under the rules of the Hong Kong Code on Takeovers and Mergers to make a mandatory general cash offer ("General Offer") at a similar price of HK$1.50 per share to acquire the remaining 85,360,000 shares of Greenfield not already owned. It is the intention of the Group to maintain the listing of the shares of Greenfield after the General Offer. The Group is of the view that the Acquisition represents an opportunity to utilize a listed platform to widen its business scope and to diversify its revenue base by participating in the manufacture of industrial paints and the trading of petrochemical and related products and expanding into other business sectors when opportunities arise.

In view of the escalating awareness of environment protection, the demand for environmental-friendly and high quality products increases. In order to meet the market requirement, the Enlarged Group continues to improve product quality, increase the sale in high-yield products and introduce innovation to the products.

With its improved financial strength, the Enlarged Group is well-positioned to continue to seek and identify grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region to further enhance value for shareholders.

9. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Group were made up.

1. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated income statements and consolidated balance sheets of the Greenfield Group for the last three years ended 31st December, 2008, as extracted from the relevant published annual reports of Greenfield for the last three years ended 31st December, 2008.

The auditors' reports from Deloitte Touche Tohmatsu in respect of the Greenfield Group's audited consolidated financial statements for each of the three years ended 31st December, 2008, 2007 and 2006 did not contain any qualifications. There were no other exceptional items or extraordinary items of the Greenfield Group during each of the three years ended 31st December, 2006, 2007 and 2008.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31st December,		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	335,697	317,066	279,133
Cost of sales	(291,419)	(270,503)	(219,002)
Gross profit	44,278	46,563	60,131
Other income	22,800	17,840	16,543
Distribution and selling expenses	(16,235)	(13,864)	(11,620)
Administrative expenses	(50,622)	(37,587)	(40,495)
Loss on partial disposal of a subsidiary	–	(2,991)	–
Interest on bank borrowings wholly repayable within five years	–	–	(2)
Share of profits of associates	18,009	16,612	17,451
Profit before taxation	18,230	26,573	42,008
Taxation	(3,326)	(3,347)	(13,042)
Profit for the year	14,904	23,226	28,966
Attributable to:			
Equity holders of Greenfield	4,376	24,535	28,966
Minority interests	10,528	(1,309)	–
	14,904	23,226	28,966
Dividends	18,000	22,500	27,500
Earnings per share, basic	HK1.5 cents	HK9.4 cents	HK11.6 cents

CONSOLIDATED BALANCE SHEET

	At 31st December, 2008 HK$'000	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	83,232	83,669	70,418
Prepaid lease payments	13,885	13,397	8,082
Interests in associates	72,752	56,245	42,024
Available-for-sale investments	10	10	10
Deposit for acquisition of a subsidiary	–	100,000	–
Deposit for acquisition of property, plant and equipment	–	–	1,294
Loans receivable	159,055	–	–
Deferred tax assets	163	114	25
	329,097	253,435	121,853
CURRENT ASSETS			
Prepaid lease payments	340	320	203
Inventories	29,745	35,431	33,110
Trade and other receivables	84,596	102,815	82,753
Advance to an associate	10,000	18,566	15,000
Dividend receivable from an associate	4,500	4,500	6,300
Tax recoverable	511	1,164	3,053
Bank balances and cash	106,945	173,948	47,212
	236,637	336,744	187,631
CURRENT LIABILITIES			
Trade and other payables	29,439	53,933	37,546
Deferred income	–	–	3,195
Amounts due to related companies	–	2,505	133
	29,439	56,438	40,874
NET CURRENT ASSETS	207,198	280,306	146,757
TOTAL ASSETS LESS CURRENT LIABILITIES	536,295	533,741	268,610
CAPITAL AND RESERVES			
Share capital	30,000	30,000	25,000
Reserves	361,168	370,227	243,610
Equity attributable to equity holders of Greenfield	391,168	400,227	268,610
Minority interests	145,127	133,514	–
Total Equity	536,295	533,741	268,610

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GREENFIELD GROUP FOR THE YEAR ENDED 31ST DECEMBER, 2008

The following is the audited financial statements and notes to the financial statements of the Greenfield Group for the year ended 31st December, 2008 extracted from the annual report 2008 of Greenfield:

CONSOLIDATED INCOME STATEMENT

For The Year Ended 31st December, 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	5	335,697	317,066
Cost of sales		(291,419)	(270,503)
Gross profit		44,278	46,563
Other income		22,800	17,840
Distribution and selling expenses		(16,235)	(13,864)
Administrative expenses		(50,622)	(37,587)
Loss on partial disposal of a subsidiary		–	(2,991)
Share of profits of associates		18,009	16,612
Profit before taxation	7	18,230	26,573
Taxation	8	(3,326)	(3,347)
Profit for the year		14,904	23,226
Attributable to:			
Equity holders of Greenfield		4,376	24,535
Minority interests		10,528	(1,309)
		14,904	23,226
Dividends	9	18,000	22,500
Earnings per share, basic	10	HK1.5 cents	HK9.4 cents

CONSOLIDATED BALANCE SHEET
At 31st December, 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	83,232	83,669
Prepaid lease payments	12	13,885	13,397
Interests in associates	13	72,752	56,245
Available-for-sale investments	14	10	10
Deposit for acquisition of a subsidiary	15	–	100,000
Loans receivable	16	159,055	–
Deferred tax assets	17	163	114
		329,097	253,435
CURRENT ASSETS			
Prepaid lease payments	12	340	320
Inventories	18	29,745	35,431
Trade and other receivables	19	84,596	102,815
Advance to an associate	20	10,000	18,566
Dividend receivable from an associate	20	4,500	4,500
Tax recoverable		511	1,164
Bank balances and cash	21	106,945	173,948
		236,637	336,744
CURRENT LIABILITIES			
Trade and other payables	22	29,439	53,933
Amounts due to related companies	24	–	2,505
		29,439	56,438
NET CURRENT ASSETS		207,198	280,306
TOTAL ASSETS LESS CURRENT LIABILITIES		536,295	533,741
CAPITAL AND RESERVES			
Share capital	23	30,000	30,000
Reserves		361,168	370,227
Equity attributable to equity holders of Greenfield		391,168	400,227
Minority interests		145,127	133,514
Total Equity		536,295	533,741

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st December, 2008

	Attributable to equity holders of Greenfield								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (note a)	Translation reserve HK$'000	Non-distributable reserve HK$'000 (note b)	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1st January, 2007	25,000	4,242	32,000	1,051	6,229	200,088	268,610	–	268,610
Exchange differences arising from translation of foreign operations	–	–	–	7,606	–	–	7,606	–	7,606
Share of translation reserve of associates	–	–	–	2,570	–	–	2,570	–	2,570
Total income recognised directly in equity	–	–	–	10,176	–	–	10,176	–	10,176
Release upon deregistration of an associate	–	–	–	–	(460)	–	(460)	–	(460)
Profit (loss) for the year	–	–	–	–	–	24,535	24,535	(1,309)	23,226
Total recognised income for the year	–	–	–	10,176	(460)	24,535	34,251	(1,309)	32,942
Issue of new shares on placement	5,000	120,000	–	–	–	–	125,000	–	125,000
Partial disposal of interest in a subsidiary	–	–	–	(2,185)	–	–	(2,185)	126,423	124,238
Contribution from minority shareholders of a subsidiary	–	–	–	–	–	–	–	8,400	8,400
Transaction costs attributable to issue of shares	–	(2,949)	–	–	–	–	(2,949)	–	(2,949)
Dividends paid to equity holders of Greenfield	–	–	–	–	–	(22,500)	(22,500)	–	(22,500)
At 31st December, 2007	30,000	121,293	32,000	9,042	5,769	202,123	400,227	133,514	533,741
Exchange differences arising from translation of foreign operations	–	–	–	3,035	–	–	3,035	3,537	6,572
Share of translation reserve of associates	–	–	–	1,530	–	–	1,530	1,468	2,998
Total income recognised directly in equity	–	–	–	4,565	–	–	4,565	5,005	9,570
Profit for the year	–	–	–	–	–	4,376	4,376	10,528	14,904
Total recognised income for the year	–	–	–	4,565	–	4,376	8,941	15,533	24,474
Dividends paid to equity holders of Greenfield	–	–	–	–	–	(18,000)	(18,000)	–	(18,000)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	(3,920)	(3,920)
At 31st December, 2008	30,000	121,293	32,000	13,607	5,769	188,499	391,168	145,127	536,295

Notes:

(a) The special reserve of the Greenfield Group represents the nominal values of 32,000,000 non-voting class A shares of HK$1 each issued by a subsidiary of Greenfield to its shareholders prior to a group reorganisation in 2002.

(b) The non-distributable reserve of the Greenfield Group mainly arises from the statutory reserves requirement that the foreign investment enterprises shall appropriate 10% of their profit after taxation of the subsidiaries of Greenfield registered in the People's Republic of China other than Hong Kong (the "PRC") to the non-distributable reserve, under the PRC laws and regulations.

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31st December, 2008

	2008	2007
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	18,230	26,573
Adjustments for:		
Impairment losses on trade receivables	2,185	1,176
Amortisation of prepaid lease payments	329	241
Depreciation of property, plant and equipment	13,215	10,910
Loss (gain) on disposal of property, plant and equipment	230	(40)
Interest income	(5,281)	(2,215)
Loss on partial disposal of a subsidiary	–	2,991
Share of profits of associates	(18,009)	(16,612)
Operating cash flows before movements in working capital	10,899	23,024
Decrease (increase) in inventories	6,874	(2,321)
Decrease (increase) in trade and other receivables	18,380	(18,110)
(Decrease) Increase in trade and other payables	(26,689)	9,997
Decrease in amounts due to related companies	(75)	(58)
Cash generated from operations	9,389	12,532
Hong Kong Profits Tax paid	(961)	(979)
PRC income tax paid	(1,782)	(612)
NET CASH FROM OPERATING ACTIVITIES	6,646	10,941
INVESTING ACTIVITIES		
Increase in loans receivable	(59,055)	–
Purchase of property, plant and equipment	(8,265)	(23,858)
Repayment from (advance to) an associate	8,566	(3,566)
Dividend received from associates	4,500	6,300
Interest received	3,911	2,215
Proceeds from disposal of property, plant and equipment	164	1,072
Deposits paid for acquisition of a subsidiary	–	(100,000)
Proceeds from partial disposal of a subsidiary	–	122,500
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(50,179)	4,663

	2008	2007
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Dividends paid to minority shareholders of subsidiaries	(3,920)	–
Dividends paid to equity holders of Greenfield	(18,000)	(22,500)
(Repayment to) advance from a minority shareholder	(2,430)	2,430
Contribution from minority shareholders of a subsidiary	–	8,400
Net proceeds from issue of shares	–	122,051
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(24,350)	110,381
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(67,883)	125,985
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	173,948	47,212
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	880	751
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	106,945	173,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For The Year Ended 31st December, 2008

1. General

Greenfield was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Greenfield's immediate holding company is Pacific Orchid Investments Limited, a company incorporated in the British Virgin Islands ("BVI"), and its ultimate holding company is Mulpha International Bhd., a company incorporated in Malaysia with its shares listed on Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of Greenfield are disclosed in the corporate information to the annual report.

Greenfield is an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 33 and 13, respectively.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of Greenfield.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS")

In the current year, the Greenfield Group has applied for the first time the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Greenfield Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	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]
HKAS 32 & 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)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendments)	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	Distribution 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 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009*

[2] *Effective for annual periods beginning on or after 1st January, 2009*

[3] *Effective for annual periods beginning on or after 1st July, 2009*

[4] *Effective for annual periods ending on or after 30th June, 2009*

[5] *Effective for annual periods beginning on or after 1st July, 2008*

[6] *Effective for annual periods beginning on or after 1st October, 2008*

[7] *Effective for transfers on or after 1st July, 2009*

The application of HKFRS 3 (Revised) may affect the Greenfield Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Greenfield Group's ownership interest in a subsidiary. The directors of Greenfield anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Greenfield Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Greenfield Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Greenfield Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production of goods, or for administrative purposes, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment loss.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, and after taking into account their estimated residual values, using the straight-line method.

Construction in progress represents property, plant and equipment in the course of construction for production and administrative purposes. Construction in progress is carried at cost less any identified impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Greenfield Group's share of net assets of the associates, less any identified impairment loss. When the Greenfield Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Greenfield Group's net investment in the associate), the Greenfield Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Greenfield Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Greenfield Group, profits and losses are eliminated to the extent of the Greenfield Group's interest in the relevant associate.

Impairment loss on tangible assets

At each balance sheet date, the Greenfield Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately.

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Greenfield Group financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, the Greenfield Group's loans and receivables (including deposit for acquisition of a subsidiary, loans receivable, advance to an associate, trade and other receivables, dividend receivable from an associate and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less any identified impairment loss at each balance sheet date subsequent to initial recognition (see accounting policy on impairment of financial assets below).

Convertible instruments

Convertible instruments held by the Greenfield Group which are the combined instruments that contain both the loans receivable and conversion option component and are classified separately into respective items on initial recognition. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

If the derivative component that is required to be separated cannot be reliably measured because it will be settled by an unquoted equity instrument whose fair value cannot be reliably measured, the combined instrument is measured at fair value. However, if the derivative component of the convertible bonds is sufficiently significant to preclude it from obtaining a reliable estimate of fair value of the combined instrument, the combined instrument is measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Greenfield Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on trade receivables.

For loans and receivables and available-for-sale equity investments, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. For loans and receivables, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Greenfield Group entity after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Greenfield Group financial liabilities (including trade and other payables and amounts due to related companies) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Greenfield Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Revenue recognition

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

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Management fee income and royalty fee income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

Retirement benefits costs

Payments to the defined contribution retirement benefits plan, including Occupational Retirement Scheme (the "ORSO Scheme"), the Mandatory Provident Fund Scheme ("MPF Scheme") and the state-managed retirement benefit scheme, are charged as expenses when employees have rendered service entitling them to the contributions.

Leasing

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

The Greenfield Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Prepaid lease payments

Prepaid lease payments represent the up-front payments to lease medium-term leasehold land interests in the PRC and are charged to the consolidated income statement on a straight-line basis over the term of the relevant leases.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

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

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

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Greenfield Group's foreign operations are translated into the presentation currency of the Greenfield Group (i.e. HK$) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. Key Sources of Estimation Uncertainty and Management Judgement

In the process of applying the Greenfield Group's accounting policies, management has made the following estimates and judgement that have significant effect on the amounts recognised in the consolidated financial statements:

Taxation

During the year ended 31st December, 2006, the Hong Kong Inland Revenue Department (the "IRD") issued additional assessments in aggregate of approximately HK$11,001,000 relating to certain previous years of assessment, details of which are set out in note 8. Income tax expense of HK$10,000,000 was recognised against the payment for tax reserve certificates in that year, and the remaining amount of HK$1,001,000 was included in tax recoverable as at 31st December, 2007 and 31st December, 2008. As the ultimate outcome of the additional assessments remain undetermined, the tax amount that would otherwise become payable or recoverable may change.

Estimated impairment of loans receivable

When there is objective evidence of impairment loss, the Greenfield Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December, 2008, the carrying amount of loans receivable is HK$159,055,000 (2007: Nil). Details of the loans receivable are set out in note 16.

Sufficiency of the security of loans receivable

Management regularly reviews the recoverability of loans receivable. In determining the estimated impairment of loans receivable, management has considered the sufficiency of security of loans receivable from Winfame Investment Limited ("Winfame") and New Gold International Limited ("New Gold"). The loans receivable is secured by the pledge of the entire issued share capital of Winfame and Winfame's equity interest in New Gold. Where the underlying assets of Winfame and New Gold are disposed of or transferred out, a material impairment loss may arise. As at 31st December, 2008, the carrying amount of loans receivable is HK$159,055,000 (2007: Nil). Details of the loans receivable are set out in note 16.

5. Revenue and Segmental Information

Revenue represents the amounts received and receivable for goods sold, net of discount and sales related taxes, during the year.

The Greenfield Group is principally engaged in manufacturing and trading of liquid coatings, powder coatings and solvents which are subject to similar risks and returns and which accounts for more than 90% of the turnover and profits of the Greenfield Group for the current and prior years. Accordingly, no business segment is presented.

The Greenfield Group primary format for reporting segment information is geographical segments (based on location of customers).

2008

	Hong Kong	**The PRC**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
External sales	178,700	156,997	–	335,697
Inter-segment sales *(note)*	144,238	3,408	(147,646)	–
Total revenue	322,938	160,405	(147,646)	335,697
RESULTS				
Segment results	12,833	5,251		18,084
Interest income				5,281
Unallocated corporate income				9,508
Unallocated corporate expenses				(32,652)
Share of profits of associates				18,009
Profit before taxation				18,230
Taxation				(3,326)
Profit for the year				14,904

	Hong Kong	The PRC	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	27,788	51,406	79,194
Unallocated corporate assets			486,540
Consolidated total assets			565,734
LIABILITIES			
Unallocated corporate liabilities			29,439

OTHER INFORMATION

	Hong Kong	The PRC	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Impairment losses on trade receivables recognised in the consolidated income statement	1,462	723	2,185

2007

	Hong Kong	**The PRC**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
External sales	195,576	121,490	–	317,066
Inter-segment sales *(note)*	166,284	581	(166,865)	–
Total revenue	361,860	122,071	(166,865)	317,066
RESULTS				
Segment results	13,562	7,999		21,561
Interest income				2,215
Unallocated corporate income				7,002
Unallocated corporate expenses				(17,826)
Loss on partial disposal of a subsidiary				(2,991)
Share of profits of associates				16,612
Profit before taxation				26,573
Taxation				(3,347)
Profit for the year				23,226

	Hong Kong	The PRC	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	60,377	35,976	96,353
Unallocated corporate assets			493,826
Consolidated total assets			590,179
LIABILITIES			
Unallocated corporate liabilities			56,438

OTHER INFORMATION

	Hong Kong	The PRC	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Impairment losses on trade receivables recognised in the consolidated income statement	–	1,176	1,176

Note: Inter-segment sales are charged at prices with reference to the prevailing market rates.

The following is an analysis of the carrying amount of segment assets and expenditure on property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Expenditure on property, plant and equipment	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The PRC	174,049	166,161	7,496	19,864
Hong Kong	37,749	69,471	769	428
	211,798	235,632	8,265	20,292

6. Directors' and Employees' Emoluments

(a) Directors' Remuneration

The emoluments paid or payable to each of the seven (2007: ten) directors were as follows:

	Lau Yau Cheung	Tsui Robert Che Kwong	Chung Tze Hien	Ng Seng Nam	Lau Siu Ki, Kevin	Wu Wing Kit	Chui Hong Sheung	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008								
Fees	–	–	–	–	100	100	100	300
Other emoluments								
Salaries and other benefits	1,298	389	–	–	–	–	–	1,687
Retirement benefit scheme contribution	12	12	–	–	–	–	–	24
Total emoluments	1,310	401	–	–	100	100	100	2,011

	Lau Yau Cheung	Tsui Robert Che Kwong	Yuen Shu Wah	Ko Jack Lum	Ng Kai On	Chung Tze Hien	Ng Seng Nam	Lau Siu Ki, Kevin	Wu Wing Kit	Chui Hong Sheung	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007											
Fees	–	–	–	–	–	–	–	100	100	100	300
Other emoluments											
Salaries and other benefits	217	65	1,279	2,402	821	–	–	–	–	–	4,784
Retirement benefit scheme contribution	2	2	106	106	54	–	–	–	–	–	270
Total emoluments	219	67	1,385	2,508	875	–	–	100	100	100	5,354

During the year ended 31st December, 2007, a director waived emoluments of HK$1,257,000. None of the directors waived any emoluments during the year.

(b) Employees' Emoluments

Of the five individuals with the highest emoluments in the Greenfield Group, two (2007: three) were directors of Greenfield whose emoluments are included above. The emoluments of the remaining three (2007: two) individuals were as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Salaries and other benefits	4,333	1,405
Retirement benefit scheme contribution	275	58
	4,608	1,463

Their emoluments were within the following bands:

	2008	**2007**
	Number of employees	*Number of employees*
Nil to HK$1,000,000	1	2
HK$1,000,001 to HK$1,500,000	1	–
HK$2,000,001 to HK$2,500,000	1	–

During the year, no emoluments were paid by the Greenfield Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Greenfield Group or as compensation for loss of office.

7. Profit Before Taxation

	2008	2007
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration *(note 6)*		
Fees	300	300
Other emoluments	1,711	5,054
Other employee benefits expense	87,269	65,839
Total employee benefits expense	89,280	71,193
Impairment losses on trade receivables	2,185	1,176
Amortisation of prepaid lease payments	329	241
Auditor's remuneration	660	640
Cost of inventories recognised as expense	291,419	270,503
Depreciation of property, plant and equipment	13,215	10,910
Loss on disposal of property, plant and equipment	230	–
Operating lease rentals in respect of rented premises	1,769	1,025
Share of taxation of associates (included in share of profits of associates)	4,502	3,924
and after crediting:		
Exchange gain, net	1,937	2,397
Gain on disposal of property, plant and equipment	–	40
Management fee income *(note 24)*	6,474	6,783
Royalty fee income *(note 24)*	4,231	3,807
Interest income earned from:		
Advance to an associate *(note 24)*	1,092	1,333
Bank deposits	827	882
Loans receivable	3,362	–

8. Taxation

	2008	**2007**
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax:		
Current year	2,154	1,733
Underprovision in prior year	133	932
	2,287	2,665
PRC Enterprise Income Tax:		
Current year	839	676
Underprovision in prior year	249	95
	1,088	771
Deferred tax *(note 17)*:		
Current year	(56)	(89)
Attributable to a change in tax rate	7	–
	(49)	(89)
	3,326	3,347

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year.

Pursuant to the relevant laws and regulations in the PRC, certain of Greenfield's PRC subsidiaries are entitled to exemption from PRC Enterprise Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years while Greenfield's other PRC subsidiaries are subject to preferential tax rate.

The newly promulgated Enterprise Income Tax Law (the "New Law") of the PRC is effective on 1st January, 2008. In February 2008, the Ministry of Finance and the State Administration of Taxation issued several important tax circulars which clarify the implementation of the New Law. Following the New Law and tax circulars, one of Greenfield's PRC subsidiaries which enjoyed the preferential tax rate of 15% in prior year is subject to 18% tax rate in the current year and the tax rate will increase progressively to 25% until 2012. Another PRC subsidiary which enjoyed 12% effective tax rate in prior year is subject to 25% tax rate starting from 1st January, 2008, while the remaining two PRC subsidiaries are entitled to full tax exemption in the current and prior years and therefore does not provide for PRC Enterprise Income Tax for both years.

In addition, the IRD issued additional assessment in aggregate of approximately HK$11,001,000 to an indirect wholly-owned subsidiary of Greenfield disallowing its offshore claims in respect of its production activities for years of assessment 2002/03, 2003/04, 2004/05 and 2005/06 during the year ended 31st December, 2006. The Greenfield Group had purchased tax reserve certificates totalling HK$11,001,000 and an amount of HK$10,000,000 was recognised as income tax expense against such tax reserve certificates in previous year and the remaining amount of tax reserve certificates of HK$1,001,000 was included in tax recoverable as at the balance sheet date. In the opinion of the directors of Greenfield, the ultimate outcome of the additional assessment remains undetermined and the Greenfield Group will continue to defend vigorously against the additional assessment.

The taxation charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before taxation	18,230	26,573
Less: Share of profits of associates	(18,009)	(16,612)
	221	9,961
Tax at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	36	1,743
Tax effect of expenses not deductible for tax purpose	1,402	1,483
Tax effect of income not taxable for tax purpose	(260)	(660)
Tax effect of tax loses not recognised	1,496	–
Effect of tax exemptions granted to PRC subsidiaries	–	(439)
Effect of change in tax rate	(7)	–
Effect of different tax rates of subsidiaries operating in the PRC	277	193
Underprovision in respect of prior year	382	1,027
Taxation charge for the year	3,326	3,347

Details of deferred taxation are set out in note 17.

9. Dividends

	2008	**2007**
	HK$'000	*HK$'000*
Dividends paid and recognised as distribution during the year:		
2008 Interim – Nil (2007: 2007 Interim – HK2.5 cents) per ordinary share	–	7,500
2007 Final – HK3 cents (2007: 2006 Final – HK3 cents) per ordinary share	9,000	7,500
2007 Special – HK3 cents (2007: 2006 Special – HK3 cents) per ordinary share	9,000	7,500
	18,000	22,500

No interim dividend for the current year was paid or proposed during 2008, nor has any final or special dividend been proposed since the balance sheet date.

10. Earnings per Share

The calculation of basic earnings per share attributable to equity holders of Greenfield is based on the profit for the year attributable to equity holders of Greenfield of HK$4,376,000 (2007: HK$24,535,000) and on the weighted average number of ordinary shares of 300,000,000 (2007: 262,054,795) in issue during the year.

No diluted earnings per share is presented as the Greenfield Group did not have any potential ordinary shares in issue at any time during the year.

11. Property, Plant and Equipment

	Land and buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Plant, machinery and equipment	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1st January, 2007	49,323	13,262	19,524	8,648	24,361	489	115,607
Exchange adjustments	3,298	909	1,525	525	1,862	22	8,141
Additions	7,636	395	4,887	2,071	2,969	2,334	20,292
Transfer	802	133	205	–	1,485	(2,625)	–
Disposals	(464)	(165)	(522)	(1,551)	(545)	–	(3,247)
At 31st December, 2007	60,595	14,534	25,619	9,693	30,132	220	140,793
Exchange adjustments	3,868	904	1,557	515	1,797	25	8,666
Additions	–	1,382	2,830	2,209	398	1,446	8,265
Transfer	–	862	149	–	67	(1,078)	–
Disposals	(188)	–	(501)	(1,035)	(127)	–	(1,851)
At 31st December, 2008	64,275	17,682	29,654	11,382	32,267	613	155,873
DEPRECIATION							
At 1st January, 2007	10,860	6,622	11,052	5,258	11,397	–	45,189
Exchange adjustments	705	565	881	273	816	–	3,240
Provided for the year	2,174	2,430	3,026	1,402	1,878	–	10,910
Eliminated on disposals	(244)	(65)	(329)	(1,358)	(219)	–	(2,215)
At 31st December, 2007	13,495	9,552	14,630	5,575	13,872	–	57,124
Exchange adjustments	769	642	958	256	1,134	–	3,759
Provided for the year	2,994	2,699	3,972	1,291	2,259	–	13,215
Eliminated on disposals	(4)	–	(411)	(929)	(113)	–	(1,457)
At 31st December, 2008	17,254	12,893	19,149	6,193	17,152	–	72,641
CARRYING AMOUNTS							
At 31st December, 2008	47,021	4,789	10,505	5,189	15,115	613	83,232
At 31st December, 2007	47,100	4,982	10,989	4,118	16,260	220	83,669

Certain of the Greenfield Group's owner-occupied leasehold land located in Hong Kong and the PRC is included in the above land and buildings as the allocation between the land and buildings elements cannot be made reliably.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis, and after taking into account their estimated residual values, at the following rates per annum:

Land and buildings	Over the shorter of the term of the lease or 50 years
Leasehold improvements	4.5% – 20%
Furniture, fixtures and office equipment	18% – 20%
Motor vehicles	18% – 25%
Plant, machinery and equipment	4% – 18%

The carrying values of land and buildings shown above comprise:

	2008	**2007**
	HK$'000	*HK$'000*
Medium-term leases in Hong Kong	5,699	5,861
Medium-term leases in the PRC	41,322	41,239
	47,021	47,100

The Greenfield Group has pledged certain land and buildings in Hong Kong with a carrying amount of approximately HK$2,272,000 (2007: HK$2,348,000) to secure general banking facilities of HK$10,000,000 (2007: HK$10,000,000) granted to the Greenfield Group.

12. Prepaid Lease Payments

The Greenfield Group prepaid lease payments represent land use rights in the PRC held under medium-term lease, and are analysed for reporting purposes as follows:

	2008	2007
	HK$'000	*HK$'000*
Non-current asset	13,885	13,397
Current asset	340	320
	14,225	13,717

13. Interests in Associates

	The Greenfield Group	
	2008	2007
	HK$'000	*HK$'000*
Unlisted investments, at cost	178	178
Share of post-acquisition translation reserve	7,459	4,461
Share of post-acquisition profits, net of dividends received	65,115	51,606
	72,752	56,245

Details of the Greenfield Group's associates, which are held by a non-wholly owned subsidiary of Greenfield, at 31st December, 2008 and 31st December, 2007 are as follows:

Name of associate	Place of incorporation/ operations	Proportion of nominal value of issued capital/ registered capital held by the Greenfield Group	Principal activity
Chemfield Trading Company Limited	Hong Kong	49%	Inactive
CMW Holding Limited	Hong Kong	45%	Investment holding

Name of subsidiaries of CMW Holding Limited	Place of incorporation or establishment/ operations	Proportion of nominal value of issued capital/ registered capital held by CMW Holding Limited	Principal activities
廣州卡秀堡萬輝塗料有限公司 CMW Coatings (Guangzhou) Limited	PRC	100%	Manufacturing and trading in paints and related products
無錫卡秀堡萬輝塗料有限公司 CMW Coatings (Wuxi) Limited	PRC	100%	Manufacturing and trading in paints and related products
CMW Coatings (Hong Kong) Limited	Hong Kong	100%	Trading in paints and related products

In prior years, the interests in associates were recorded in the consolidated balance sheet based on the Greenfield Group's effective interests in the share capital of Chemfield Trading Company Limited and CMW Holding Limited.

In 2008, the Greenfield Group has used the proportion interest of equity held by Greenfield and its subsidiaries to state the carrying amount of the Greenfield Group's interests in the net assets of its associates. The respective comparative figures have been restated. The previously stated amounts of interests in associates and minority interests, that are HK$28,685,000 and HK$105,954,000 respectively, have been restated to HK$56,245,000 and HK$133,514,000 respectively.

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

	2008	2007
	HK$'000	*HK$'000*
Total assets	258,526	274,351
Total liabilities	(96,855)	(149,364)
Net assets	161,671	124,987
Group's share of net assets of associates	72,752	56,245
Revenue	404,037	332,233
Profit for the year	40,021	36,915
Group's share of profits of associates for the year	18,009	16,612

14. Available-for-sale Investments

	2008 & 2007
	HK$'000
Unlisted equity securities, at cost	10

The above unlisted investments represent investments in unlisted equity securities issued by a private entity incorporated in Hong Kong. They do not have a quoted market price in an active market and stated at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of Greenfield are of the opinion that the fair value cannot be reliably measured.

15. Deposit for Acquisition of a Subsidiary

On 5th November, 2007, Smart Million Limited ("Smart Million"), a wholly-owned subsidiary of Greenfield, entered into a conditional sale and purchase agreement (the "Agreement") with independent third parties (the "Vendors") for the acquisition of the entire issued share capital of Winfame, which held 99.9999875% of the issued share capital of New Gold which in turn held the entire equity interest in 呼倫貝爾東明礦業有限責任公司 (referred to as "Dong Ming Mining"), a wholly-owned foreign enterprise established in the PRC and engaged in coal mining. An initial refundable deposit of HK$100,000,000 was paid to the Vendors in November 2007. Such deposit is secured by the pledge of the entire issued share capital of Winfame and Winfame's equity interest in New Gold (collectively referred to as the "Shares"). The deposit has been restructured as part of the loans receivable (the "First Loan") *(note 16)* upon termination of the Agreement during the year.

16. Loans Receivable

In May 2008, Smart Million advanced a loan principal of HK$30,000,000 (the "Second Loan") to Winfame to finance the purchase of plant and machinery in connection with the operation of the coal mines by Dong Ming Mining. The Second Loan is secured by the second mortgage of the Shares, bears interest at 1% per month and is repayable on demand.

In June 2008, Smart Million entered into a supplemental agreement (the "Supplemental Agreement") with the Vendors and other parties to amend, inter alia, certain representations and warranties by the Vendors and the guarantor with respect to the audited profit after tax of Dong Ming Mining for the two years ending 31st December, 2010.

On 27th November, 2008, Smart Million entered into a deed of termination (the "Deed of Termination") with, inter alia, the Vendors, New Gold and Winfame to terminate the Agreement and the Supplemental Agreement and to consolidate and restructure the First Loan, the Second Loan and a further loan to New Gold of HK$25,000,000 plus respective accrued interest (collectively refer to as the "Indebtedness") for a term of two years (extendable for a further period of one year) from the date of the Deed of Termination. The Indebtedness bears interest at 10% per annum and the interest is payable by end of each quarter. At 31st December, 2008, the amount of the Indebtedness is HK$159,055,000 and the Indebtedness is secured by the Shares. Details of the transactions are disclosed in the circular of Greenfield dated 21st January, 2009.

As part of the conditions to safeguard the recovery by Smart Million of the Indebtedness under the Deed of Termination, Winfame granted to Smart Million a right to convert the Indebtedness into 25% equity interest of New Gold in satisfaction in full of the Indebtedness at Smart Million's sole and absolute discretion at any time within the two-year period during the continuance of the Deed of Termination. The Indebtedness including this conversion right is stated at cost less impairment at the balance sheet date because the range of reasonable fair value estimates of the conversion right is so significant that the directors of Greenfield are of opinion that the fair value of the conversion right cannot be reliably measured and the conversion right is sufficiently significant to preclude it from obtaining a reliable estimate from the Indebtedness including the conversion right.

17. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Difference between tax allowance and depreciation	Allowance for trade receivables	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st January, 2007	23	2	25
(Credit) charge to consolidated income statement	(32)	121	89
At 31st December, 2007	(9)	123	114
(Credit) charge to consolidated income statement	55	1	56
Effect of change in tax rate	1	(8)	(7)
At 31st December, 2008	47	116	163

For the purpose of balance sheet presentation, the above deferred tax assets and liabilities have been offset.

At 31st December, 2008, the Greenfield Group has unused tax losses of approximately HK$9,000,000 (2007: Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$6,000,000 (2007: Nil) that will expire in 2013. Other tax losses may be carried forward indefinitely.

The New Law imposes withholding tax upon the distribution of profits earned by Greenfield's PRC subsidiaries on or after 1st January, 2008 to their non-PRC shareholders. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of one of Greenfield's PRC subsidiaries amounting to approximately HK$1,222,000 (2007: Nil) as the Greenfield Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

18. Inventories

	2008	**2007**
	HK$'000	*HK$'000*
Raw materials	23,328	26,737
Work in progress	3,876	5,444
Finished goods	2,541	3,250
	29,745	35,431

19. Trade and Other Receivables

	2008	**2007**
	HK$'000	*HK$'000*
Trade receivables from third parties	68,753	81,639
Trade receivables from associates	10,441	14,714
Other receivables	5,402	6,462
	84,596	102,815

The Greenfield Group allows an average credit period of 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet dates:

	Trade receivables from third parties		**Trade receivable from associates**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	18,659	23,699	1,984	8,222
31-60 days	19,694	26,583	2,903	1,679
61-90 days	15,877	20,117	2,704	1,292
Over 90 days	14,523	11,240	2,850	3,521
	68,753	81,639	10,441	14,714

Before accepting any new customer, the Greenfield Group will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good track records with the Greenfield Group.

Included in the Greenfield Group's trade receivables balance are debtors with an aggregate carrying amount of HK$21,624,000 (2007: HK$14,761,000) which were past due at the balance sheet date for which the Greenfield Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Greenfield Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2008	**2007**
	HK$'000	*HK$'000*
61-90 days	4,251	–
91-120 days	9,830	9,518
121-150 days	7,543	5,243
	21,624	14,761

No interest is charged on the trade receivables. The Greenfield Group has provided fully for all trade receivables over 360 days because historical experience is such that trade receivables that are past due beyond 360 days are generally not recoverable. Trade receivables between 60 days and 360 days have been provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$4,555,000 (2007: HK$2,980,000) that are considered irrecoverable by management after consideration on the credit quality of those individual customers, the ongoing relationship with the Greenfield Group and the ageing of these receivables. The Greenfield Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Balance at the beginning of the year	2,980	3,221
Impairment losses recognised	2,185	292
Amounts written off as uncollectible	(610)	(533)
Balance at the end of the year	4,555	2,980

20. Advance to an Associate/Dividend Receivable from an Associate

The amounts are owed by CMW Holding Limited. The advance is unsecured, bears interest at Hong Kong Prime Rate plus 1% per annum and is repayable within the next year.

21. Bank Balances and Cash

Bank balances and cash comprise cash held by the Greenfield Group and short term bank deposits with an original maturity of three months or less. The bank balances carry interest at prevailing market rate of 1% (2007: 1.5%) per annum.

22. Trade and Other Payables

	2008	2007
	HK$'000	*HK$'000*
Trade payables to third parties	13,586	34,059
Trade payable to an associate	35	4,212
Other payables	15,818	15,662
	29,439	53,933

The following is an aged analysis of trade payables at the balance sheet dates:

	Trade payables to third parties		Trade payable to an associate	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	4,282	19,991	35	4,212
31-60 days	8,264	10,498	–	–
61-90 days	1,040	2,706	–	–
Over 90 days	–	864	–	–
	13,586	34,059	35	4,212

The average credit period on purchases of goods is 90 days. The Greenfield Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

23. Share Capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.1 each:		
Authorised:		
At 31st December, 2007 and 31st December, 2008	1,000,000,000	100,000
Issued and fully paid:		
At 1st January, 2007	250,000,000	25,000
Issue of new shares on placement	50,000,000	5,000
At 31st December, 2007 and 31st December, 2008	300,000,000	30,000

On 21st September, 2007, Greenfield entered into a placing agreement with a placing agent for placement of 50,000,000 new shares at the price of HK$2.50 per share to independent third parties, representing a discount of 14% to the closing market price of Greenfield's shares on 20th September, 2007. An arrangement fee of HK$2,949,000 was set-off against share premium. All the shares issued during the year ended 31st December, 2007 ranked pari passu with the then existing shares in all respects.

24. Connected and Related Party Transactions and Balances

During the year, the Greenfield Group had the following transactions and balances with related companies other than as disclosed in notes 19, 20 and 22:

Relationship	Nature of transactions/balances	2008	2007
		HK$'000	*HK$'000*
Connected and related party:			
Minority shareholder that has significant influence over the Greenfield Group	Non-trade payable owed by the Greenfield Group *(note b)*	–	2,430
Sheffield Chemical Company Limited *(note a)*	Trade payable owed by the Greenfield Group *(note b)*	–	75
Related party:			
CMW Holding Limited	Sales of goods by the Greenfield Group	45,131	38,963
	Management fee income received by the Greenfield Group	6,474	6,783
	Purchases of goods by the Greenfield Group	14,296	11,893
	Licence fee income received by the Greenfield Group	–	3,195
	Royalty fee income received by the Greenfield Group	4,231	3,807
	Interest income received by the Greenfield Group	1,092	1,333
	Dividend received by the Greenfield Group	4,500	4,500

Notes:

(a) Greenfield was deemed to be a connected party in accordance with the provisions under the Listing Rules as Mr. Yuen Shu Wah, a director of Greenfield during the year ended 31st December, 2007, had beneficial interest in Greenfield.

(b) The amount is unsecured, interest-free and repayable on demand.

In addition, the remuneration of directors and other members of key management during the year, which is determined by the remuneration committee having regard to the performance of individuals and market trends, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Short-term benefits	6,320	6,489
Post-employment benefits	299	328
	6,619	6,817

25. Non-cash Transaction

During the year, part of loans receivable amounting to HK$100,000,000 was transferred from refundable deposit for acquisition of Winfame as stated in note 15.

26. Balance Sheet of Greenfield

Details of the balance sheet of Greenfield as at balance sheet date are as follows:

		2008	2007
	Notes	*HK$'000*	*HK$'000*
Assets and liabilities			
Investments in subsidiaries		60,766	60,766
Amounts due from subsidiaries	*(a)*	195,959	132,456
Deposit and prepayment		–	154
Bank balances		62,520	141,787
		319,245	335,163
Accruals		(689)	(282)
		318,556	334,881
Capital and reserves			
Share capital		30,000	30,000
Reserves	*(b)*	288,556	304,881
		318,556	334,881

Notes:

(a) The amounts are unsecured, interest-free and repayable on demand.

(b) Details of changes in reserves of Greenfield are as follows:

	Share premium	**Contributed surplus**	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2007	4,242	119,071	18,923	142,236
Issue of new shares on placement	120,000	–	–	120,000
Transaction costs attributable to issue of shares	(2,949)	–	–	(2,949)
Profit for the year	–	–	68,094	68,094
Dividends	–	–	(22,500)	(22,500)
At 31st December, 2007	121,293	119,071	64,517	304,881
Profit for the year	–	–	1,675	1,675
Dividends	–	–	(18,000)	(18,000)
At 31st December, 2008	121,293	119,071	48,192	288,556

(c) At 31st December, 2008, Greenfield had given guarantees to banks in respect of credit facilities granted to subsidiaries to the extent of HK$19,000,000 (2007: HK$19,000,000).

27. Capital Commitments

	2008	**2007**
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements	1,023	1,043

28. Operating Lease Commitments

At the balance sheet date, the Greenfield Group had commitments for future minimum lease payments in respect of office and factory premises under non-cancellable operating leases which fall due as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Within one year	961	1,650
In the second to fifth year inclusive	2,231	2,415
Over five years	6,913	6,724
	10,105	10,789

Leases are negotiated and monthly rentals are fixed for terms ranging from 2 to 46 years (2007: 2 to 47 years).

29. Retirement Benefits Schemes

The Greenfield Group participates in defined contribution schemes which are registered under the ORSO Scheme and the MPF Scheme established under the MPF Ordinance in December 2000. The assets of the schemes are held separately from those of the Greenfield Group in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Greenfield Group on or after 1st December, 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the Greenfield Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by the employee. The maximum monthly contribution by the Greenfield Group is limited to HK$1,000 per employee.

The ORSO Scheme is funded by monthly contributions by the Greenfield Group at 7% of the employee's basic salary.

There are no forfeited contributions for both years which arose upon employees leaving the ORSO Scheme and which was available to reduce the contributions payable in future years.

Employees in Greenfield's PRC subsidiaries are required to participate in a defined contribution retirement scheme operated by the local municipal government. The PRC subsidiaries are required to contribute 10% of the employee payroll to such scheme to fund the retirement benefits of the employees.

The pension scheme contributions for the directors and employees, which have been dealt with in the consolidated income statement for the year, is HK$5,123,000 (2007: HK$3,930,000). No forfeited contributions have been applied to reduce the retirement benefits scheme contribution for both years.

30. Capital Risk Management

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

The capital structure of the Greenfield Group consists of equity attributable to equity holders of Greenfield, comprising issued share capital and reserves.

The directors of Greenfield review the capital structure on an on-going annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Greenfield Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt.

31. Financial Instruments

(a) Categories of financial instruments

	2008	**2007**
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	361,074	393,367
Available-for-sale investments	10	10
Financial liabilities		
Amortised cost	16,740	44,333

(b) Financial risk management objectives and policies

The Greenfield Group major financial instruments include deposit for acquisition of a subsidiary, loans receivable, advance to an associate, trade and other receivables, dividend receivable from an associate, bank balances, trade and other payables and amounts due to related companies. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

(i) Market risk

Currency risk

Several subsidiaries in the Greenfield Group have foreign currency transactions, which expose the Greenfield Group to foreign currency risk.

At the balance sheet date, the carrying amounts of the relevant group entities' foreign currency denominated monetary liabilities are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
United States dollars ("USD")	5	3,455

As HK$ is pegged with USD, the Greenfield Group's currency risk in relation to the above monetary assets/liabilities is expected to be minimal.

Interest rate risk

The Greenfield Group is exposed to fair value interest rate risk in relation to loans receivable carrying fixed-rate interest. The Greenfield Group is also exposed to cash flow interest rate risk in relation to the fluctuation of Hong Kong Prime Rate arising from the Greenfield Group's advance to an associate and bank balances carrying variable-rate interest.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates for advance to an associate and bank balances at the balance sheet date. The analysis is prepared assuming the financial instruments outstanding at the balance sheet date were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2007: 50) basis points higher/lower and all other variables were held constant, the Greenfield Group's profit for the year would increase/decrease by approximately HK$122,000 (2007: increase/decrease by HK$71,000).

(ii) Credit risk

As at 31st December, 2008, the maximum exposure to credit risk by the Greenfield Group which will cause a financial loss to the Greenfield Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to manage its credit risk, management of the Greenfield Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Credit sales of products are only made to customers with good repayment history. In addition, the Greenfield Group reviews the recoverable amount of individual debt on an on-going basis to ensure that adequate impairment losses are made for irrecoverable amounts. A net impairment loss of HK$2,185,000 (2007: HK$1,176,000) in respect of the net trade receivables was recognised by the Greenfield Group for the year.

The credit risk on liquid funds of the Greenfield Group is limited because the counterparties are banks with good reputation.

The Greenfield Group has concentration of credit risk as approximately 13% (2007: 15%) of trade receivables is due from associates, advance of HK$10,000,000 (2007: HK$18,566,000) has been made to an associate and loans receivable of HK$159,055,000 (2007: Nil) is owed to a counterparty at 31st December, 2008.

(iii) Liquidity risk

In management of the liquidity risk, the Greenfield Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Greenfield Group's operations and mitigate the effects of fluctuations in cash flows. As at 31st December, 2008, the Greenfield Group has available unutilised overdraft facilities of approximately HK$19,000,000 (2007: HK$19,000,000).

The following table details the Greenfield Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Greenfield Group can be required to pay.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	Total undiscounted cash flow and carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008					
Non-derivative financial liability					
Trade and other payables	–	4,193	8,265	4,282	16,740
2007					
Non-derivative financial liabilities					
Trade and other payables	–	24,655	13,203	3,970	41,828
Amounts due to related companies	–	2,505	–	–	2,505
	–	27,160	13,203	3,970	44,333

(c) Fair value

The fair values of the Greenfield Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

32. Post Balance Sheet Event

Subsequent to the balance sheet date, Greenfield repurchased 27,140,000 ordinary shares in Greenfield through the Stock Exchange. The highest and lowest prices paid for such purchases were HK$0.85 and HK$0.84, respectively. The total amount paid to repurchase these shares amounted to approximately HK$23,000,000.

33. Subsidiaries

Details of Greenfield's subsidiaries at 31st December, 2008 and 31st December, 2007 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operations	Nominal value of issued share capital/paid up registered capital	Attributable equity interest held by Greenfield		Principal activities
			Directly	Indirectly	
Rookwood Investments Limited	BVI/Hong Kong	US$10,000 Ordinary shares	51%	–	Investment holding
Upflow Limited	Hong Kong	HK$1 Ordinary share	100%	–	Provision of management services
Smart Million Limited	BVI/Hong Kong	US$1 Ordinary share	100%	–	Investment holding
Victoryline Limited	BVI	US$1 Ordinary share	100%	–	Inactive
Manfield Coatings Company Limited	Hong Kong	HK$1,000 Ordinary shares HK$32,000,000 Non-voting class A shares *(note i)*	–	51%	Investment holding and trading in paints and related products
Manfield Chemical Limited	Hong Kong	HK$10,000 Ordinary shares	–	51%	Investment holding
深圳松輝化工有限公司 Shenzhen Pinefield Chemical Enterprises Co, Ltd	PRC *(note ii)*	US$5,500,000 Paid-up registered capital	–	51%	Manufacture of paints and trading in petrochemical and related products

Name of subsidiary	Place of incorporation or establishment/ operations	Nominal value of issued share capital/paid up registered capital	Attributable equity interest held by Greenfield Directly	Indirectly	Principal activities
廣州市彩輝化工有限公司 Champion Chemical (Guangzhou) Company Limited	PRC *(note ii)*	HK$3,000,000 Paid-up registered capital	–	51%	Manufacture of paints and trading in petrochemical and related products
常州萬輝化工有限公司 Manfield Chemical (Changzhou) Limited	PRC *(note ii)*	HK$33,600,000 (2007: HK$21,840,000) Paid-up registered capital	–	41% *(note iii)*	Manufacture of paints and trading in petrochemical and related products
常州萬輝輸有限公司 Changzhou Manfield Transportation Limited	PRC *(note ii)*	RMB1,500,000 Paid-up registered capital	–	51%	Provision of transportation services

Notes:

(i) The non-voting class A shares practically carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital in a winding-up.

(ii) The companies are registered in the form of wholly foreign owned enterprises.

(iii) 80% equity interest of Greenfield is indirectly held by Rookwood Investments Limited.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GREENFIELD GROUP FOR THE SIX MONTH ENDED 30TH JUNE, 2009

The following is the unaudited condensed consolidated financial statements and notes to the financial statements of the Greenfield Group for the six months ended 30th June, 2009 extracted from the 2009 interim report of Greenfield:

The unaudited condensed consolidated financial statements have not been audited, but have been reviewed by Greenfield's auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by Greenfield's Audit Committee. There were no other exceptional items or extraordinary items of the Greenfield Group for the six months period ended 30th June, 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30th June,	
		2009	**2008**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
			(Restated)
Revenue	*3*	129,830	160,941
Cost of sales		(92,195)	(140,592)
Gross profit		37,635	20,349
Other income		14,456	8,644
Distribution and selling expenses		(10,241)	(9,283)
Administrative expenses		(18,060)	(22,376)
Share of profits of associates		15,492	11,151
Profit before taxation	*4*	39,282	8,485
Taxation	*5*	(5,718)	(1,668)
Profit for the period		33,564	6,817
Other comprehensive income			
Exchange differences arising on translation of foreign operations		72	5,487
Share of translation reserve of associates		96	2,943

	Notes	For the six months ended 30th June, 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited) (Restated)
Other comprehensive income for the period		168	8,430
Total comprehensive income for the period		33,732	15,247
Profit for the period attributable to			
– Owners of Greenfield		19,661	1,835
– Minority interests		13,903	4,982
		33,564	6,817
Total comprehensive income attributable to			
– Owners of Greenfield		19,794	6,133
– Minority interests		13,938	9,114
		33,732	15,247
Earnings per share, basic	*7*	HK7.1 cents	HK0.6 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2009

	Notes	At 30th June, 2009 HK$'000 (Unaudited)	At 31st December, 2008 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*8*	78,132	83,232
Prepaid lease payments		13,883	13,885
Interests in associates		88,340	72,752
Available-for-sale investments		10	10
Loan receivable	*9*	159,055	159,055
Deferred tax assets		163	163
		339,583	329,097
Current assets			
Prepaid lease payments		176	340
Inventories		22,491	29,745
Trade and other receivables	*10*	80,938	84,596
Advance to an associate		10,298	10,000
Dividend receivable from an associate		–	4,500
Tax recoverable		4,365	511
Bank balances and cash		129,955	106,945
		248,223	236,637
Current liabilities			
Trade and other payables	*11*	31,447	29,439
Tax payable		8,929	–
		40,376	29,439
Net current assets		207,847	207,198
Total assets less current liabilities		547,430	536,295
Capital and reserves			
Share capital	*12*	27,286	30,000
Reserves		360,522	361,168
Equity attributable to owners of Greenfield		387,808	391,168
Minority interests		159,065	145,127
Total equity		546,873	536,295
Non-current liabilities			
Deferred tax liabilities		557	–
Total equity and liabilities		547,430	536,295

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	Attributable to owners of Greenfield								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note a)	Translation reserve HK$'000	Non-distributable reserve HK$'000 (Note b)	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January, 2008 (audited)	30,000	121,293	32,000	9,042	5,769	202,123	400,227	133,514	533,741
Exchange difference arising from translation of foreign operations	–	–	–	2,797	–	–	2,797	2,690	5,487
Share of translation reserve of associates	–	–	–	1,501	–	–	1,501	1,442	2,943
Profit for the period	–	–	–	–	–	1,835	1,835	4,982	6,817
Total comprehensive income for the period	–	–	–	4,298	–	1,835	6,133	9,114	15,247
Dividends recognised as distribution *(note 6)*	–	–	–	–	–	(18,000)	(18,000)	–	(18,000)
Dividends paid to minority interests of a subsidiary	–	–	–	–	–	–	–	(3,920)	(3,920)
At 30th June, 2008 (unaudited)	30,000	121,293	32,000	13,340	5,769	185,958	388,360	138,708	527,068
At 1st January, 2009 (audited)	30,000	121,293	32,000	13,607	5,769	188,499	391,168	145,127	536,295
Exchange difference arising from translation of foreign operations	–	–	–	62	–	–	62	10	72
Share of translation reserve of associates	–	–	–	71	–	–	71	25	96
Profit for the period	–	–	–	–	–	19,661	19,661	13,903	33,564
Total comprehensive income for the period	–	–	–	133	–	19,661	19,794	13,938	33,732
Shares repurchased and cancelled	(2,714)	(20,440)	–	–	–	–	(23,154)	–	(23,154)
At 30th June, 2009 (unaudited)	27,286	100,853	32,000	13,740	5,769	208,160	387,808	159,065	546,873

Notes:

(a) The special reserve of the Greenfield Group represents the nominal value of 32,000,000 non-voting class A shares of HK$1 each issued by a subsidiary of Greenfield to its then shareholders prior to the Greenfield Group reorganisation in 2002.

(b) The non-distributable reserve of the Greenfield Group mainly represents statutory reserve requirement that the foreign investment enterprises appropriated 10% of the profit after taxation of the subsidiaries of Greenfield registered in the People's Republic of China other than Hong Kong (the "PRC") to the non-distributable reserve, under the PRC laws and regulations until the transferred amount met 50% of the registered capital of these PRC subsidiaries. No transfer was noted for both periods, as the PRC subsidiaries had already transferred an amount equal to 50% of its relevant registered capital to non-distributable reserve in prior years or no profit after taxation was generated for the periods.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	For the six months ended 30th June,	
	2009	**2008**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Net cash from operating activities	38,132	4,572
Net cash from (used in) investing activities		
New loan receivable granted	–	(30,000)
Purchase of property, plant and equipment	(721)	(4,677)
Interest received	8,365	1,760
Dividend received from an associate	–	4,500
Proceeds from disposal of property, plant and equipment	374	100
	8,018	(28,317)
Cash used in financing activities		
Dividends paid	–	(18,000)
Dividends paid to minority shareholders of subsidiary	–	(3,920)
Payment on repurchase of shares	(23,154)	–
	(23,154)	(21,920)
Net increase (decrease) in cash and cash equivalents	22,996	(45,665)
Cash and cash equivalents at the beginning of the period	106,945	173,948
Effect of foreign exchange rate changes	14	615
Cash and cash equivalents at the end of the period, represented by bank balances and cash	129,955	128,898

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Certain comparative financial information is reclassified to conform with the current period's presentation.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Greenfield Group's consolidated financial statements for the year ended 31st December, 2008. In addition, the Greenfield Group has applied the following accounting policy for shares repurchase during the current interim period.

Shares repurchase

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

In the current interim period, the Greenfield Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Greenfield Group's financial year beginning on 1st January, 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing cost
HKAS 32 and HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Greenfield Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Greenfield Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 *(see note 3)*.

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Greenfield Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Greenfield Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and separate financial statement[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first time adopters[3]
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised in 2008)	Business combinations[1]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners[1]
HK(IFRIC) – INT 18	Transfer of assets from customers[4]

1 *Effective for annual periods beginning on or after 1st July, 2009.*

2 *Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.*

3 *Effective for annual periods beginning on or after 1st January, 2010.*

4 *Effective for transfers on or after 1st July, 2009.*

The adoption of HKFRS 3 (Revised in 2008) may affect the Greenfield Group's accounting for business combinations for which the acquisition dates are on or after 1st January, 2010. HKAS 27 (Revised in 2008) will affect the accounting treatment for changes in the Greenfield Group's ownership interest in a subsidiary. The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Greenfield Group.

3. Segment information

The Greenfield Group has adopted HKFRS 8 "Operating segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Greenfield Group that are regularly reviewed by the chief operating decision maker, represented by the Directors, in order to allocate resources to segments and to assess their performance. The Greenfield Group is principally engaged in manufacturing of paints and trading in petrochemical and related products. The Greenfield Group chief operating decision maker make its decision on allocation of resources and assessment of performance based on the location of customers, which is the same as the geographical segment (based on location of customers) previously disclosed under HKAS 14. Therefore, the application of HKFRS 8 has not resulted in a redesignation of the Greenfield Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

2009

	Hong Kong	**The PRC**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
REVENUE			
External sales	43,082	86,748	129,830
RESULTS			
Segment results	6,401	15,269	21,670
Interest income			8,365
Management fee income			1,725
Royalty fee income			1,707
Central administration costs			(9,677)
Share of profits of associates			15,492
Profit before taxation			39,282

2008

	Hong Kong	The PRC	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
REVENUE			
External sales	95,005	65,936	160,941
RESULTS			
Segment results	2,487	1,479	3,966
Interest income			1,760
Management fee income			2,722
Royalty fee income			1,822
Central administration costs			(12,936)
Share of profits of associates			11,151
Profit before taxation			8,485

Segment results represent the profit or loss earned by each segment without allocation of interest income, management fee income, royalty fee income, unallocated central administration cost and share of profits of associates. This is the measure reported to the Directors for the purpose of resource allocation and performance assessments.

4. Profit before taxation

	For the six months ended 30th June, 2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	176	170
Depreciation of property, plant and equipment	5,588	5,765
(Gain) loss on disposal of property, plant and equipment	(94)	183
Share of taxation of associates (included in share of profits of associates)	2,122	2,060
Net foreign exchange gain	(5)	(2,086)
Interest income on:		
Advance to an associate	(298)	(613)
Bank deposits	(180)	(586)
Loan receivable	(7,887)	(561)

5. Taxation

	For the six months ended 30th June, 2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax – current period	1,902	1,119
PRC Income Tax		
Current period	3,358	468
(Over) under provision in prior period	(99)	81
	3,259	549
Deferred tax – current period *(Note)*	557	–
	5,718	1,668

Note: For the period ended 30th June, 2009, the Greenfield Group recognised deferred tax of HK$557,000 in respect of the temporary difference attributable to the undistributed retained profits earned by certain of Greenfield's associates in the PRC.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Pursuant to the relevant laws and regulations in the PRC, certain of Greenfield's PRC subsidiaries are entitled to exemption from PRC Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. These PRC subsidiaries continue to enjoy their tax holiday during the period.

The newly promulgated Enterprise Income Tax Law ("Tax Law") of the PRC is effective on 1st January, 2008. In February, 2008, the Ministry of Finance and the State Administration of Taxation issued several important tax circulars which clarify the implementation of the Tax Law and have an impact on certain of Greenfield's PRC subsidiaries. Greenfield has certain PRC subsidiaries which previously enjoyed the preferential tax policies in the form of a reduced tax rate. These subsidiaries will have five years from the time when the Tax Law takes effect to transition progressively to the legally prescribed tax rate of 25%. These PRC subsidiaries that previously enjoyed the 15% tax rate are subject to the 18% tax rate from 1st January, 2008, and will be subject to the 20% tax rate for the financial year 2009, 22% tax rate for the financial year 2010, 24% tax rate for the financial year 2011 and 25% tax rate for the financial year 2012. For those PRC subsidiaries which previously enjoyed the 24% tax rate are subject to the 25% tax rate starting from 1st January, 2008.

In the previous years, the Inland Revenue Department issued additional assessment in aggregate of approximately HK$11,001,000 to an indirect wholly-owned subsidiary of Greenfield disallowing its offshore claims in respect of its production activities for years of assessment 2002/03, 2003/04, 2004/05 and 2005/06. The Greenfield Group had purchased tax reserve certificates totalling HK$11,001,000 and an amount of HK$10,000,000 was recognised as income tax expense against such tax reserve certificates in the previous year and the remaining amount of tax reserve certificates of HK$1,001,000 (31st December, 2008: HK$1,001,000) was included in tax recoverable as at the balance sheet date. In the opinion of the Directors, the ultimate outcome of the additional assessment remains undetermined and the Greenfield Group will continue to defend vigorously against the additional assessment.

Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the undistributed retained profits earned by Greenfield's PRC subsidiaries starting from 1st January, 2008 under the Tax Law that requires withholding tax upon the distribution of such profits to the shareholders as, in the opinion of the Directors, the Greenfield Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. Dividends

	For the six months ended 30th June,	
	2009	**2008**
	HK$'000	*HK$'000*
Dividends paid and recognised as distribution during the period:		
2008 Final – nil (six months ended 30th June, 2008: 2007 Final – HK3 cents) per ordinary share	–	9,000
2008 Special – nil (six months ended 30th June, 2008: 2007 Special – HK3 cents) per ordinary share	–	9,000
	–	18,000

The Directors do not recommend the payment of interim dividend for both periods.

7. Earnings per share

The calculation of basic earnings per share attributable to owners of Greenfield for the period is based on the profit attributable to owners of Greenfield for the period of HK$19,661,000 (six months ended 30th June, 2008: profit of HK$1,835,000) and on 276,623,177 shares (six months ended 30th June, 2008: 300,000,000 shares) in issue throughout the period.

No diluted earnings per share is presented as Greenfield did not have any potential ordinary shares in issue at any time during the current and prior periods.

8. Property, plant and equipment

During the period, the Greenfield Group spent approximately HK$721,000 (six months ended 30th June, 2008: HK$4,677,000) on acquisition of property, plant and equipment.

In addition, during the current period, the Greenfield Group disposed of certain of its property, plant and equipment with a carrying amount of approximately HK$280,000 (six months ended 30th June, 2008: HK$283,000) for proceeds of approximately HK$374,000 (six months ended 30th June, 2008: HK$100,000).

9. Loan receivable

On 5th November, 2007, Smart Million Limited ("Smart Million"), a wholly-owned subsidiary of Greenfield, entered into a conditional sale and purchase agreement (the "Agreement") with independent third parties (the "Vendors") for the acquisition of the entire issued share capital of Winfame Investments Limited ("Winfame"), which held 99.9999875% of the issued share capital of New Gold International Limited ("New Gold") which in turn held the entire equity interest in 呼倫貝爾東明礦業有限責任公司 (referred to as "Dong Ming Mining"), a wholly-owned foreign enterprise established in the PRC and engaged in coal mining. An initial refundable deposit of HK$100,000,000 was paid to the Vendors in November 2007. Such deposit is secured by the pledge of the entire issued share capital of Winfame and Winfame's equity interest in New Gold (collectively referred to as the "Shares"). The deposit was restructured as part of the loans receivable (the "First Loan") upon termination of the Agreement during the year ended 31st December, 2008.

In May 2008, Smart Million advanced a loan principal of HK$30,000,000 (the "Second Loan") to Winfame to finance the purchase of plant and machinery in connection with the operation of the coal mines by Dong Ming Mining. The Second Loan is secured by the second mortgage of the Shares, bears interest at 1% per month and is repayable on demand.

In June 2008, Smart Million entered into a supplemental agreement (the "Supplemental Agreement") with the Vendors and other parties to amend, inter alia, certain representations and warranties by the Vendors and the guarantor with respect to the audited profit after tax of Dong Ming Mining for the two years ending 31st December, 2010.

On 27th November, 2008, Smart Million entered into a deed of termination (the "Deed of Termination") with, inter alia, the Vendors, New Gold and Winfame to terminate the Agreement and the Supplemental Agreement and to consolidate and restructure the First Loan, the Second Loan and a further loan to New Gold of HK$25,000,000 plus respective accrued interest totalling HK$4,055,000 (collectively refer to as the "Indebtedness") for a term of two years (extendable for a further period of one year) from the date of the Deed of Termination. The Indebtedness bears interest at 10% per annum and the interest is payable by end of each quarter. At 30th June, 2009 and 31st December, 2008, the amount of the Indebtedness is HK$159,055,000 and the Indebtedness is secured by the Shares. Details of the transactions are disclosed in the circular of Greenfield dated 21st January, 2009.

As part of the conditions to safeguard the recovery by Smart Million of the Indebtedness under the Deed of Termination, Winfame granted to Smart Million a right to convert the Indebtedness into 25% equity interest of New Gold in satisfaction in full of the Indebtedness at Smart Million's sole and absolute discretion at any time within the two-year period during the continuance of the Deed of Termination. The Indebtedness including this conversion right is stated at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates of the conversion right is so significant that the Directors are of opinion that the fair value of the conversion right cannot be reliably measured and the conversion right component of the Indebtedness is sufficiently significant to preclude them from obtaining a reliable estimate of the fair value of the entire instrument (i.e. the Indebtedness including the conversion right).

10. Trade and other receivables

	At 30th June, 2009	**At 31st December, 2008**
	HK$'000	*HK$'000*
Trade receivables from third parties	70,493	68,753
Trade receivables from associates	4,771	10,441
Other receivables	5,674	5,402
	80,938	84,596

The Greenfield Group allows a credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables at the end of the reporting period:

	Trade receivables from third parties		Trade receivables from associates	
	At 30th June, 2009	**At 31st December, 2008**	**At 30th June, 2009**	**At 31st December, 2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	23,833	18,659	1,287	1,984
31 – 60 days	20,597	19,694	1,243	2,903
61 – 90 days	12,983	15,877	1,056	2,704
Over 90 days	13,080	14,523	1,185	2,850
	70,493	68,753	4,771	10,441

11. Trade and other payables

	At 30th June, 2009	**At 31st December, 2008**
	HK$'000	*HK$'000*
Trade payables to third parties	22,105	13,586
Trade payables to an associate	674	35
Other payables	8,668	15,818
	31,447	29,439

The following is an aged analysis of trade payables at the end of the reporting period:

	Trade payables to third parties		Trade payables to an associate	
	At 30th June, 2009	At 31st December, 2008	At 30th June, 2009	At 31st December, 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	9,413	4,282	674	35
31 – 60 days	11,968	8,264	–	–
61 – 90 days	561	1,040	–	–
Over 90 days	163	–	–	–
	22,105	13,586	674	35

12. Share capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.1 each:		
Authorised:		
At 31st December, 2008 and 30th June, 2009	1,000,000,000	100,000
Issued and full paid:		
At 1st January, 2009	300,000,000	30,000
Share repurchased and cancelled	(27,140,000)	(2,714)
At 30th June, 2009	272,860,000	27,286

During the current period, Greenfield repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of HK$0.1 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
January 2009	27,140,000	0.85	0.84	23,043,700

The above shares were cancelled upon repurchase.

13. Operating lease commitments

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

	At 30th June, 2009	At 31st December, 2008
	HK$'000	*HK$'000*
Within one year	433	891
In the second to fifth year inclusive	32	80
	465	971

Leases are negotiated and monthly rentals are fixed for terms of two years.

14. Capital commitments

	At 30th June, 2009	At 31st December, 2008
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the condensed consolidated financial statements	40	1,023

15. Pledge of assets

At 30th June, 2009, the Greenfield Group pledged certain land and buildings in Hong Kong with a carrying value of approximately HK$2,241,000 (31st December, 2008: HK$2,272,000) to a bank to secure general banking facilities granted to the Greenfield Group.

16. Related party transactions

During the period, the Greenfield Group had the following significant transactions with the associates:

	For the six months ended 30th June,	
Nature of transactions	**2009**	**2008**
	HK$'000	*HK$'000*
Sales of goods by the Greenfield Group	14,517	16,195
Management fee income received by the Greenfield Group	1,725	2,722
Purchases of goods by the Greenfield Group	2,991	2,274
Royalty fee income received/receivable by the Greenfield Group	1,707	1,822
Interest income received/receivable by the Greenfield Group	298	613
Rental income received/receivable by the Greenfield Group	801	110

The remuneration of directors and other members of key management during the period, which is determined by the remuneration committee having regard to the performance of individuals and market trends, is as follows:

	For the six months ended 30th June,	
	2009	**2008**
	HK$'000	*HK$'000*
Short-term benefits	1,044	1,080
Retirement benefits scheme contribution	18	12
	1,062	1,092

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF GREENFIELD GROUP

(a) Management Discussion and Analysis for the year ended 31st December, 2007

Review of Operations

The Greenfield Group's increased turnover during the year was mainly due to the expansion of business scope and the launch of newly developed products to the market. However, as operating overheads and production costs, in particular, the prices of oil and other key raw materials and labour costs kept on rising, the increase in turnover was insufficient for the purpose of setting off the effect caused by such ascending operation costs in the year. In light of the customary narrow profit margin for manufacturing industries, only part of the rising operation costs can be shifted to customers. Hence, profit after taxation for the year decreased as compared with that of last year. The Greenfield Group implemented stringent cost-controls including sourcing for less expensive raw materials and expanding the sources of supply, sought to rationalize and streamline the work and production process and to introduce a logistics system with a view to improving operational efficiency and productivity and enhancing the Greenfield Group's competitiveness.

Greenfield continued to face cut-throat competition from some of its competitors who persisted in their strategy of pricecutting measures to maintain their market shares. In response to such competition, Greenfield kept on improving its product and service quality and providing quality product and service at reasonable price in order to maintain the confidence of and solidify the business relationship with its customers. Greenfield launched market campaigns to strengthen the presence of Greenfield Group and its products in the market. Greenfield actively monitored market trends and its sales team regularly liaised with its customers to ascertain their feedback on its products and their needs in order to improve its products in time to their satisfaction such that Greenfield can maintain their confidence and their continual use of its products and services.

Seeking to mitigate the effect of the drop in business and to secure an immediate financial return for the purpose of obtaining additional resources, Greenfield disposed of its 49% interests in Rookwood Investments Limited, a then major wholly-owned subsidiary of Greenfield.

In addition, Pacific Orchid Investments Limited ("Pacific Orchid"), the major shareholder of Greenfield, entered into a top-up arrangement with the placing agent and Greenfield, whereby Pacific Orchid signed a placing agreement with the placing agent to place 50,000,000 shares at a placing price of HK$2.5 per share and signed a subscription agreement with Greenfield to subscribe for the same number of new share at the same price each share. Upon the 50,000,000 share being placed and the new 50,000,000 share being subscribed, there were net proceeds of approximately HK$120,000,000.00 for use by the Greenfield Group as general working capital.

Further, Greenfield, through its direct wholly-owned subsidiary, entered into a conditional agreement with independent third parties to acquire two coal mines in Inner Mongolia, the PRC, subject to the fulfillment of a number of conditions.

Outlook

Operation overheads and production costs will continue to rise with ascending prices in oil and other key raw materials. However, demand for Greenfield's products would also rise with the continual growth and improvement of the economy in China. The Greenfield Group will strive to maintain and enlarge its market share in the China market. The Greenfield Group will also work to reinforce its competitiveness, consolidate its relationship with customers, expand its customer base, increase the sale of its high-yield products and invest resources to enhance product quality.

In light of the increasingly difficult business operating environment, Greenfield has been endeavouring to maximize return for shareholders by capitalizing on good investment opportunities. In view of the growing demand for coal on a global scale and in the PRC, Greenfield considers it an opportune time to develop its investment and business into the natural resources sector. Hence, Greenfield, through its direct wholly-owned subsidiary, entered into a conditional agreement with independent third parties to acquire two coal mines in Inner Mongolia, the PRC, subject to the fulfillment of a number of conditions. Upon completion of the acquisition of the coal mines after fulfillment of such conditions, Greenfield will diversify into the coal mining business, and since the two coal mines are being exploited pursuant to the mining right permits granted by the appropriate authority, it is anticipated that the purchase of the coal mines will demonstrate Greenfield's ability to generate income and cash flow through its investment and trading activities in the natural resource sector.

Liquidity and Financial Resources

During the year ended 31st December, 2007, the Greenfield Group had no borrowings outstanding. The Greenfield Group has sufficient cash surplus to finance operation from internally generated cash flow. The Greenfield Group maintained a satisfactory financial position derived from the steady growth of its business. As at 31st December, 2007, the Greenfield Group had cash on hand of HK$173,948,000 (31st December, 2006: HK$47,212,000).

Pledge of Assets

As at 31st December 2007, the Greenfield Group has pledged certain land and buildings in Hong Kong with a carrying value of approximately, HK$2,348,000 to secure general banking facilities granted to the Greenfield Group.

Contingent Liabilities

As at 31st December 2007, the Greenfield Group had no contingent liabilities.

Exposure to Foreign Exchange Risk

Business transactions of the Greenfield Group are mainly denominated in Hong Kong dollars and Renminbi. Though the Greenfield Group has not entered into any hedging contract, the Greenfield Group's exposure to foreign exchange risk is minimal. In view of the revaluation of the Renminbi during the year, the Greenfield Group will monitor the situation closely and will introduce suitable hedging measures if there are likely to be any changes in the value of the Renminbi that may have adverse effect on the Greenfield Group.

Employee and Remuneration Policies

As at 31st December, 2007, the Greenfield Group had around 1,330 employees, including management and administrative staff as well as technical and production workers. Most of the Greenfield Group's staff members were stationed in Mainland China while the rest were in Hong Kong. Remuneration, promotion and salary increments for the Greenfield Group's staff were determined on the basis of individual performance as well as professional and working experience with due regard to prevalent industry practices.

(b) Management Discussion and Analysis for the year ended 31st December, 2008

Review of Operations

During the year under review, despite the fierce competition in the paints market, the Greenfield Group achieved a moderate increase of 5.88% to HK$335,697,000 (2007: HK$317,006,000) in turnover. The increase in turnover was mainly due to the Greenfield Group's constant efforts to upgrade products and services, develop new markets, deepen its contacts and consolidate closer ties with its customers.

The Greenfield Group endeavoured to tighten stringent cost control, search for less expensive raw material, expand sources of supply, rationalize and streamline the work and production process in order to improve operational efficiency and enhance the Greenfield Group's competitiveness. However, with the escalation in price of crude oil, price of other key raw material, labour cost and administrative expenses prior to the financial crisis beginning in September 2008, the net profit for the year decreased by 35.83% to HK$14,904,000 (2007: HK$23,226,000), together with the dilution effect as a result of the disposal of 49% equity interests in Rookwood Investments Limited in the fourth quarter of 2007, the profit attributable to shareholders of Greenfield dropped by 82.16% to HK$4,376,000 (2007: HK$24,535,000).

In November 2007, the Greenfield Group entered into a conditional sale and purchase agreement (the "Conditional Agreement") with independent third parties, subject to satisfaction of certain conditions precedent, to acquire two coal mines in Inner Mongolia. As a result of the financial crisis and decline in the economies of the world, the demand for natural resources including coal has become uncertain. After careful consideration and deliberation with the vendors, it was agreed and decided that it might not be in the interests of the parties concerned to proceed with the Conditional Agreement under the prevalent economic circumstances and the vendors and the Greenfield Group mutually agreed to terminate the Conditional Agreement in November 2008. Hence, a deed of termination to terminate the Conditional Agreement was executed to consolidate and restructure the debts in the form of the indebtedness for a term of two years from the date of the deed of termination in order to safeguard the repayment to and recovery by the Greenfield Group of the indebtedness. Interest income will be received quarterly by the Greenfield Group during the term of the indebtedness.

Outlook

The global financial tsunami hit the global economy badly and damaged business confidence throughout the world. Looking ahead, the growth of the business will depend on the ability of the global economy to recover from the financial crisis and the year 2009 will be very challenging for the industry of paints and petrochemical and related products. Despite the adverse market conditions, the Greenfield Group aims to reinforce its competitiveness, consolidate its relationship with customers, expand its customer base, increase the sale of its high-yield products and enhance product quality in order to maintain continual growth when the global economy revives from the financial crisis.

In light of the global financial crisis, the Greenfield Group will take a more cautious view in its investment activities. Equipped with a strong and healthy financial position, the Greenfield Group is well-placed to continue to identify grossly under-valued investment opportunities in order to diversify the business of the Greenfield Group and maximize returns for its shareholders.

Subsequent to the year end, Greenfield repurchased 27,140,000 ordinary shares of Greenfield on The Stock Exchange of Hong Kong Limited in the range from HK$0.84 to HK$0.85 for a total consideration of approximately HK$23,000,000. At the balance sheet date, the net asset value per share attributable to shareholders of Greenfield was HK$1.30, therefore, such repurchase would lead to an enhancement of the net asset value per share and earnings per share of Greenfield where the directors consider it to be in the best interests of Greenfield.

Financial Resources, Borrowings and Capital Structure

As at 31st December, 2008, the Greenfield Group's non-current assets amounted to HK$329,097,000 (2007: HK$253,435,000) and net current assets amounted to HK$207,198,000 (2007: HK$280,306,000) with a current ratio of 8.0 (2007: 6.0) calculated on the basis of the Greenfield Group's current assets over current liabilities.

During the year ended 31st December, 2008, the Greenfield Group had no borrowings outstanding. The Greenfield Group has sufficient cash surplus to finance operation from internally generated cash flow. The Greenfield Group maintained a satisfactory financial position derived from the steady growth of its business. As at 31st December, 2008, the Greenfield Group had cash on hand of HK$106,945,000 (2007: HK$173,948,000).

Pledge of Assets

As at 31st December 2008, the Greenfield Group has pledged certain land and buildings in Hong Kong with a carrying amount of approximately HK$2,272,000 to a bank to secure general banking facilities of HK$10,000,000 granted to the Greenfield Group.

Contingent Liabilities

As at 31st December 2008, the Greenfield Group had no contingent liabilities.

Exposure to Foreign Exchange Risk

Business transactions of the Greenfield Group are mainly denominated in Hong Kong dollars and Renminbi. Currently, the Greenfield Group does not engage in any hedging contract. In view of the fluctuation of Renminbi during the year, the Greenfield Group will monitor the situation closely and will introduce suitable measures if there are likely to be any changes.

Employee and Remuneration Policies

As at 31st December, 2008, the Greenfield Group had around 1,100 full-time employees. They included management and administrative staff and production workers. Most of them were stationed in Mainland China while the rest were in Hong Kong. The remuneration, promotion and salary increments of employees are assessed according to individual performance, as well as professional and working experience, and in accordance with prevalent industry practices.

(c) Management Discussion and Analysis for the six months ended 30th June, 2009

Financial Results

For the six months ended 30th June, 2009, the Greenfield Group's turnover decreased by 19% to HK$129,830,000 (2008: HK$160,941,000). However, the profit for the period attributable to shareholders of Greenfield increased by 971% to HK$19,661,000 (2008: HK$1,835,000) and the earnings per share was HK7.1 cents (2008: HK0.6 cents).

As at 30th June, 2009, the net asset value per share attributable to equity holders of Greenfield was HK$1.42 (31st December, 2008: HK$1.30).

Review of Operations

The global financial tsunami in the late of 2008 hit the global economy badly and the demand for paints and petrochemical and related products dropped inevitably during the first half of 2009. In response to the deteriorating business conditions, the Greenfield Group successfully consolidated its relationship with customers by providing better services, enhancing product quality and increasing the sale of high-yield products. In light of implementation of the policies by the management and decrease in price of crude oil, prices of other key raw materials and labour cost, the gross profit increased by 85% to HK$37,635,000 (2008: HK$20,349,000). Combined with contribution of interest income of the loan receivable arising from consolidation and restructuring of debts as announced on 5th December, 2008, the profit for the period attributable to shareholders of Greenfield substantially increased by 971% to HK$19,661,000 (2008: HK$1,835,000).

During the period under review, the Greenfield repurchased 27,140,000 ordinary shares of the Greenfield on The Stock Exchange of Hong Kong Limited in the range from HK$0.84 per share to HK$0.85 per share for a total consideration of HK$23,043,700. At the balance sheet date, the net asset value per share attributable to shareholders of the Greenfield was HK$1.42, therefore, such repurchase led to an enhancement of the net asset value per share and earnings per share of the Greenfield Company where the directors of Greenfield considered it to be in the best interests of the Greenfield.

Liquidity, Financial Resources, Borrowings and Capital Structure

As at 30th June, 2009, the Greenfield Group's non-current assets amounted to HK$339,583,000 (31st December, 2008: HK$329,097,000) and net current assets amounted to HK$207,847,000 (31st December, 2008: HK$207,198,000) with a current ratio of 6.1 (31st December, 2008: 8.0) calculated on the basis of the Greenfield Group's currents assets over current liabilities.

During the period under review, the Greenfield Group had no borrowings outstanding and with sufficient cash surplus generated from its operations and maintained a satisfactory financial position derived from its business. As at 30th June, 2009, the Greenfield Group had bank balances and cash of HK$129,955,000 (31st December, 2008: HK$106,945,000).

Pledge of assets

As at 30th June, 2009, the Greenfield Group pledged certain land and buildings in Hong Kong with a carrying value of approximately HK$2,241,000 to a bank to secure general banking facilities granted to the Greenfield Group.

Contingent liabilities

As at 30th June, 2009, the Greenfield Group had no contingent liabilities.

Exposure to Foreign Exchange Risk and Hedging

Business transactions of the Greenfield Group are mainly denominated in Hong Kong dollars and Renminbi. Currently, the Greenfield Group does not engage in any hedging contract. In view of the fluctuation of the Renminbi in recent year, the Greenfield Group will monitor the situation closely and will introduce suitable measures if there are likely to be any changes.

Employees and Remuneration Policies

As at 30th June, 2009, the Greenfield Group had around 1,150 full-time employees. They included management and administrative staff and production workers. Most were stationed in Mainland China, while the rest were in Hong Kong. The remuneration, promotion and salary increments of employees are assessed according to the individual's performance, as well as professional and working experience, and in accordance with prevailing industry practices.

5. OTHERS

(a) Material Acquisitions and Disposals

Material acquisitions and disposal based on the 2006, 2007 and 2008 annual reports of Greenfield:

(i) On 30th March, 2007, the Greenfield Group entered into a joint venture agreement, pursuant to which the parties have agreed to form a joint venture company to principally engage in manufacture of acrylic stoving enamel in the PRC. The registered capital of the joint venture company is HK$42,000,000 owned as to 80% by the Greenfield Group. The Greenfield Group had made capital contribution in the form of cash and/or raw materials in the aggregate sum of HK$33,600,000.

(ii) On 30th July, 2007, Greenfield entered into a conditional agreement with certain connected persons of Greenfield in connection with the disposal of 49% equity interest in Rookwood Investments Limited ("Rookwood") for a total consideration of HK$122,500,000. Upon completion, Rookwood is now a 51% owned subsidiary of Greenfield.

(iii) On 5th November, 2007, Greenfield, through its direct wholly-owned subsidiary, entered into a conditional agreement with independent third parties to acquire two coal mines in Inner Mongolia, the PRC, subject to the fulfillment of a number of conditions. The acquisition was subsequently terminated on 27th November, 2008. (For further details, see note 15 and 16 as set out in pages 145 to 146 of this Circular)

Save as the above, the Greenfield Group did not engage in material acquisitions and disposals of subsidiaries and associated companies for the three financial years ended 31st December, 2008.

(b) Future Investments

The Company does not have any concrete plan to change the Greenfield Group's existing business activities and management of Greenfield. However, it is the intention of the Company that it will initiate and commence a review on the business activities and assets of the Greenfield Group, for the purpose of formulating new business plans and strategies for the future business development of the Greenfield Group. Save as disclosed above, the Company has no intention to inject any material assets or businesses into the Greenfield Group.

(c) Prospects

In view of the escalating awareness of environment protection, the demand for environmental-friendly and high quality products increases. In order to meet the market requirement, the Greenfield Group continues to improve product quality, increase the sale in high-yield products and introduce innovation to the products.

There are cautious signs that the global economy is recovering from the financial tsunami but the business environment in the second half of 2009 and the year 2010 remains to be challenging. However, having a strong and healthy financial position, the Greenfield Group is confident in its future business development and will continue to search for good investment opportunities in order to maximize returns for shareholders of Greenfield.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu. A copy of the following accountants' report is available for inspection.

Deloitte.
德勤

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Deloitte Touche Tohmatsu
35/F One Pacific Place
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Hong Kong

16 October 2009

TO THE DIRECTORS OF COL CAPITAL LIMITED

We report on the unaudited pro forma financial information of COL Capital Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), Pacific Orchid Investments Limited ("Pacific Orchid") and its subsidiaries (hereinafter collectively referred to as the "Enlarged Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of entire equity interests in Pacific Orchid might have affected the financial information presented, for inclusion in Appendix III of the circular dated 16 October 2009. The basis of preparation of the unaudited pro forma financial information is set out on page 192 to 195 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative financial position of the Enlarged Group as at 30 June 2009 or any future date.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 16 October 2009

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The unaudited pro forma assets and liabilities statement of the Enlarged Group has been prepared to illustrate the effect of the acquisition of entire equity interest of Pacific Orchid Investments Limited (the "Acquisition").

The unaudited pro forma assets and liabilities statement of the Enlarged Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Acquisition as if the Acquisition took place on 30 June 2009.

The unaudited pro forma assets and liabilities statement of the Enlarged Group is based upon the unaudited consolidated balance sheet of the Group as at 30 June 2009 (that has been extracted from the unaudited consolidated financial statements of the Group for the six months ended 30 June 2009, as set out in Appendix I to this circular), and the unaudited consolidated balance sheet of Greenfield Chemical Holdings Limited as at 30 June 2009 (that has been extracted from the unaudited consolidated financial statements of Greenfield for the six months ended 30 June 2009, as set out in Appendix II to this circular), after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction, and (ii) factually supportable.

The unaudited pro forma assets and liabilities statement of the Enlarged Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma assets and liabilities statement of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2009. The unaudited pro forma assets and liabilities statement of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group.

The unaudited pro forma assets and liabilities statement of the Enlarged Group should be read in conjunction with the historical information of the Group as set out in the unaudited consolidated financial statements of the Group for the period ended 30 June 2009 set out in Appendix I to this circular and other financial information included elsewhere in this circular.

The statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Enlarged Group following completion of the Acquisition.

	The Group as at 30 June 2009	Greenfield as at 30 June 2009	Pro forma adjustments	Pro Forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (c) & (d)*	
Non-current assets				
Investment properties	86,705	–	–	86,705
Property, plant and equipment	2,896	78,132	–	81,028
Prepaid lease payments	54	13,883	–	13,937
Interests in associates	–	88,340	–	88,340
Goodwill	–	–	21,482	21,482
Available-for-sale investments	288,211	10	–	288,221
Loan receivable	–	159,055	–	159,055
Deferred tax assets	–	163	–	163
	377,866	339,583	21,482	738,931
Current assets				
Available-for-sale investments	6,522	–	–	6,522
Prepaid lease payments	–	176	–	176
Inventories	–	22,491	–	22,491
Advance to an associate	–	10,298	–	10,298
Investments held for trading	1,241,068	–	–	1,241,068
Debtors, deposits and prepayments	150,845	80,938	–	231,783
Loan receivables	141,475	–	–	141,475
Taxation recoverable	4,050	4,365	–	8,415
Pledged bank deposits	10,531	–	–	10,531
Bank balances and cash	94,532	129,955	(409,290)	(184,803)
	1,649,023	248,223	(409,290)	1,487,956

	The Group as at 30 June 2009	Greenfield as at 30 June 2009	Pro forma adjustments	Pro Forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (c) & (d)*	
Current liabilities				
Creditors and accrued charges	24,435	31,447	–	55,882
Customers' deposits and receipts in advance	36,129	–	–	36,129
Other borrowings	80,233	–	–	80,233
Taxation payable	68,442	8,929	–	77,371
	209,239	40,376	–	249,615
Net current assets	1,439,784	207,847	(409,290)	1,238,341
Total assets less current liabilities	1,817,650	547,430	(387,808)	1,977,272
Non-current liabilities				
Convertible bonds	278,867	–	–	278,867
Net assets	1,538,783	547,430	(387,808)	1,698,405

Notes:

(a) The amounts of assets and liabilities of the Group as at 30 June 2009 are extracted from the Group's interim report for the six months ended 30 June 2009.

(b) Pacific Orchid is an investment holding company with a sole asset being the 68.72% equity interests in Greenfield Chemical Holdings Limited ("Greenfield"). Therefore, assets and liabilities of Greenfield (rather than investments in Greenfield recorded in the financial statements of Pacific Orchid) are included in the above pro forma financial information. Greenfield is a company listed on the Main Board of The Stock Exchange of Hong Kong. The amounts of assets and liabilities of Greenfield as at 30 June 2009 are extracted from Greenfield's interim report for the six months ended 30 June 2009.

(c) Based on the relevant sales and purchase agreement dated 4 September 2009 in relation to the acquisition of the entire issued share capital of Pacific Orchid by the Group, the Group will acquire the entire issued share capital of Pacific Orchid. As mentioned in note (b) above, Pacific Orchid owns 68.72% equity interests in Greenfield. Hence, the acquisition will, in effect, result in the Group having 68.72% equity interests in Greenfield indirectly. In addition, based on Rule 26.1 of the Hong Kong Code on Takeover and Mergers, the Group is required to make an unconditional mandatory general cash offer to acquire the remaining equity interests in Greenfield (i.e. 31.28%). The above pro forma information is prepared on the basis that the entire equity interests in Greenfield are acquired by the Group.

Related pro forma adjustments are as follows:

(i) recognition of the cash consideration of HK$409,290,000 for the 100% equity interests in Greenfield; and

(ii) recognition of goodwill of HK$21,482,000 that represents the excess of the cash consideration of HK$409,290,000 over the aggregate carrying amount of net assets attributable to owners of Greenfield as at 30 June 2009 of HK$387,808,000. At the actual date of acquisition, the Group is required to assess the fair-value of all identifiable assets and liabilities of Greenfield in accordance with HKFRS 3 *Business Combinations*. Since the fair values of the identifiable assets, liabilities and contingent liabilities of Greenfield at the actual date of acquisition may be different to their carrying amounts as at 30 June 2009, the actual amount of goodwill arising may be different from the goodwill shown above.

(d) As confirmed by the director of the Company, the transaction is being financed by internal resource and credit facilities of the Group.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

Long Position in the shares of the Company

Name of Director	Personal interests	Corporate interests	Other interests	Total	Percentage over all issued Shares
Ms. Chong Sok Un	–	355,176,374 *(Note 1)*	–	355,176,374	64.42%

Note:

1. Vigor Online Offshore Limited ("Vigor"), a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 355,176,374 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 355,176,374 ordinary shares of the Company.

(b) Substantial Shareholders' interests

Save as disclosed below, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Enlarged Group.

Long Position in the shares of the Company

Name	Capacity	Number of Shares or underlying shares held	Percentage of issued Shares
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation *(Note 1)*	355,176,374	64.42%
China Spirit Limited ("China Spirit")	Held by controlled corporation *(Note 1)*	355,176,374	64.42%
Vigor Online Offshore Limited ("Vigor")	Beneficial owner *(Note 1)*	355,176,374	64.42%
Ma Hongyi ("Mr. Ma")	Beneficial owner *(Note 2)*	240,000,000	43.53%
Lee and Lee Trust	Held by controlled corporation *(Note 3)*	266,666,666	48.36%
Allied Group Limited ("Allied Group")	Held by controlled corporation *(Note 4)*	266,666,666	48.36%
Allied Properties (H.K.) Limited ("Allied Properties")	Held by controlled corporation *(Note 5)*	266,666,666	48.36%

Name	Capacity	Number of Shares or underlying shares held	Percentage of issued Shares
AP Jade Limited ("AP Jade")	Held by controlled corporation *(Note 5)*	266,666,666	48.36%
AP Emerald Limited ("AP Emerald")	Held by controlled corporation *(Note 5)*	266,666,666	48.36%
Sun Hung Kai & Co. Limited ("SHK & Co.")	Held by controlled corporation *(Note 6)*	266,666,666	48.36%
Sun Hung Kai Securities Limited ("SHK Securities")	Held by controlled corporation *(Note 7)*	266,666,666	48.36%
Sun Hung Kai Structured Finance Limited ("SHK Structured Finance")	Held as security interest and beneficial owner *(Note 8)*	266,666,666	48.36%

Notes:

1. Vigor Online Offshore Limited ("Vigor"), a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 355,176,374 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 355,176,374 ordinary shares of the Company.

2. Mr. Ma has beneficial interest in HK$180,000,000 convertible bonds of the Company convertible into 240,000,000 Shares.

3. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together own approximately 44.54% interest in the issued share capital of Allied Group and are therefore deemed to have the same interest held by Allied Group.

4. Allied Group owns approximately 74.36% interest in the issued share capital of Allied Properties and is therefore deemed to have the same interest held by Allied Properties.

5. Through AP Jade and AP Emerald, direct and indirect wholly-owned subsidiaries of Allied Properties respectively, Allied Properties owns approximately 61.93% interest in the issued share capital of SHK & Co. and is therefore deemed to have the same interest held by SHK & Co.

6. SHK & Co. is deemed to have interest in HK$200,000,000 convertible bonds of the Company convertible into 266,666,666 Shares through its 100% interest in SHK Securities.

7. SHK Securities is deemed to have interest in HK$200,000,000 convertible bonds of the Company convertible into 266,666,666 Shares through its 100% interest in SHK Structured Finance.

8. SHK Structured Finance owns HK$200,000,000 convertible bonds of the Company convertible into an aggregate of 266,666,666 Shares in which (i) HK$180,000,000 convertible bonds convertible into 240,000,000 Shares are held as security interest; and (ii) HK$20,000,000 convertible bonds convertible to 26,666,666 Shares are held as beneficial interest.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2008 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

(a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

(b) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are continuous contracts with a notice period of 12 months or more.

(c) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of the notice period.

6. LITIGATION

(a) In November 1998, a writ was issued against the Company's subsidiaries, Hongkong Digital Television Limited ("Digital TV", formerly Star Interactive Television Limited) and Star Telecom Services Limited ("STSL", formerly Hong Kong Star Internet Limited) by nCube Corporation ("nCube"), claiming the sum of approximately US$1,980,000 (equivalent to approximately HK$15,305,000) plus interest in relation to the alleged purchase of two MediaCube 3000 systems by Digital TV from nCube. The claim of nCube against STSL was on the basis of a chop of STSL on the contract between Digital TV and nCube. STSL had taken legal advice and had been advised that it was very unlikely that STSL would be held liable to the claim of nCube. Digital TV was also opposing the claim of nCube and had taken legal advice.

As advised by its lawyers, Digital TV had reasonable grounds in defending the claim and, accordingly, had not made any provision in the consolidated financial statements in connection with the claim. Digital TV filed a defence in this section on 14 December 1998 and nCube had failed to take further action since that date. There was no progress since then in respect of the litigation.

(b) Stellar One Corporation ("Stellar One") served a statutory demand under Section 178 of the Companies Ordinance for the sum of approximately US$1,152,000 (equivalent to approximately HK$8,983,000) upon Digital TV in November 1998. Stellar One filed a winding up petition against Digital TV in December 1998 which was vigorously opposed by Digital TV. Digital TV applied for an order for security for the costs against Stellar One. On 4 May 1999, the Court ordered Stellar One to pay HK$200,000 to the court as security for the costs of Digital TV on or before 7 May 1999. Stellar One failed to pay that amount to the court. The petition was dismissed in November 1999 and Stellar One was to pay Digital TV its cost of the petition, which amounted to HK$254,000. Stellar One had indicated that it would proceed to arbitration in Honolulu to recover the alleged amount. Digital TV took legal advice and was advised that the arbitration proceedings had not commenced as of the date of this document. As advised by its lawyers, Digital TV had reasonable grounds in defending the claims and, accordingly, had not made any provision in the consolidated financial statements in connection with the claims.

Save and except for the matters specified above, neither the Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contract (not being a contract entered into in the ordinary course of business) has been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and ending on the Latest Practicable Date and is or may be material:

(a) a subscription agreement dated 14 November 2007 entered into by Mission Time Holdings Limited ("Mission Time") in respect of the subscription for the limited partnership interests in SHK Asian Opportunities Fund, L. P. by Mission Time at an aggregate commitment of up to US$20 million;

(b) an underwriting agreement dated 22 November 2007 entered into between the Company and Vigor in relation to the proposed open offer of 276,183,547 Shares;

(c) an underwriting agreement dated 23 November 2008 entered into between the Company and Vigor in relation to the proposed rights issue; and

(d) a placing agreement dated 23 November 2008 entered into between the Company and Sun Hung Kai International Limited in relation to the placing of the convertible bonds;

(e) a loan agreement dated 6 July 2009 entered into between Join Capital Limited and Mulpha Strategic relating to the granting of the revolving secured term loan.

(f) the Sale and Purchase Agreement; and

(g) a loan agreement dated 11 October 2009 entered into between Join Capital Limited and Sunnysino (B.V.I.) Limited relating to the granting of the secured term loan.

Save as disclosed above, there are no other contracts (not being contracts in the ordinary course of business) being entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date, which are or may be material.

8. GENERAL

(a) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

(b) The head office and principal place of business in Hong Kong of the Company is 47th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

(c) The secretary of the Company is Ms. Fung Ching Man, Ada, an associate member of the Institute of Chartered Secretaries and Administrators.

(d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays and public holidays) at the principal office of the Company at 47/F., China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong, and will also be available on the websites of the Company at http://www.irasia.com/listco/hk/colcapital/ during normal business hours on any business day from the date of this circular up to and including 30 October 2009:–

(a) the Memorandum of Association and Bye-laws of the Company;

(b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;

(c) the annual reports of the Company for the two financial years ended 31 December 2007 and 31 December 2008 and the interim report of the Company for the six months' period ended 30 June 2009;

(d) the circulars of the Company dated 27 February 2009, 30 March 2009 and 28 July 2009; and

(e) this circular.