THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Green Global Resources Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

GREEN GLOBAL RESOURCES LIMITED
綠色環球資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 61)

VERY SUBSTANTIAL ACQUISITION
INVOLVING THE ISSUE OF CONSIDERATION SHARES, CONVERTIBLE PREFERENCE SHARES AND PROMISSORY NOTES

A notice convening a special general meeting of the Company to be held at 11:00 a.m. on 10 November 2009 at 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular.

Whether or not you are able to attend the special general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *for identification purpose only*

23 October 2009

CONTENTS

Page

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"Acquisition"	the proposed acquisition of the Sale Shares by the Company pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional acquisition agreement dated 22 June 2009 as amended by supplemental agreements dated 26 June 2009 and 8 July 2009 entered into between the Company, the Vendors and the Guarantors in relation to the Acquisition
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"BVI"	the British Virgin Islands
"China Railway Mongolia"	China Railway Mongolia Investment LLC (中鐵蒙古有限責任公司), an Independent Third Party
"Code"	The Code on Takeovers and Mergers
"Company"	Green Global Resources Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
"Company's Warranties"	the representations and warranties given by the Company in the Acquisition Agreement
"Completion"	the completion of the Acquisition
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of the Acquisition, being the sum of HK$1,760,220,000, subject to adjustment
"Consideration Share(s)"	an aggregate of 63,000,000 new Shares amounting to an aggregate of HK$31,500,000 to be allotted and issued by the Company to the Vendors or their nominee(s) at the Issue Price at Completion credited as fully paid pursuant to the Acquisition Agreement

"Conversion Price"	the initial conversion price of the Convertible Preference Shares, being HK$0.50 per Share (subject to adjustment for subdivision or consolidation of Shares, capitalisation of profits or reserves, rights issue, capital distributions in cash or specie and other usual dilutive events in accordance with the terms of the Convertible Preference Shares)
"Conversion Share(s)"	new Share(s) to be allotted and issued to the holders of the Convertible Preference Shares by the Company credited as fully paid upon the exercise of the conversion rights attaching to the Convertible Preference Shares at the conversion rate prevailing at the time the conversion notice is given by the relevant holder of the Convertible Preference Shares
"Convertible Bonds"	the convertible bonds due 2010 issued by the Company which entitle the holders thereof to convert the outstanding principal amount into Shares at the prevailing conversion price of HK$4.60 per Share (subject to adjustments) at any time from the date of issue up to and including 1 October 2010
"Convertible Preference Shares"	the new class of unlisted non-redeemable convertible preference shares of HK$0.01 each in the share capital of the Company to be created, carrying the rights for conversion into Shares
"Deed of Capitalisation"	the deed of capitalisation to be made among the Target Company and the Vendors pursuant to which the Target Company will allot and issue 10,000 new Target Company Shares to the Vendors, as to 70% to Mountain Sky and 30% to Ultra Asset, to settle all obligations, liabilities and debts owing or incurred by the Target Company to the Vendors, on such pro rata basis, on or at any time prior to the Completion whether such obligations, liabilities and debts are actual, contingent or deferred and irrespective of whether or not the same are due and payable on Completion, in the form and substance satisfactory to the Company
"Deposit"	the cash deposit payments of HK$8,960,000 and HK$3,840,000 made to Mountain Sky and Ultra Asset respectively or their respective nominee(s) by the Company as part of the Consideration pursuant to the terms of the Acquisition Agreement

"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition immediately after Completion
"Exploration Licence"	the exploration rights licence no. 3629X registered in the name of Golden Pogada in relation to the Mine
"First Area"	the mining area of approximately 100 hectares (approximately equivalent to 1 km^2) with geographical co-ordinates of: (1) N45º44'08" E105º18'56"; (2) N45º44'08" E105º19'36"; (3) N45º43'44" E105º19'36"; and (4) N45º43'44" E105º 18'56"
"First Valuation"	the value of the reserves and resources of iron ore in the First Area as shown in the valuation report on the First Area prepared by Greater China as contained in Appendix VI to this circular
"Golden Pogada"	Golden Pogada LLC, a company incorporated in Mongolia with limited liability on 18 January 2007 and beneficially owned as to 90% by the Target Company
"Greater China"	Greater China Appraisal Limited, an independent firm of professional valuer
"Group"	the Company and its subsidiaries
"Guarantors"	Mr. Chan, Mr. King and Mr. Yu, who have guaranteed the Company the due and punctual performance by the Vendors to refund the Deposit under the terms of the Acquisition Agreement
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAM"	Integrated Asset Management (Asia) Limited, a company wholly and beneficially owned by Mr. Yam and which holds 114,436,657 Shares, representing approximately 42.86% of the issued share capital of the Company, as at the Latest Practicable Date

"Independent Third Party"	independent third party who is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons
"Issue Price"	the issue price of HK$0.50 for each Consideration Share or for each Convertible Preference Share (as the case may be)
"JV Agreement"	the joint venture agreement entered into between the Target Company and China Railway Mongolia dated 8 July 2009
"Last Trading Day"	22 June 2009, being the last trading day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the release of the announcement of the Company dated 8 July 2009 in relation to, among other things, the Acquisition
"Latest Practicable Date"	20 October 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2009 (or such a later date as may be agreed by the parties to the Acquisition Agreement)
"M&S Resources"	M&S Resources Holdings Limited, a company incorporated in Hong Kong with limited liability, which is a holder of 100,000 Options and currently beneficially owned as to 40% by Ms. Kung, 40% by Mr. Chan and 20% by Partner A
"Mine"	the Oyut Ovoo property, an iron ore mine located in Dundgobi aimag (province) and is approximately 270 km southwest of Ulaanbaatar, the capital city of Mongolia, and 75 km west of Mandalgobi, having an area of approximately 1,201 hectares
"Mining Rights Licence"	the licence to be granted by the relevant governmental authority to Golden Pogada for the mining of iron ore and/or related minerals ores at the Mine

"Mountain Sky"	Mountain Sky Resources (Mongolia) Limited, a company incorporated in BVI with limited liability
"Mr. Chan"	Mr. Chan Kwan-Hung, the director of Golden Pogada, one of the Guarantors and one of the directors of the Target Company and of Mountain Sky respectively
"Mr. King"	Mr. King Jun Chih, Joseph, one of the Guarantors and one of the directors of the Target Company and of Mountain Sky respectively
"Mr. Yam"	Mr. Yam Tak Cheung, the beneficial owner of the entire issued share capital of IAM
"Mr. Yu"	Mr. Yu Tsung Chin, William, one of the Guarantors
"Mr. Yu's Investco"	a company wholly and beneficially owned by Mr. Yu, which holds 60% equity interest in Ultra Asset
"Ms. Kung"	Ms. Kung Lui, the wife of Mr. King
"Options"	the 17,248,385 share options granted under the share option scheme adopted by the Shareholders on 30 May 2002, and which remained outstanding with prevailing exercise prices ranging from HK$1.00 to HK$24.98 for each Share as at the Latest Practicable Date
"Other Three Partners"	collectively Partner A, Partner B and Partner C
"Partner A"	an Independent Third Party who through his indirect shareholding in Mountain Sky has an approximately 12.8% attributable interest in the Target Company
"Partner B"	an Independent Third Party who through his indirect shareholding in Mountain Sky has an approximately 6% attributable interest in the Target Company
"Partner C"	an Independent Third Party who holds 40% of the equity interest in Ultra Asset and therefore through Ultra Asset has a 12% attributable interest in the Target Company
"PRC"	the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"PS Consideration"	the part of the Consideration amounting to an aggregate of HK$1,273,650,000 (of which HK$891,555,000 is payable to Mountain Sky and HK$382,095,000 to Ultra Asset) to be satisfied by the Company by the allotment and issue of 1,783,110,000 and 764,190,000 Convertible Preference Shares to Mountain Sky and Ultra Asset respectively or their respective nominee(s) credited as fully paid at the Issue Price at Completion
"Promissory Notes"	the two-year 2% coupon promissory notes in an aggregate principal amount of HK$442,270,000 (of which HK$309,589,000 is to Mountain Sky and HK$132,681,000 is to Ultra Asset) to be issued by the Company to Mountain Sky and Ultra Asset respectively or their respective nominee(s) at Completion
"Sale Shares"	such Target Company Shares which represent 100% of the issued share capital of the Target Company at Completion including the new Target Company Shares to be allotted and issued to the Vendors pursuant to the Deed of Capitalisation
"Second Area"	the mining area other than the First Area as identified and agreed by the Vendors and the Company for the purpose of conducting the Second Valuation if required
"Second Valuation"	100% of the value of the reserves and resources of iron ore and, if any, other mineral ores of substantive quantities in the Second Area as shown in the valuation report of the Second Area (which will be conducted only if the First Valuation is less than HK$2,200,000,000) as prepared in accordance with the Acquisition Agreement
"SGM"	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Acquisition Agreement and the transactions contemplated thereunder
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	North Asia Resources Group Limited, a company incorporated on 29 May 2009 in BVI with limited liability
"Target Company Shares(s)"	share(s) of US$1.00 each in the share capital of the Target Company
"Target Group"	the Target Company and Golden Pogada
"Technical Report"	the independent technical report prepared by SRK Consulting China Limited as contained in Appendix V to this circular
"Transfer"	the transfer of 10% equity interest in Golden Pogada to China Railway Mongolia on 16 July 2009 by a Mongolian national, an Independent Third Party
"Ultra Asset"	Ultra Asset International Ltd., a company incorporated in BVI with limited liability
"Vendors"	Mountain Sky and Ultra Asset
"Vendors' Warranties"	the representations and warranties given by the Vendors in the Acquisition Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"MNT"	Mongolian Tugrik, the lawful currency of Mongolia
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"km"	kilometers
"km^2"	square kilometers
"%"	per cent.

For the purpose of illustration only, translation of MNT into HK$, RMB into HK$ and US$ into HK$ are made in this circular at the rate of MNT1=HK$0.0054, RMB1=HK$1.1352 and US$1.00 = HK$7.80. No representation is made that any amounts in HK$, MNT, RMB and US$ have been or could be converted at the above rates or at any other rates or at all.

The English translations of certain Chinese names or words in this circular are included for reference purpose only and should not be regarded as the official English translation of such Chinese names or words.

GREEN GLOBAL RESOURCES LIMITED
綠色環球資源有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 61)

Executive Directors:
Mr. Tse Michael Nam
(Chairman and Chief Executive Officer)
Mr. Puongpun Sananikone

Independent non-executive Directors:
Mr. Lim Yew Kong, John
Mr. Albert Theodore Powers
Mr. Pang Seng Tuong

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
9th Floor
Wincome Centre
Nos. 39-41 Des Voeux Road Central
Hong Kong

23 October 2009

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION INVOLVING THE ISSUE OF CONSIDERATION SHARES, CONVERTIBLE PREFERENCE SHARES AND PROMISSORY NOTES

INTRODUCTION

References are made to the announcements of the Company dated 8 June 2009, 8 July 2009, 15 July 2009, 18 August 2009 and 14 October 2009 in relation to, among other things, the Acquisition.

After the close of trading hours on 22 June 2009, the Company, the Vendors and the Guarantors entered into the Acquisition Agreement whereby the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares at a consideration of HK$1,760,220,000 (subject to adjustment), which shall be satisfied as to (i) HK$12,800,000 by way of the Deposit; (ii) HK$31,500,000 by the allotment and issue of the Consideration Shares to the Vendors or their respective nominee(s) credited as fully paid at the Issue Price at Completion; (iii) HK$1,273,650,000 (subject to adjustment) by the allotment and issue of the Convertible Preference Shares to the Vendors or their respective

* *for identification purpose only*

nominee(s) credited as fully paid at the Issue Price at Completion; and (iv) HK$442,270,000 by the issue of the Promissory Notes to the Vendors or their respective nominee(s) at Completion. The Sale Shares represent the entire equity interest of the Target Company as at Completion. The Target Company is an investment holding company owned as to 70% by Mountain Sky and 30% by Ultra Asset. As at the date of the Acquisition Agreement, 90% of the issued share capital of Golden Pogada was owned by the Target Company and the remaining 10% equity interest was held by a Mongolian national, an Independent Third Party.

On 18 August 2009, the Company announced that, as advised by the Vendors, the Mongolian national has transferred its 10% interest in Golden Pogada to China Railway Mongolia on 16 July 2009. As a result, Golden Pogada is currently owned as to 90% by the Target Company and 10% by China Railway Mongolia. In connection with the Transfer, China Railway Mongolia and the Target Company entered into the JV Agreement in relation to Golden Pogada. As at the Latest Practicable Date, Golden Pogada is the registered holder of the Exploration Licence.

The purpose of this circular is to provide you with, among other things, (i) further information on the Acquisition and the JV Agreement; (ii) the financial information of the Group and the Target Group; (iii) the Technical Report; (iv) the valuation report on the First Area as prepared by Greater China; (v) the valuation report on the property interests held by the Enlarged Group as prepared by Greater China ; and (vi) the notice of the SGM and other information as required under the Listing Rules.

THE ACQUISITION AGREEMENT

Date: 22 June 2009 (as amended by supplemental agreements dated 26 June 2009 and 8 July 2009 respectively)

Parties:

Purchaser: the Company

Vendors:
(i) Mountain Sky, which holds 70% of the Sale Shares; and

(ii) Ultra Asset, which holds 30% of the Sale Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors and their respective ultimate beneficial owners is an Independent Third Party, and, save as disclosed herein, there are no other prior and/or continuing businesses/transactions entered into or other relationships between each of the Vendors and their respective ultimate beneficial owners with the Company and its connected persons and their respective associates.

In consideration of the services rendered to the Company in connection with the introduction of certain investors to the Company during 2008 by M&S Resources, M&S Resources was granted 100,000 Options on 8 October 2008. As at the Latest Practicable Date, such Options had not been converted and entitled M&S Resources to subscribe for new Shares at the prevailing exercise price of HK$1.00 per Share. At the time of the grant of such Options, M&S Resources was wholly and beneficially owned by Ms. Kung. For the services rendered to the Company by Mr. Yu's Investco in connection with the introduction of certain investment opportunities to the Company during 2008, Mr. Yu's Investco was granted options to subscribe for 2,534,800 Shares on 15 August 2008. On 10 July 2009, such options were exercised in full by Mr. Yu's Investco at the then prevailing exercise price of HK$1.00 per Share, as a result of which a total of 2,534,800 Shares have been issued to Mr. Yu's Investco. Save for the aforesaid, each of the Vendors, their respective ultimate beneficial owners and associates did not hold any interest in any Shares as at the Latest Practicable Date.

Guarantors: Mr. Chan, Mr. King and Mr. Yu, being the beneficial owners holding in aggregate approximately 69.2% attributable equity interest in the Target Company, through their respective intermediate holding companies, jointly, severally, irrevocably and unconditionally guaranteed the Company the due and punctual performance of the Vendors to refund the Deposit (or any part thereof) in accordance with the terms of the Acquisition Agreement.

Assets to be acquired:

The Sale Shares, being the entire issued share capital of the Target Company as at Completion, which shall comprise the 50,000 existing Target Company Shares and 10,000 new Target Company Shares to be allotted and issued by the Target Company pursuant to the Deed of Capitalisation. Upon Completion, the Company will own 100% of the equity interest in the Target Company. As at the date of the Acquisition Agreement, the principal asset held by the Target Company was a 90% equity interest in Golden Pogada which is the registered holder of the Exploration Licence.

Please refer to the section headed "Information of the Target Group" below for further details on the Target Company, Golden Pogada and the Mine.

The Consideration

The total consideration for the Acquisition is HK$1,760,220,000, which shall be satisfied by the Company in the following manner:

(i) as to HK$8,960,000 and HK$3,840,000 by way of a refundable deposit to Mountain Sky and Ultra Asset respectively or their respective nominee(s) in two tranches, of which HK$4,200,000 and HK$1,800,000 have been paid in cash within seven days after the signing of the Acquisition Agreement, and the remaining HK$4,760,000 and HK$2,040,000 have been paid in cash on 3 and 13 July 2009;

(ii) as to HK$22,050,000 and HK$9,450,000 by the allotment and issue of 44,100,000 and 18,900,000 Consideration Shares to Mountain Sky and Ultra Asset respectively or their respective nominee(s) credited as fully paid at the Issue Price at Completion by the Company;

(iii) as to HK$891,555,000 and HK$382,095,000 by the allotment and issue of 1,783,110,000 and 764,190,000 Convertible Preference Shares to Mountain Sky and Ultra Asset respectively or their respective nominee(s) credited as fully paid at the Issue Price at Completion by the Company; and

(iv) as to HK$309,589,000 and HK$132,681,000 by the issue of the Promissory Notes to Mountain Sky and Ultra Asset respectively or their respective nominee(s) at Completion.

The Deposit was financed by the Group's internal resources. If the conditions precedent to the Acquisition are not satisfied or, where applicable, waived, on or before the Long Stop Date, or such later date as the parties to the Acquisition Agreement may agree, the Acquisition Agreement shall cease and terminate, and the Vendors shall refund the Deposit in full without interest to the Company within five Business Days next following the Long Stop Date.

If at any time before Completion, the Company finds that any of the Vendors' Warranties is materially incorrect or has not been or is incapable of being fulfilled, the Company may rescind the Acquisition Agreement by serving a written notice to the Vendors. In this case, the Vendors shall refund the Deposit without interest to the Company. If at any time before Completion, the Vendors find that any of the Company's Warranties is materially incorrect or has not been or is incapable of being fulfilled, the Vendors may rescind the Acquisition Agreement by serving a written notice to the Company. In this case, the Vendors shall be entitled to the Deposit.

In the event that Completion cannot take place (a) by reason of the approval of the Shareholders at the SGM as required by the Listing Rules or the approval of the Stock Exchange not having been obtained but conditions precedent (iv), (viii) and (x) (details of which are set out under the paragraph headed "Conditions precedent" below) having been fulfilled; or (b) otherwise than as a result of the failure of the Vendors or the Company to deliver the completion documents as required under the Acquisition Agreement, the Company agrees that an amount equal to one-half of the Deposit shall be forfeited to the Vendors.

The Consideration has been determined after arm's length negotiations between the Company and the Vendors by reference to an estimated valuation of HK$2,200,000,000 on the First Area, subject to the Company obtaining an independent valuation conducted by an independent valuer appraising the fair value of the First Area to be not less than HK$2,200,000,000 prepared on the assumption that, among other things, the Mining Rights Licence is granted to Golden Pogada. For this purpose, the Company has appointed Greater China to conduct the First Valuation. Pursuant to the terms of the Acquisition Agreement, if the First Valuation is appraised to be less than HK$2,200,000,000 but above HK$1,200,000,000, the Consideration shall be adjusted downward proportional to the amount of shortfall of the First Valuation from HK$2,200,00,000 and the Second Valuation shall be conducted. Completion will not take place if the First Valuation is appraised to be less than HK$1,200,000,000. Greater China has appraised the fair value of the First Area as of 31 August 2009 to be HK$2,272,000,000. Accordingly, no adjustment to the Consideration is necessary and the Second Valuation will not be conducted. The text of the valuation report by Greater China in respect of the First Valuation is set out in Appendix VI to this circular. At present, the only material asset of Golden Pogada is the Exploration Licence and Golden Pogada is in the process of obtaining the Mining Rights Licence. As the Target Company holds 90% of the equity interest in Golden Pogada, based on the First Valuation of HK$2,272,000,000, the Consideration for the acquisition of an effective 90% interest in Golden Pogada represents a discount of approximately 13.92% to the fair value of the First Area as at 31 August 2009 attributable to the Target Company. Completion of the Acquisition Agreement will not take place if the Mining Rights Licence is not granted to Golden Pogada on or before the Long Stop Date (or such a date as may be agreed by the parties to the Acquisition Agreement) by the Mongolian authorities.

It has been further agreed by the Company and the Vendors that (i) a substantial portion of the Consideration (representing approximately 99.27% of the Consideration) will be satisfied by the allotment and issue of the Consideration Shares, the Convertible Preference Shares and the Promissory Notes. Except for the Deposit which has been financed by internal resources of the Group, there is no immediate cash outlay by the Company to finance the Acquisition; and (ii) the Vendors have warranted to the Company that (a) the Target Group, other than the obligations, liabilities and debts, if any, due by the Target Group to the Vendors which shall be capitalised by the Target Company and the Vendors by entering into the Deed of Capitalisation prior to the Completion, is not indebted to and will not incur or owe any person any liability, obligation or indebtedness from the date of the Acquisition Agreement up to and including the time of Completion; and (b) the capital commitment of the Target Group shall not exceed HK$10,000,000 as at Completion.

Based on the aforesaid and taking into account the growth potential of the iron and steel industries in the world, particularly in the PRC, the Directors (including the independent non-executive Directors) are of the opinion that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The 63,000,000 Consideration Shares to be allotted and issued by the Company, credited as fully paid at the Issue Price, upon Completion represents (i) approximately 23.59% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 19.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming none of the Options has been exercised and no part of the Convertible Bonds has been converted); and (iii) approximately 16.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming part of the Convertible Preference Shares have been converted at the Conversion Price to the extent that the Vendors and the parties acting in concert with them hold not more than 29.99% of the enlarged issued share capital of the Company (as restricted under the terms of the Convertible Preference Shares), none of the Options has been exercised and no part of the Convertible Bonds has been converted).

The Consideration Shares will be allotted and issued under a specific mandate to be sought from the Shareholders at the SGM. The Consideration Shares shall rank equally among themselves and pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares.

Convertible Preference Shares

The principal terms of the Convertible Preference Shares to be issued by the Company are as follows:

Number of Convertible Preference Shares to be issued:	2,547,300,000 Convertible Preference Shares.
Aggregate issue price:	HK$1,273,650,000 at the Issue Price.
Conversion Price:	The initial conversion price of HK$0.50 per Share (subject to adjustment for subdivision or consolidation of Shares, capitalisation of profits or reserves, rights issue, capital distributions in cash or in specie and other usual dilutive events) for each Convertible Preference Share.
Conversion rate:	The conversion rate of each Convertible Preference Share shall be determined by dividing the Issue Price of each Convertible Preference Share by the Conversion Price (which shall initially be at the rate of one Conversion Share for one Convertible Preference Share being converted).
Number of Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Preference Shares in full:	2,547,300,000 Conversion Shares at the initial conversion rate. The number of Conversion Shares to which a holder of Convertible Preference Shares shall be entitled is determined by multiplying the conversion rate then in effect by the number of Convertible Preference Shares being converted.
Conversion period:	Perpetual as from the date of issue of the Convertible Preference Shares.
Dividends:	The holders of the Convertible Preference Shares shall not be entitled to any dividend.

Conversion restrictions: The holders of the Convertible Preference Shares shall have the right to convert the Convertible Preference Shares, at any time during the Conversion Period, into the Conversion Shares as determined by the then effective Conversion Rate provided that (1) any conversion of the Convertible Preference Shares does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the Convertible Preference Shares holders and their concert parties who exercise the conversion rights; (2) the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Preference Shares (if applicable, (i) including any Shares acquired by holder(s) of the Convertible Preference Shares and parties acting in concert with the holder(s) of the Convertible Preference Shares; (ii) in relation to Mountain Sky only, including any Shares to be issued upon the exercise of the 100,000 Options granted on 8 October 2008 to M&S Resources; and (iii) in relation to Ultra Asset only, including any Shares to be issued upon the exercise of the 2,534,800 options granted on 15 August 2008 to Mr. Yu's Investco *(Note)*) represents not more than 29.99% of the then issued ordinary share capital of the Company on a fully diluted basis; (3) without prejudice to paragraph (2) above, the number of the Conversion Shares to be allotted and issued to any holder of the Convertible Preference Shares (if applicable, (i) including any Shares acquired by such holder of Convertible Preference Shares; (ii) in relation to Mountain Sky only, including any Shares to be issued upon the exercise of the 100,000 Options granted on 8 October 2008 to M&S Resources; and (iii) in relation to Ultra Asset only, including any Shares to be issued upon the exercise of the 2,534,800 options granted on 15 August 2008 to Mr. Yu's Investco *(Note)*) will not result in the aggregate holding by such holder of Convertible Preference Shares to exceed 19.99% of the then issued share capital of the Company on a fully diluted basis; and (4) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the Shares at any one time in compliance with the Listing Rules.

Note: *On 10 July 2009, Mr. Yu's Investco exercised the options at the then prevailing exercise price of HK$1.00 per Share, as a result of which a total of 2,534,800 Shares have been issued to Mr. Yu's Investco.*

Redemption:	The Convertible Preference Shares are non-redeemable.
Ranking:	The Convertible Preference Shares shall rank pari passu with any and all current and future preferred equity securities of the Company.
Listing:	No application will be made for the listing of the Convertible Preference Shares on the Stock Exchange or any other stock exchange.
Voting rights:	The Convertible Preference Shares have no voting rights save where the resolutions in question relate to a variation or abrogation of the rights attaching to the Convertible Preference Shares in which case the holders of the Convertible Preference Shares will have the same voting rights as those attaching to the Shares on an as-converted bases.
Rights on liquidation:	On a distribution of assets of the Company among its members on a return of capital on liquidation, dissolution or winding-up (whether voluntary or involuntary) of the Company or otherwise (other than any "on market share repurchase" (as such term is defined in the Code) of Shares by the Company made in accordance with Rule 10.06 of the Listing Rules or equivalent provision of the Listing Rules and out of distributable profits or reserves of the Company), the Convertible Preference Shares shall entitle their holders, in priority to any holder of any other class of shares in the capital of the Company, to receive in respect of each Convertible Preference Share then held, an amount equal to the Issue Price of that Convertible Preference Share. If the assets of the Company available for distribution shall be insufficient to provide for the full payment to the holders of the Convertible Preference Shares, the Company shall make the payment on the Convertible Preference Shares on a pro rata basis.
Transferability:	The Convertible Preference Shares are transferable other than to connected persons of the Company.

The 2,547,300,000 Conversion Shares to be allotted and issued upon full conversion of the 2,547,300,000 Convertible Preference Shares at the initial Conversion Price of HK$0.50 per Share and the initial conversion rate of one Conversion Share for one Convertible Preference Share represents (i) approximately 9.54 times of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 88.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and such number of Conversion Shares (assuming none of the Options has been exercised and no part of the Convertible Bonds has been converted).

The Convertible Preference Shares and the Conversion Shares will be issued under a specific mandate to be sought from the Shareholders at the SGM. The Conversion Shares shall rank equally among themselves and pari passu in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares.

Issue Price

The issue price of HK$0.50 for each Consideration Share or for each Convertible Preference Share (as the case may be) was determined after arm's length negotiations between the Company and the Vendors. The Issue Price represents:

(i) a discount of approximately 71.10% to the closing price of the Shares of HK$1.73 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 62.96% to the average of the closing prices of the Shares of approximately HK$1.35 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Last Trading Day;

(iii) a discount of approximately 46.24% to the average of the closing prices of the Shares of approximately HK$0.93 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 31.51% to the average of the closing prices of the Shares of approximately HK$0.73 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 56.52% to the unaudited net assets value per Share as at 30 June 2009 (calculated based on the unaudited net assets attributable to equity holders of the Company as at 30 June 2009 divided by the number of Shares in issue as at 30 June 2009) of approximately HK$1.15 per Share; and

(vi) a discount of approximately 82.58% to the closing price of the Shares of HK$2.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Consideration, including the Issue Price, was determined after arm's length negotiations between the Vendors and the Company and taking into account, in addition to the factors considered as set out under the paragraph headed "The Consideration" under the section headed "The Acquisition Agreement" in this circular, (i) the Group has been recording audited losses attributable to Shareholders for the last eight consecutive financial years and the audited losses attributable to Shareholders have further deteriorated from approximately HK$37.68 million for the year ended 31 December 2007 to approximately HK$197.91 million for the year ended 31 December 2008; (ii) a substantial part of the Acquisition is to be satisfied by way of the allotment and issue of the Consideration Shares and the Convertible Preference Shares and the issue of the Promissory Notes, and it is in the interests of the Company to finance the Acquisition without incurring any costs of borrowing and reducing the impact on the Company's liquidity and financial position as a result of the Acquisition; and (iii) the Consideration was based on the valuation on the First Area, an area which represents merely approximately 8.33% of the total area of the Mine. Although the Issue Price represents a discount of approximately 71.1% to the closing price of the Shares of HK$1.73 per Share as quoted on the Stock Exchange on the Last Trading Day, it is noted that the Share price had surged from HK$0.71 per Share (being the closing price as at 29 May 2009, the last trading day in May 2009) to HK$1.73 per Share on the Last Trading Day, which represents an increase of approximately 143.66%. Taking a longer trading period to compare, in order to eliminate the effects of any short term fluctuations in share prices on the trading pattern of the Shares on the Stock Exchange, the Issue Price represents an approximately 24.24% discount to the average of the closing prices of approximately HK$0.66 per Share for the last 100 consecutive trading days up to and including the Last Trading Day. Based on the aforesaid, the Directors consider that the Consideration, including the Issue Price, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Application for listing

No application will be made for the listing of or permission to deal in the Convertible Preference Shares on the Stock Exchange or any other stock exchange. The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Preference Shares.

The Consideration Shares and the Conversion Shares will be issued pursuant to specific mandates to be sought from Shareholders at the SGM.

Promissory Notes

The principal terms of the Promissory Notes which will be issued at Completion are as follows:

Principal amount:	HK$442,270,000, of which HK$309,589,000 is to Mountain Sky and HK$132,681,000 is to Ultra Asset
Maturity date:	the date falling two years from the date of issue of the Promissory Notes
Interest rate:	2% per annum payable annually in arrear on the principal amount of the Promissory Note
Security:	Unsecured

The Company may, by giving not less than 10 Business Days' notice in writing, redeem all or part of the Promissory Notes, at any time and from time to time after the date of issue of the Promissory Notes. The principal amount of the Promissory Notes outstanding on the maturity date, together with the interest accrued thereon, shall be repayable in one lump sum on its maturity date.

Conditions precedent

Completion shall be conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

(i) the Company, acting reasonably, confirming that it is satisfied with the results of the due diligence review to be conducted under the Acquisition Agreement;

(ii) all necessary governmental and other consents and approvals required to be obtained on the part of each of the Vendors, the Target Company, Golden Pogada and the Company in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained;

(iii) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder, including, but not limited to, (i) the creation of the Convertible Preference Shares; (ii) allotment and issue of the Consideration Shares and the Convertible Preference Shares to the Vendors or their respective nominee(s) at the Issue Price credited as fully paid; and (iii) the issue of the Promissory Notes to the Vendors or their respective nominee(s);

(iv) the obtaining of a Mongolian legal opinion (in form and substance satisfactory to the Company) from a firm of Mongolian legal advisers appointed by the Company in relation to the Acquisition Agreement and the transactions contemplated thereunder, including, but not limited to, the due incorporation of Golden Pogada, the business scope of Golden Pogada, compliance with local laws and regulations by Golden Pogada, legality and ownership of the Exploration Licence and the Mining Rights Licence and such other matters as may be reasonably required in relation to Golden Pogada;

(v) the Vendors' Warranties remaining true and accurate in all material respects;

(vi) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares and the Consideration Shares;

(vii) (if applicable) the approval of the Bermuda Monetary Authority in respect of the allotment and issue of the Consideration Shares and the Convertible Preference Shares by the Company;

(viii) the obtaining of a valuation report (in form and substance satisfactory to the Company) from an independent valuer appointed by the Company showing the First Valuation to be not less than HK$1,200,000,000;

(ix) the issue of the circular by the Company in relation to the Acquisition Agreement and the transactions contemplated thereunder as required under the Listing Rules;

(x) the obtaining of the Mining Rights Licence by Golden Pogada on such terms and conditions which are acceptable to the Company; and

(xi) the Company's Warranties remaining true and accurate in all material respects.

The Company may waive in whole or in part all or any of the conditions (i), (iv) and (v) as stated above. The Vendors may waive in whole or in part the condition (xi). Conditions (ii), (iii), (vi), (vii), (viii), (ix) and (x) cannot be waived by any parties to the Acquisition Agreement. As at the Latest Practicable Date, condition (viii) has been fulfilled. In the event that the conditions above are not satisfied or, where applicable, waived on or before 4:00 p.m. on the Long Stop Date (or such a later date as may be agreed by the parties to the Acquisition Agreement), the Acquisition Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder and the Vendors shall severally refund the Deposit to the Company in accordance with the terms disclosed in the paragraph headed "The Consideration" under the section headed "The Acquisition Agreement" in this circular.

Completion

Completion shall take place on the date falling on the third Business Day after the fulfillment or, where applicable, waiver of the conditions precedent to the Acquisition Agreement or such other date as the Vendors and Company may agree in writing. Upon Completion, the Company has no plans to change the composition of the Board as a result of the Acquisition.

INFORMATION OF THE TARGET GROUP

Information on the Target Company

The Target Company was incorporated in BVI with limited liability on 29 May 2009 and is an investment holding company. As at the Latest Practicable Date, the principal asset held by the Target Company was a 90% equity interest in Golden Pogada, which holds the Exploration Licence. At present, Mountain Sky and Ultra Asset are beneficially interested in 70% and 30% of the issued share capital of the Target Company, respectively. The Sale Shares shall comprise the entire issued share capital of the Target Company including the new Target Company Shares to be allotted and issued to the Vendors pursuant to the Deed of Capitalisation as more particularly described in the paragraph headed "Financial information of the Target Group" below.

Information on Golden Pogada

Golden Pogada was incorporated in Mongolia with limited liability on 18 January 2007 and is principally engaged in geological survey, exploration, development of coal and other mineral deposits (mining operation) and trade. As at the Latest Practicable Date, the registered capital of Golden Pogada was 142,100,000 MNT (equivalent to approximately HK$767,340), 90% of which was owned by the Target Company and the remaining 10% equity interest was owned by China Railway Mongolia.

China Railway Mongolia was incorporated in Mongolia, and as advised by the Vendors, it is principally engaged in natural resources and railway development, investments and infrastructure construction in Mongolia. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the Latest Practicable Date, each of China Railway Mongolia and its ultimate beneficial owners is an Independent Third Party, and there are no prior transactions entered into between the Group and China Railway Mongolia or its ultimate beneficial owners.

In connection with the Transfer, China Railway Mongolia and the Target Company has entered into the JV Agreement in relation to Golden Pogada. Pursuant to the JV Agreement, China Railway Mongolia shall, among other things, (i) assist Golden Pogada in obtaining the Mining Rights Licence and all other necessary licences and permits in relation to the Mine; (ii) arrange for its parent holding company and/or affiliated companies to underwrite all the output, including iron ore and, if any, other mineral ores, to be extracted by Golden Pogada from the Mine; and (iii) be responsible for all the logistics and transportation arrangements of the products from the Mine to the PRC. According to the terms of the JV Agreement, the Target Company and China Railway Mongolia shall contribute to Golden Pogada up to US$900,000 (equivalent to approximately HK$6,977,000) and US$100,000 (equivalent to approximately HK$775,000) respectively within a 12-month period for the exploration and mining works by Golden Pogada in accordance with the approved exploration and mining budget. Moreover, according to the JV Agreement, the board of directors of Golden Pogada will be increased to five directors. Four directors will be nominated by the Target Company and one director will be nominated by China Railway Mongolia. The directors nominated by the Target Company shall appoint the chairman, chief executive officer and chief financial officer of Golden Pogada. The directors and officers appointed by the Target Company shall also be responsible for the management and operation of Golden Pogada and the Mine.

Information on the Mine

As advised by the Vendors, the Mine is an iron ore mine located in Dundgobi aimag (province) and is approximately 270 km southwest of Ulaanbaatar, the capital city of Mongolia, and 75 km west of Mandalgobi, a major city of Dundgobi aimag. The Mine has an area of 1,201 hectares (equivalent to approximately 12.01 km^2) and is approximately 265 km away from the Trans-Siberian Railway. The Mine is accessed by roads from Mandalgobi, which is located approximately midway between Dalanzadgad to the south, and Ulaanbaatar to the north. Mandalgobi is strategically positioned to serve as a service centre for its neighbourhood area, including the Mine. The Mine is approximately 300 km north of the well-known Oyu Tolgoi copper-gold deposits in the South Gobi region which was discovered by an international mining company with operations focused in the Asia Pacific region.

As mentioned in the Technical Report, initial exploration work on the Mine was carried out by Chinese workers in the 19th century. In the 1960s, Russian geologists had done some geological survey and investigation on the Mine. Subsequently, in 2004 and 2008, magnetic survey and drilling works had been carried out by other exploration brigades.

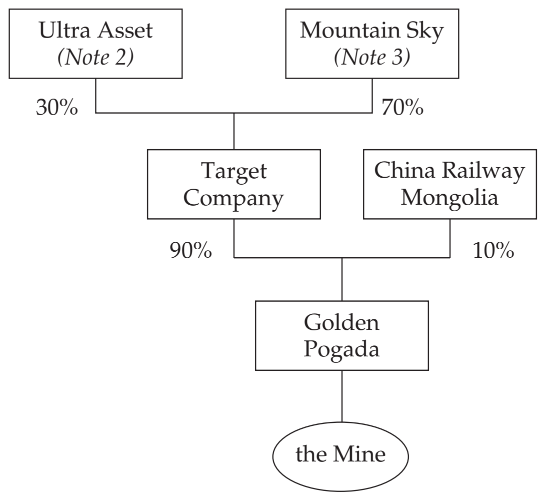
According to the Technical Report, there are four mineralised bodies with an estimated iron mineral ore resources of approximately 148.86 million tonnes in the First Area. It is also reported that it is possible to define more mineralised bodies in the Mine through further exploration programs. For further details of the resources of the Mine, please refer to the Technical Report set out in Appendix V to this circular.

Following the announcement of the Company dated 8 July 2009, the Company has performed legal due diligence on the Target Group. Based on the legal opinion issued by Bona Lex LLC, the Mongolian legal adviser to the Company, (i) on 25 May 2009, the Exploration Licence has been duly transferred to and registered under Golden Pogada in accordance with the Minerals Law of Mongolia and will expire on 23 August 2010; (ii) Golden Pogada has good and marketable title to and is the beneficial owner of and has the legal right and authority to own, use, lease and operate the Exploration Licence; (iii) as at the Latest Practicable Date, there was no claims in relation to the Exploration License made or notified by any third parties against Golden Pogada or by Golden Pogada against any third parties; and (iv) Golden Pogada is in the process of filing all documents to the Office of Geological and Mining Cadastre, which is an office under the Mineral Resources Authority of Mongolia, for grant of the Mining Rights Licence. Upon obtaining the Mining Rights Licence, Golden Pogada shall have the rights to, among other things, conduct exploration and engage in the mining within the Mine, sell minerals, transfer and surrender all or part of the Mining Rights Licence, and extend the term of the Mining Rights Licence twice for a period of twenty years each term.

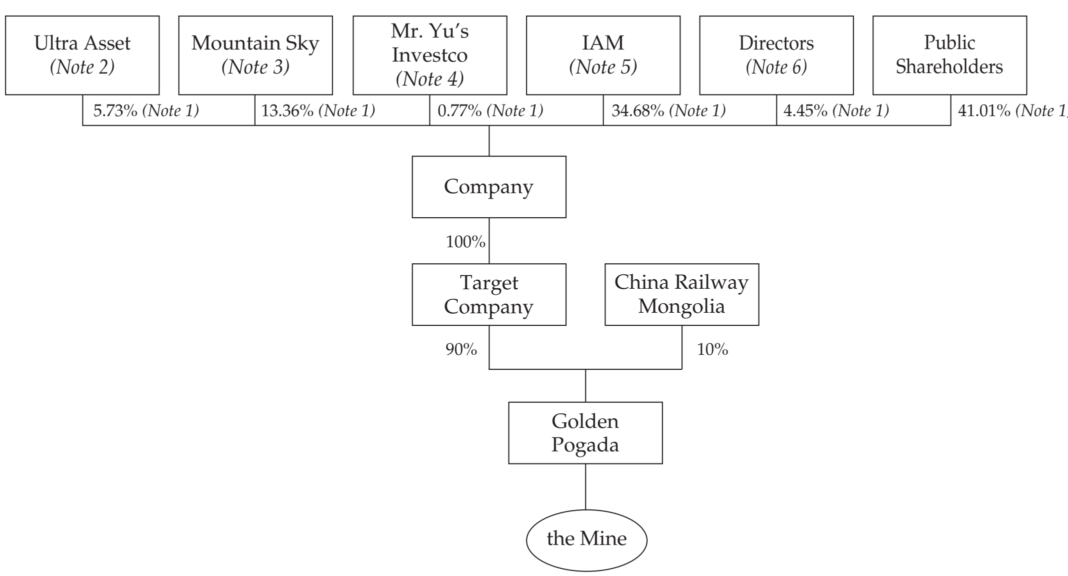
Shareholding structure of the Target Group

Set out below are the charts showing the shareholding structures of the Target Group immediately before and after Completion:

1. *Shareholding structure of the Target Group immediately before Completion*



2. *Shareholding structure of the Target Group immediately after Completion*



Notes:

1. Assuming (i) none of the Convertible Preference Shares has been converted; (ii) none of the Options has been exercised; (iii) no part of the Convertible Bonds has been converted; and (iv) no other change in the shareholding structure of the Company after the Latest Practicable Date.

2. Ultra Asset is beneficially owned as to 60% by Mr. Yu (through Mr. Yu's Investco) and 40% by Partner C.

3. Mountain Sky is beneficially owned as to, through their respective intermediate holding companies, approximately 36.57% by Ms. Kung (the wife of Mr. King), approximately 36.57% by Mr. Chan, approximately 18.29% by Partner A and approximately 8.57% by Partner B.

4. As at the Latest Practicable Date, Mr. Yu (through Mr. Yu's Investco) held 2,534,800 Shares.

5. IAM is wholly and beneficially owned by Mr. Yam. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors is not acting in concert (as defined in the Code) with IAM and parties acting in concert with it and none of the Vendors has any prior or continuing businesses/transactions entered into or other relationships with IAM, its ultimate beneficial owner and their respective associates.

6. This includes (i) the 11,531,642 Shares (representing approximately 4.32% of the existing issued share capital of the Company) held by Mr. Tse Michael Nam, an executive Director and the Chairman of the Company; (ii) the 1,561,648 Shares (representing approximately 0.58% of the existing issued share capital of the Company) held by Mr. Puongpun Sananikone, an executive Director; (iii) the 839,178 Shares (representing approximately 0.31% of the existing issued share capital of the Company) held by Mr. Lim Yew Kong, John, an independent non-executive Director; and (iv) the 778,356 Shares (representing approximately 0.29% of the existing issued share capital of the Company) held by Mr. Pang Seng Tuong, an independent non-executive Director as at the Latest Practicable Date.

There will not be a change in the control of the Company as a result of the Acquisition, after taking into account the allotment and issue of the Consideration Shares and the conversion restrictions on the Convertible Preference Shares in accordance with the terms the Convertible Preference Shares.

Financial Information of the Target Group

1. Target Company

The Target Company was incorporated on 29 May 2009. Save for the acquisition of a 90% equity interest in Golden Pogada and transactions arising from and incidental to such acquisition, the Target Company has not commenced operation or generated any revenue since the date of its incorporation to 30 June 2009. The audited consolidated loss before taxation of the Target Company for the period from 29 May 2009 (the date of incorporation) to 30 June 2009 was US$1,681,711 (equivalent to approximately HK$13,117,346). There was no taxation incurred for the period. The audited loss and total comprehensive expense attributable to owners of the Target Company for the period was approximately US$1,681,406 (equivalent to approximately HK$13,114,967). The loss for the aforesaid period was mainly attributable to the impairment loss recognised in respect of the goodwill arising from the acquisition of a 90% equity interest in Golden Pogada (which holds the Exploration Licence) by the Target Company on 22 June 2009.

As at 30 June 2009, given that the Target Company was indebted to Mountain Sky for an amount of US$1,786,105 (equivalent to approximately HK$13,931,619), the Target Company had audited consolidated net current liabilities of US$1,768,786 (equivalent to approximately HK$13,796,531) and net liabilities of US$1,610,459 (equivalent to approximately HK$12,561,580). Pursuant to the Deed of Capitalisation to be entered into prior to Completion, such outstanding indebtedness to Mountain Sky shall be capitalised by way of the issue of 10,000 new Target Company Shares.

2. Golden Pogada

Golden Pogada was incorporated on 18 January 2007, but it has not commenced operation or generated any revenue since the date of its incorporation, save for transactions arising from and incidental to (i) the obtaining of the exploration licences, including the Exploration Licence. The other exploration licence has been revoked subsequent to the grant of such exploration licence; and (ii) the application for the Mining Rights Licence. For the period from 18 January 2007 (the date of incorporation) to 31 December 2007, as the operating expenses of Golden Pogada have been absorbed by its then sole shareholder, no profit or loss was recorded by Golden Pogada for that period. For the year ended 31 December 2008, both the audited loss before taxation and the audited loss and total comprehensive expense of Golden Pogada were US$246 (equivalent to approximately HK$1,919). The loss for the aforesaid period was mainly attributable to the write-off of the book cost of an exploration license previously held but subsequently revoked in 2008 as mentioned above. For the six months ended 30 June 2009, both the audited loss before taxation and the audited loss and total comprehensive expense of Golden Pogada were US$35,176 (equivalent to HK$274,373). The loss for the aforesaid period was mainly attributable to the general expenses incurred by Golden Pogada during that period. There was no taxation incurred by Golden Pogada for the periods referred to above.

As at 31 December 2007, 31 December 2008 and 30 June 2009, the audited net assets values of Golden Pogada were approximately US$1,000 (equivalent to approximately HK$7,800), approximately US$1,000 (equivalent to approximately HK$7,800) and approximately US$64,824 (equivalent to approximately HK$505,627), respectively.

The texts of the accountants' reports on the Target Company and Golden Pogada as prepared by SHINEWING (HK) CPA Limited are set out in Appendix II and Appendix III to this circular respectively.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's consolidated accounts. Please refer to Appendices II and III to this circular for details of the financial information of the Target Company and Golden Pogada respectively.

As illustrated in the unaudited pro forma financial position of the Enlarged Group as set out in Appendix IV to this circular which has been prepared as if the Completion had taken place on 30 June 2009, upon Completion, (i) the total consolidated net assets attributable to the equity holders of the Company would increase from approximately HK$292 million to approximately HK$4,673 million, (ii) the total assets would increase from approximately HK$391 million to approximately HK$5,367 million; and (iii) the total liabilities would increase from approximately HK$98 million to approximately HK$692 million. Based on the unaudited pro forma consolidated income statement of the Enlarged Group which has been prepared as if the Completion had taken place on 1 January 2009, the consolidated loss for the six months ended 30 June 2009 would increase from approximately HK$30 million to approximately HK$69 million.

FUNDING REQUIREMENTS

The Directors expect that, in the absence of unforeseen circumstances, the estimated total funding requirement for the Enlarged Group for the two years following the issue of this circular will be approximately HK$1,675 million, which will be primarily used as general working capital and business developments of the Enlarged Group (including the distribution and provision of system integration services to the banking and finance sectors, the agro-conservation, bio-energy and the new mining businesses, including the purchase of mining machineries). The Directors intend to finance such funding requirement by internal resources (including the funds generated or to be generated by the Enlarged Group's operation) and/or borrowings and/or net proceeds from fund raising activities by the Enlarged Group as appropriate from time to time.

The Directors further estimate that, (i) the amount required to enable the Enlarged Group to exploit the proven reserves and commence recoveries on a commercial scale on the Mine will be approximately HK$13.61 million; (ii) it would take approximately six to eight months of time for the Enlarged Group to exploit the proven reserves and commence recoveries on a commercial scale after Completion; and (iii) for the two years following the issue of this circular, the Enlarged Group will have a total cash inflows of approximately HK$2,161 million from its existing businesses and the operation of the Mine.

REASONS FOR THE ACQUISITION

The Group has been principally engaged in the distribution and the provision of systems integration services to the banking and finance sectors (the "IT Business") for a number of years, which has been generating steady income to the Group. It has always been the Group's strategy to look for attractive acquisition opportunities so as to boarden the revenue base of the Group. In 2007 and 2008, the Group ventured into the agro-conservation and the bioenergy businesses (together, the "Agro-Conservation and the Bioenergy Businesses") by way of setting up joint ventures and/or acquisitions. These businesses are still in their initial stages of development. For the year ended 31 December 2008, the turnover of the Group was approximately HK$109,723,000, of which approximately HK$63,320,000 was derived from the IT Business and approximately HK$45,833,000 was derived from the Agro-Conservation and the Bioenergy Businesses mainly generated from the PRC and Laos. For the same year, the Group recorded a net loss attributable to Shareholders of approximately HK$197,906,000, which was principally due to the impairment of goodwill and intangible assets of the Agro-Conservation and the Bioenergy Businesses. For the six months ended 30 June 2009, the Group recorded an unaudited consolidated net loss attributable to the Shareholders of approximately HK$28,739,000, which was mainly attributable to the administrative expenses and impairment of intangible assets of the Group.

On 8 April 2009 and 5 May 2009, the Company announced that, Green Global Salix China Limited (formerly known as Quest Asia Development Limited, one of the wholly owned subsidiaries of the Company engaged in agro-conservation business) was not able to meet the minimum income guarantee of HK$15,800,000 as disclosed in the circular of the Company dated 16 August 2007. The Group was compensated for an aggregate settlement of HK$70,000,000 in cash and in the partial reduction of the outstanding principal amount of the Convertible Bonds as stipulated in the acquisition agreement dated 20 July 2007. Given that the pace of development of the Agro-Conservation and the Bioenergy Businesses is slower than expected and the return on investments from these projects may be delayed due to various factors including the current global financial crisis, the management of the Company has been exploring various options to improve the Group's profitability and financial performance. Such options may include the slowing down and/or downsizing and/or disposal of part or all of the operations of the Agro-Conservation and the Bioenergy Businesses. As at the Latest Practicable Date, the Company had no concrete plan in this regard. The Company shall inform Shareholders as and when appropriate and will comply with the relevant requirements under the Listing Rules should such transaction(s) materialise(s).

It is noted that the PRC has been an importer of iron ores and concentrates from other countries for many years. According to the statistics issued by the National Bureau of Statistics of China, the PRC has imported approximately 382,700,000 tonnes and 443,600,000 tonnes of iron ores and concentrates from other countries in 2007 and 2008 respectively. It is expected that the PRC will continue to import iron ores and concentrates from other countries since the domestic supply of iron ores and concentrates would not be able to meet its domestic demand. The PRC's demand for iron ores and concentrates is driven by the extensive and continual construction of infrastructures (such as power stations, ports, highways and railways) as a result of its rapid industralisation. With reference to the iron ore prices in the PRC based on information published by Beijing Antaike Information Development Co., Ltd. (a provider of information for the mining and metal industries of the PRC), the iron ore prices in the PRC have remained relatively stable for the first three quarters of 2007. However, since then, the iron ore prices have become relatively volatile but on an increasing trend in general. The iron ore prices in the PRC peaked in the first quarter of 2008 recording an increase of over 100% when compared to the same period in 2007. From the second quarter of 2008 onwards, the iron ore prices in the PRC remained relatively stable until the last quarter of 2008. In the fourth quarter of 2008, the iron ore prices in the PRC dropped by approximately 50% and returned to the similar price levels as that of the first quarter of 2007, which was principally caused by the excess supply of steel in the PRC market and the worldwide financial turmoil in the second half of 2008. The prices of iron ore have remained relatively stable since then.

In view of the fact that there is still substantive demand for iron ores and concentrates in the PRC, the Company considers that the mining industry related to iron ore resources has considerable development potentials despite the fact that the iron ore prices have been relatively volatile in the last few quarters. To this end, the Directors have identified the Mine as an appropriate acquisition target for the Group due to its advantageous proximity to main transportation routes and cities, access to electricity and water supplies and its strategic location to prominent steel producers in the PRC which will reduce the costs of transportation. The Directors (including the independent non-executive Directors) consider that the Acquisition is an opportune investment for the Group to allow it to participate in a resources-related industry and expect that the Acquisition will present the Group with favorable long term prospects.

Based on the aforesaid, the Board is of the opinion that the terms of the Acquisition Agreement are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company, assuming that there are no other changes to the issued share capital of the Company, (i) Scenario 1: as at the Latest Practicable Date; (ii) Scenario 2: immediately after the issue of the Consideration Shares (assuming none of the Options has been exercised and no part of the Convertible Preference Shares and the Convertible Bonds has been converted); (iii) Scenario 3: immediately after the allotment and issue of the Consideration Shares and the conversion of the Convertible Preference Shares (assuming the Convertible Preference Shares are converted at the Conversion Price such that the Vendors and parties acting in concert with them hold not more than 29.99% of the enlarged share capital of the Company, none of the Options has been exercised and no part of the Convertible Bonds has been converted); and (iv) Scenario 4: for illustrative purposes, immediately after the issue of the Consideration Shares and the full conversion of the Convertible Preference Shares at the prevailing conversion ratio of one Conversion Share for one Convertible Preference Share (assuming none of the Options has been exercised and no part of the Convertible Bonds has been converted):

Shareholders	**Scenario 1** *(Note 1)*		**Scenario 2** *(Note 1)*		**Scenario 3** *(Notes 1 and 2)*		**Scenario 4** *(Notes 1 and 2)*	
	Number of Shares	*Approximately %*	*Number of Shares*	*Approximately %*	*Number of Shares*	*Approximately %*	*Number of Shares*	*Approximately %*
IAM	114,436,657	42.86	114,436,657	34.68	114,436,657	30.29	114,436,657	3.98
Mr. Tse Michael Nam, an executive Director and the Chairman of the Company	11,531,642	4.32	11,531,642	3.49	11,531,642	3.05	11,531,642	0.40
Mr. Puongpun Sananikone, an executive Director	1,561,648	0.58	1,561,648	0.47	1,561,648	0.41	1,561,648	0.05
Mr. Lim Yew Kong, John, an independent non-executive Director	839,178	0.31	839,178	0.25	839,178	0.22	839,178	0.03
Mr. Pang Seng Tuong, an independent non-executive Director	778,356	0.29	778,356	0.24	778,356	0.21	778,356	0.03
Mr. Yu's Investco	2,534,800	0.95	2,534,800	0.77	2,534,800	0.67	2,534,800	0.09
Vendors								
- Consideration Shares	–	–	63,000,000	19.09	63,000,000	16.68	63,000,000	2.19
- Convertible Preference Shares	–	–	–	–	47,762,234	12.64	2,547,300,000	88.53
	2,534,800	0.95	65,534,800	19.86	113,297,034	29.99	2,612,834,800	90.81
Public Shareholders	135,338,194	50.69	135,338,194	41.01	135,338,194	35.83	135,338,194	4.70
Total	**267,020,475**	**100.00**	**330,020,475**	**100.00**	**377,782,709**	**100.00**	**2,877,320,475**	**100.00**

Notes:

1. As at the Latest Practicable Date, based on the respective prevailing exercise prices of the Options and the prevailing conversion price of the outstanding Convertible Bonds, there were 17,248,385 outstanding Options entitling the holders thereof to subscribe for, a total of 17,248,385 new Shares and the Convertible Bonds entitling the holder to convert into 5,380,434 new Shares. Upon Completion, the conversion price of the outstanding Convertible Bonds will be required to be adjusted under the terms of the instrument of the Convertible Bonds. A separate announcement will be made by the Company in due course in this respect.

2. The figures are provided for illustrative purposes only. Under the terms of the Convertible Preference Shares, among other things, the number of Conversion Shares to be allotted and issued

upon the exercise of the conversion rights attaching to the Convertible Preference Shares (if applicable, (i) including any Shares acquired by the holders of the Convertible Preference Shares and the parties acting in concert with the holder(s) of the Convertible Preference Shares; (ii) in relation to Mountain Sky only, including any Shares to be issued upon the exercise of the 100,000 Options granted on 8 October 2008 to M&S Resources; and (iii) in relation to Ultra Asset only, including any Shares to be issued upon the exercise of the 2,534,800 options granted on 15 August 2008 to Mr. Yu's Investco) shall not be more than 29.99% of the then issued ordinary share capital of the Company on a fully diluted basis. On 10 July 2009, Mr. Yu's Investco exercised the options at the then prevailing exercise price of HK$1.00 per Share, as a result of which a total of 2,534,800 Shares have been issued to Mr. Yu's Investco.

RISK FACTORS

Risks relating to the Acquisition

Entering into a new business

Iron ore mining and exploration is a new business to the Group. The success of this new business is dependent on a number of factors, including the timely construction of the processing plant and commencement of production, the recruitment of competent professionals and experienced personnel, stringent controls over investment and production costs and the constant supply of electricity and water to the Mine. As the Acquisition will present new management and operational challenges to the Group, in order to ensure a smooth operation, the Company intends to build up a professional management and technical team as soon as possible to run the new business. Should there be any delays and/or adverse incidents, the financial condition and results of operation of the Enlarged Group will be affected.

Obtaining of the Mining Rights Licence

As set out under the paragraph headed "Conditions precedent" under the section headed "The Acquisition Agreement" above, the obtaining of the Mining Rights Licence on such terms and conditions which are acceptable to the Company is one of the conditions precedent for Completion. There is no assurance that Golden Pogada will be able to obtain the Mining Rights Licence before the Long Stop Date (or such later date as may be agreed by the parties to the Acquisition Agreement). Any problems or delay in the application process for the Mining Rights Licence may materially and adversely affect the timing for Completion and/or Completion itself.

Fluctuations in iron ore and concentrate prices

The profitability of the Enlarged Group's mining operations and earnings may be affected by fluctuations in the market prices of iron ores and concentrates and the cyclical nature of the mineral resources market. These fluctuations may be influenced by numerous factors beyond the control of the Enlarged Group, including global production of iron ore and the global and PRC economic conditions and industrial demands for iron. Any sustained adverse movements in iron ore prices are expected to have a negative impact on the Enlarged Group's financial conditions and results of the operation of the Mine.

Uncertainty in relation to major capital expenditure

The amount of capital expenditure required for the construction of mining facilities, equipment and the processing plants may be more than budgeted.

The completion of the proposed constructions could be delayed or adversely affected by factors outside the control of the Enlarged Group, including the failure to obtain the necessary regulatory approvals, technical difficulties and manpower shortage or other funding and resource constraints.

As a consequence of project delays, cost overruns, changes in market circumstances or other factors, the intended economic benefits from this project may not materialise as budgeted.

Work safety

Any occurrence of accidents of the Mine may disrupt the mining operation of the Enlarged Group and may result in a mandatory suspension of operation, financial losses, compensatory claims, fines, penalties or damage to the reputation of the Enlarged Group.

Risks relating to conducting the mining operation in Mongolia

Both domestic and international economic factors may have an influence on the value of the Mine. Such factors include but are not limited to changes in governmental policies, the liquidity of the global financial markets, world terrorism, natural disasters, interests and exchange rates changes, inflation, trade sanctions and changes in taxation laws. Golden Pogada is established and will operate under the laws of Mongolia. The Group is unable to forecast the impact of any changes in the Mongolian Laws over the lifetime of Golden Pogada on the Mining Rights Licence.

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Acquisition Agreement and the transactions contemplated thereunder including, but not limited to (i) the creation of the Convertible Preference Shares; (ii) the allotment and issue of the Consideration Shares, the Conversion Shares and the Convertible Preference Shares to the Vendors or their respective nominee(s), credited as fully paid, at the Issue Price; and (iii) the issue of the Promissory Notes to the Vendors and their respective nominee(s) are subject to the approval of the Shareholders at the SGM by way of poll as required under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, except for the 2,534,800 Shares held by Mr. Yu's Investco, each of the Vendors, their respective ultimate beneficial owners and associates did not hold any Shares as at the Latest Practicable Date and no other Shareholder has a material interest in the Acquisition. Therefore, other than Mr. Yu's Investco, no other Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, M&S Resources had 100,000 outstanding Options. In the event that such Options are exercised, either in whole or in part, M&S Resources and its associates are required to abstain from voting on the relevant resolution at the SGM.

THE SGM

The SGM will be held at 11:00 a.m. on 10 November 2009 at 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong to consider and, if thought fit, approve the necessary ordinary resolution in connection with the Acquisition Agreement and the transactions contemplated thereunder including, but not limited to, (i) the creation of the Convertible Preference Shares; (ii) the allotment and issue of the Consideration Shares, the Conversion Shares and the Convertible Preference Shares to the Vendors or their respective nominee(s), credited as fully paid at the Issue Price; and (iii) the issue of the Promissory Notes to the Vendors and their respective nominee(s).

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment meeting thereof if you so wish.

All the resolutions proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results of the SGM.

RECOMMENDATIONS

Based on the reasons set out in the paragraph headed "Reasons for the Acquisition" above, the Board considers that the terms of the Acquisition are fair and reasonable so far as the Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be put forward to the Shareholders at the SGM to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder.

GENERAL

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

Yours faithfully,
For and on behalf of the Board of
Green Global Resources Limited
Tse Michael Nam
Chairman

1. SUMMARY OF FINANCIAL SUMMARY OF THE GROUP

A summary of the audited results and assets and liabilities of the Group for the last three financial years ended 31 December 2006, 2007 and 2008 as extracted from the relevant annual reports of the Company and six months ended 30 June 2008 and 2009 as extracted from the relevant interim reports of the Company is as follows:

	For the year ended			For the six months ended 30 June	
	2008	2007	2006	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
Continuing operations					
Turnover	109,154	66,635	58,740	17,936	57,251
Cost of sales and services rendered	(99,725)	(54,237)	(46,069)	(13,958)	(35,743)
Gross profit	9,429	12,398	12,671	3,978	21,508
Other operating income	11,553	13,482	1,625	7,003	2,686
Gain on disposal of available-for-sale investment	–	21,844	9,290	–	–
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	77,802	11,255	–	3,054	48,140
Selling and distribution expenses	(3,803)	(3,860)	(3,555)	(1,705)	(1,927)
Administrative expenses	(58,299)	(46,157)	(27,897)	(32,191)	(27,657)
Other operating expenses	(20,841)	(5,939)	(542)	(897)	–
Profit (loss) from operations	15,841	3,023	(8,408)	(20,758)	42,750
Share of loss of a jointly controlled entity	–	–	–	(4)	–
Impairment loss recognised in respect of goodwill	(74,039)	(40,771)	–	–	–
Impairment loss recognised in respect of intangible assets	(161,876)	(1,173)	(3,200)	(6,269)	–
Finance costs	(8,031)	(1,842)	(25)	(2,738)	(3,429)
(Loss) profit before taxation	(228,105)	(40,763)	(11,633)	(29,769)	39,321
Income tax credit (expense)	30,053	(1,209)	1,642	(228)	1,286
(Loss) profit for the year/period from continuing operations	(198,052)	(41,972)	(9,991)	(29,997)	40,607
Discontinued operation					
(Loss) profit for the year/period from discontinued operation	(1,271)	4,715	–	89	(393)
(Loss) profit for the year/period	(199,323)	(37,257)	(9,991)	(29,908)	40,214

	For the year ended			For the six months ended 30 June	
	2008	**2007**	**2006**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
Attributable to:					
Equity holders of the Company	(197,906)	(37,679)	(9,991)	(28,739)	40,258
Minority interests	(1,417)	422	–	(1,169)	(44)
	(199,323)	(37,257)	(9,991)	(29,908)	40,214
(Loss) profit earnings per share					
Basic (HK cents)					
– Continuing operations	(114.61)	(47.46)	2.00	(11.37)	34.23
– Discontinued operation	(0.74)	5.28	–	0.03	(0.33)
From continuing and discontinued operations	(115.35)	(42.18)	2.00	(11.34)	33.90

Assets and liabilities

	As at 31 December			As at 30 June	
	2008	**2007**	**2006**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
Total assets	491,920	520,749	239,399	391,247	660,775
Total liabilities	157,064	195,399	68,407	97,818	222,402
Shareholders' funds	334,856	325,350	170,992	293,429	438,373

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

Set out below are the audited consolidated income statement of the Group for the year ended 31 December 2008, the consolidated balance sheets of the Group as at 31 December 2007 and 2008, consolidated statement of changes in equity of the Group for the year ended 31 December 2008 and consolidated cash flow statement of the Group for the year ended 31 December 2008, together with the accompanying notes to the financial statements of the Group as extracted from the annual report of the Company for the year ended 31 December 2008. References to page numbers in this section are to the page numbers of such annual report of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Continuing operations			
Turnover	*9*	109,154	66,635
Cost of sales and services rendered		(99,725)	(54,237)
Gross profit		9,429	12,398
Other operating income	*9*	11,553	13,482
Gain on disposal of available-for-sale investment		–	21,844
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	*19*	77,802	11,255
Selling and distribution expenses		(3,803)	(3,860)
Administrative expenses		(58,299)	(46,157)
Other operating expenses		(20,841)	(5,939)
Profit from operations	*10*	15,841	3,023
Impairment loss recognised in respect of goodwill		(74,039)	(40,771)
Impairment loss recognised in respect of intangible assets		(161,876)	(1,173)
Finance costs	*11*	(8,031)	(1,842)
Loss before taxation		(228,105)	(40,763)
Income tax credit (expense)	*12*	30,053	(1,209)
Loss for the year from continuing operations		(198,052)	(41,972)
Discontinued operation			
(Loss) profit for the period/year from discontinued operation	*13*	(1,271)	4,715
Loss for the year		(199,323)	(37,257)

	Notes	2008 HK$'000	2007 HK$'000
Attributable to:			
Equity holders of the Company		(197,906)	(37,679)
Minority interests		(1,417)	422
		(199,323)	(37,257)
(Loss) earnings per share			
Basic (HK cents)	*14*		
– Continuing operations		(114.61)	(47.46)
– Discontinued operation		(0.74)	5.28
From continuing and discontinued operations		(115.35)	(42.18)

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Plant and equipment	17	12,371	8,230
Deferred plantation expenditure	18	113,676	33,000
Deposit for plantation expenditure		25,155	34,808
Biological assets	19	48,446	8,231
Intangible assets	20	57,284	165,225
Deposit paid for acquisition of intangible assets		9,265	–
Goodwill	21	7,800	156,873
Loan advanced to a minority shareholder	22	586	–
		274,583	406,367
Current assets			
Inventories	23	259	5,192
Biological assets	19	–	3,840
Trade and other receivables	24	123,324	32,411
Bank balances and cash	25	93,754	72,939
		217,337	114,382
Current liabilities			
Trade and other payables	26	71,010	70,623
Income tax liabilities		14,744	7,109
		85,754	77,732
Net current assets		131,583	36,650
		406,166	443,017
Capital and reserves			
Share capital	27	253,485	103,526
Reserves		78,516	219,269
Equity attributable to equity holders of the Company		332,001	322,795
Minority interests		2,855	2,555
Total equity		334,856	325,350
Non-current liabilities			
Convertible loan notes	28	67,683	75,878
Deferred tax liability	29	3,627	41,789
		71,310	117,667
		406,166	443,017

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	Contributed surplus HK$'000	Exchange translation reserve HK$'000	Other reserve HK$'000	Convertible bonds reserve HK$'000	Share options reserve HK$'000	Statutory surplus reserve HK$'000 (Note)	Accu-mulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2007	67,500	342,547	(19)	1,132	21,659	–	1,505	–	(263,332)	170,992	–	170,992
Reserve released on disposal	–	–	–	–	(21,659)	–	–	–	–	(21,659)	–	(21,659)
Exchange difference arising on translation of overseas operation	–	–	–	2,465	–	–	–	–	–	2,465	–	2,465
(Loss) profit for the year	–	–	–	–	–	–	–	–	(37,679)	(37,679)	422	(37,257)
Appropriation of profit	–	–	–	–	–	–	–	576	(576)	–	–	–
Total recognised income and expenses for the year	–	–	–	2,465	(21,659)	–	–	576	(38,255)	(56,873)	422	(56,451)
Issue of convertible loan notes	–	–	–	–	–	29,225	–	–	–	29,225	–	29,225
Issue of shares upon												
– placement of shares	27,000	112,400	–	–	–	–	–	–	–	139,400	–	139,400
– conversion of convertible loan notes	3,880	18,217	–	–	–	(5,358)	–	–	–	16,739	–	16,739
– exercise of share options	5,146	5,233	–	–	–	–	(2,769)	–	–	7,610	–	7,610
– transaction costs attributable to issue of shares	–	(2,670)	–	–	–	–	–	–	–	(2,670)	–	(2,670)
Recognition of equity-settled share based payments	–	–	–	–	–	–	18,372	–	–	18,372	–	18,372
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	2,133	2,133
At 31 December 2007	103,526	475,727	(19)	3,597	–	23,867	17,108	576	(301,587)	322,795	2,555	325,350
Exchange difference arising on translation of overseas operation	–	–	–	3,105	–	–	–	–	–	3,105	157	3,262
(Loss) profit for the year	–	–	–	–	–	–	–	–	(197,906)	(197,906)	(1,417)	(199,323)
Appropriation of profit	–	–	–	–	–	–	–	274	(274)	–	–	–
Disposal of subsidiaries	–	–	–	277	–	–	–	–	–	277	–	277
Total recognised income and expenses for the year	–	–	–	3,382	–	–	–	274	(198,180)	(194,524)	(1,260)	(195,784)
Issue of shares upon												
– placement of shares	19,900	29,850	–	–	–	–	–	–	–	49,750	–	49,750
– conversion of convertible loan notes	3,237	15,496	–	–	–	(4,469)	–	–	–	14,264	–	14,264
– exercise of share options	80	85	–	–	–	–	(45)	–	–	120	–	120
– rights issue	126,742	10,139	–	–	–	–	–	–	–	136,881	–	136,881
– transaction costs attributable to issue of shares	–	(5,197)	–	–	–	–	–	–	–	(5,197)	–	(5,197)
Recognition of equity-settled share based payments	–	–	–	–	–	–	7,912	–	–	7,912	–	7,912
Capital contribution from a minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,560	1,560
At 31 December 2008	253,485	526,100	(19)	6,979	–	19,398	24,975	850	(499,767)	332,001	2,855	334,856

Note: Subsidiaries in the People's Republic of China have appropriated 10% of the profit to the statutory surplus reserve which is required to be retained in the accounts of the subsidiaries for specific purposes.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
OPERATING ACTIVITIES			
Loss before taxation		(228,105)	(40,763)
(Loss) profit before tax for discontinued operation		(1,271)	4,715
		(229,376)	(36,048)
Adjustments for :			
Amortisation of intangible assets		4,894	2,571
Bad debt directly written off		–	4,257
Depreciation		3,358	1,285
Finance costs		8,031	1,842
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		(77,802)	(11,255)
Gain on disposal of available-for-sale investment		–	(21,844)
Gain on deregistration of a subsidiary		(283)	–
(Gain) loss on disposal of subsidiaries		(169)	1
Gain on disposal of plant and equipment		(79)	(30)
Loss on disposal of plant and equipment		104	71
Impairment loss recognised in respect of goodwill		74,039	40,771
Impairment loss recognised in respect of intangible assets		161,876	1,173
Impairment loss recognised in respect of trade receivables		20,841	2,296
Impairment loss recognised in respect of inventories		1,413	–
Interest income		(1,272)	(1,987)
Share-based payment expenses		7,912	18,372
Waiver of trade and other payables		(592)	–
Operating cash flows before movements in working capital		(27,105)	1,475
Decrease in inventories		3,854	4,279
Decrease in trade and other receivables		2,840	3,886
Decrease in trade and other payables		(5,395)	(12,169)
Increase in biological assets		(868)	(275)
Cash used in operations		(26,674)	(2,804)
PRC enterprise income tax paid		(474)	(1,038)
NET CASH USED IN OPERATING ACTIVITIES		(27,148)	(3,842)

	Notes	2008 HK$'000	2007 HK$'000
INVESTING ACTIVITIES			
Payment for deferred plantation expenditure		(49,153)	(33,541)
Deposit for plantation expenditure		(25,155)	(34,808)
Acquisition of intangible assets		(51,206)	–
Deposit paid for acquisition of intangible assets		(9,265)	–
Acquisition of plant and equipment		(7,793)	(8,127)
Loan advanced to a minority shareholder		(1,560)	–
Decrease in other time deposits with maturity of more than three months when acquired		9,081	1,281
Proceed from disposal of subsidiaries (net of cash and cash equivalents disposed of)	32	3,784	248
Interest received		1,246	1,987
Proceeds from disposal of plant and equipment		81	30
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	31	–	(139,191)
Proceeds from disposal of available-for-sale investment		–	67,578
Decrease in pledged time deposits		–	15,624
NET CASH USED IN INVESTING ACTIVITIES		(129,940)	(128,919)
FINANCING ACTIVITIES			
Proceeds from rights shares		136,881	–
Proceeds from issue of shares		49,750	139,400
Loan raised from a substantial shareholder		25,000	–
Contribution from minority shareholders		1,560	2,133
Proceeds from exercise of share options		120	7,610
Repayment of loan from a substantial shareholder		(25,000)	–
Expenses on issue of rights shares		(5,197)	–
Expenses on issue of shares		–	(2,670)
Interest paid		(465)	–
NET CASH FROM FINANCING ACTIVITIES		182,649	146,473
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,561	13,712
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		31,553	16,705
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,676	1,136
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	25	58,790	31,553

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. GENERAL

Green Global Resources Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company 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 in the Corporate Information section to the Annual Report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB") and the subsidiary incorporated in Lao People's Democratic Republic ("Laos") whose functional currency is United States Dollars ("US$"), the functional currency of the Company and its subsidiaries (the "Group") is HK$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

The principal activity of the Company is investment holding. During the year, the Group was principally involved in the distribution of information technology products, agro-conservation and the cultivation of raw materials for the bioenergy industry.

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

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

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation ("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 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 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[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)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[6]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[4]
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[5]
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 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 beginning on or after 1 July 2008.
5 Effective for annual periods beginning on or after 1 October 2008.
6 Effective for annual periods ending on or after 30 June 2009.
7 Effective for transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent'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 biological assets and certain 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.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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.

(b) Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

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

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Goodwill

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

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

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

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(d) Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment losses.

(e) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

(f) Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

An item of 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.

(g) 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 Group's 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 time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective 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, loans and receivables (including loan advanced to a minority shareholder, trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on 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.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets 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 (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

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 affected.

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

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

- significant financial difficulty of the issuer or counterparty; or
- 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 asset, such as trade and other 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 receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, 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.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 a trade and other receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credit 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 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.

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 Group's financial liabilities are generally classified as other financial 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.

Other financial liabilities

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

Convertible loan notes

Convertible loan notes issued by the Group that contain both the liability 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 loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible loan notes 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 the convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes 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 loan notes using the effective interest method.

Equity instruments

Equity instruments issued by the Company 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 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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets for sales, into agricultural produce or into additional biological assets. Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition and at each balance sheet date. The fair value of biological assets is determined based on either the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate or the market price with reference to the species, growing condition, cost incurred and expected yield of the crops.

The agricultural produce is initially measured at fair value less estimated point-of-sale costs at the time of harvest. The fair value of agricultural produce is measured at the market prices in the local market. The fair value less estimated point-of-sale costs at the time of harvest is deemed as the cost of agricultural produce for further processing.

The gain or loss arising on initial recognition of biological asset at fair value less estimated point-of-sale costs is recognised in the consolidated income statement for the period in which it arises.

(i) Deferred plantation expenditure

Deferred plantation expenditure is stated at cost less accumulated amortisation and accumulated impairment. Amortisation is charged to the consolidated income statement on a straight-line basis over the period of thirty years.

During the plantation period, the amortisation charge provided for deferred plantation expenditure in respect of the plantation of Licorice and Salix is capitalised as part of the costs of the biological assets of Licorice and Salix.

(j) Inventories

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

(k) Impairment losses on tangible and intangible assets with finite useful lives other than goodwill (see the accounting policy in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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.

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 as income immediately.

(l) 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.

(i) Sale of goods

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Service income/management fee income/consultancy service income

Income is recognised when services are provided.

(iii) Interest income

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.

(m) Equity settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

Share options granted to business associates

Share options issued in exchange for services are measured at the fair values of the services received, unless the fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the counterparties render services, unless the services qualify for recognition as assets.

(n) Taxation

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

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

(o) 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

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 exchange translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(p) Leasing

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

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.

(q) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as "other operating income".

(r) Retirement benefit costs

Payments to state-managed retirement benefit scheme and the defined contribution schemes are charged as an expense when employees have rendered service entitling them to the contributions.

(s) 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The 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.

(a) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2008, the carrying amounts of goodwill was approximately HK$7,800,000. Details of impairment testing on goodwill are set out in Note 21(b).

(b) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

(c) Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

(d) Impairment of plant and equipment

The impairment loss for plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the year.

(e) Impairment of intangible assets

The Group determines whether an intangible asset is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the asset is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

(f) Fair values of biological assets

The Group's management determines the fair values less estimated point-of-sale costs of biological assets on initial recognition and at each balance sheet date with reference to market prices, cultivation area, species, growing conditions, cost incurred and expected yield of the crops.

(g) Impairment of inventories

The management of the Group reviews an aging analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The management estimates the net realisable value for finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsoletes items.

(h) Estimation of current and deferred income tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determinations are made.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes convertible loan notes disclosed in Note 28, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on the 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 issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008 *HK$'000*	**2007** *HK$'000*
Loans and receivables (including cash and cash equivalents)	217,664	105,350
Financial liabilities at amortised cost	138,693	146,501

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loan advanced to a minority shareholder, trade and other receivables, trade and other payables and convertible loan notes. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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.

(a) Currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by several subsidiaries of the Company in currencies other than those subsidiaries' functional currencies. In addition, certain portions of the financial assets are denominated in currencies other than HK$.

The following table shows the Group's exposure at the balance sheet date to currency risk arising from transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	As at 31 December 2008		**As at 31 December 2007**	
	RMB'000	*US$'000*	*RMB'000*	*US$'000*
Assets	8,161	75	–	–

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.

Sensitivity analysis

The Group is mainly exposed to the currency of RMB and US$.

The following table details the Group's sensitivity to a 5% increase and decrease in HK$ against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss where HK$ strengthen 5% against the relevant currency. For a 5% weakening of HK$ against the relevant currency, there would be an equal and opposite impact on the loss, and the balances below would be negative.

	RMB		**US$**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Impact on loss for the year	(463)	–	(29)	–

(b) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank balances (see Note 25 for details of these deposits).

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 arises.

(c) Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the Group, resulting in a loss to the Group. The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations at end of the financial year in relation to each class of recognised financial assets in the carrying amount of those assets as stated in the consolidated balance sheet.

The Group has no significant credit risks as it has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining substantial collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults, The Group only transacts with entities with good repayment history.

The Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

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

(d) 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 following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivatives 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 will be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount at 31 December
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008						
Non-derivative financial liabilities						
Trade and other payables	0.70	71,510	–	–	71,510	71,010
Convertible loan notes	9.75	–	–	79,650	79,650	67,683
		71,510	–	79,650	151,160	138,693
2007						
Non-derivative financial liabilities						
Trade and other payables	–	70,623	–	–	70,623	70,623
Convertible loan notes	9.75	–	–	98,000	98,000	75,878
		70,623	–	98,000	168,623	146,501

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five (2007: six) operating divisions – agro-conservation, bioenergy, banking and finance systems integration services, software solutions for banks and the public sector, and IT management and support.

Principal activities are as follows:

Agro-conservation	–	Agricultural cultivation and land conservation
Bioenergy	–	Cultivation of raw materials for the bioenergy industry
Banking and finance systems integration services	–	Provision of system integration, software development, engineering, maintenance and professional outsourcing services for banking and finance, telecommunications and public sector clients
Software solutions for banks and the public sector	–	Provision of software solutions for banks and public sectors concentrating on the banking, e-commerce and public sectors with a business focus on e-business operations and online marketplaces
IT management and support	–	Provision of IT management and support services to small and medium-sized property agents

The Group was also involved in the provision of real estate consultancy services for the Shanghai property market. That operation was discontinued on 31 March 2008 (see Note 13).

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(i) Business Segments

The following tables presents revenue, result and certain asset, liability and expenditure information for the Group's business segments.

	Continuing operations												Discontinued operation			
	Agro-conservation		Bioenergy		Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Subtotal		Real estate consultancy service		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December																
TURNOVER																
Sales to external customers	–	–	45,833	–	62,750	65,621	571	572	–	442	109,154	66,635	569	5,617	109,723	72,252
RESULTS																
Segment results	25,670	12,703	15,935	3,800	(2,344)	(2,930)	(14)	237	414	(4,626)	39,661	9,184	(1,272)	4,713	38,389	13,897
Unallocated income											1,762	25,721	1	2	1,763	25,723
Unallocated expenses											(25,582)	(31,882)	–	–	(25,582)	(31,882)
Impairment loss recognised in respect of goodwill	(74,039)	–	–	–	–	–	–	–	–	(12,772)	(74,039)	(12,772)	–	–	(74,039)	(12,772)
Unallocated impairment loss recognised in respect of goodwill											–	(27,999)	–	–	–	(27,999)
Impairment loss recognised in respect of intangible assets	(145,823)	–	(16,053)	–	–	–	–	–	–	(1,173)	(161,876)	(1,173)	–	–	(161,876)	(1,173)
Finance costs											(8,031)	(1,842)	–	–	(8,031)	(1,842)
(Loss) profit before taxation											(228,105)	(40,763)	(1,271)	4,715	(229,376)	(36,048)
Income tax credit (expense)											30,053	(1,209)	–	–	30,053	(1,209)
(Loss) profit for the year/period											(198,052)	(41,972)	(1,271)	4,715	(199,323)	(37,257)

	Continuing operations												Discontinued operation			
	Agro-conservation		Bioenergy		Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Subtotal		Real estate consultancy service		Consolidated	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
As at 31 December																
ASSETS																
Segment assets	217,687	364,731	81,030	41,621	24,596	31,011	69	69	892	218	324,274	437,650	–	8,745	324,274	446,395
Unallocated corporate assets											167,646	74,354	–	–	167,646	74,354
Total assets											491,920	512,004	–	8,745	491,920	520,749
LIABILITIES																
Segment liabilities	(10,888)	(192)	(9,833)	(50)	(46,951)	(41,245)	(103)	(126)	(251)	(807)	(68,026)	(42,420)	–	(5,489)	(68,026)	(47,909)
Unallocated corporate liabilities											(89,038)	(147,490)	–	–	(89,038)	(147,490)
Total liabilities											(157,064)	(189,910)	–	(5,489)	(157,064)	(195,399)
For the year ended 31 December																
Other segment information																
Depreciation and amortisation	4,945	2,054	2,147	107	242	384	–	–	29	676	7,363	3,221	95	373	7,458	3,594
Unallocated amounts											794	262	–	–	794	262
											8,157	3,483	95	373	8,252	3,856
Loss on disposal of plant and equipment	–	–	–	–	–	–	–	–	104	–	104	–	–	55	104	55
Unallocated amounts											–	16	–	–	–	16
											104	16	–	55	104	71
Capital expenditure	–	193	5,539	6,675	343	231	–	–	–	–	5,882	7,099	23	416	5,905	7,515
Unallocated amounts											2,756	887	–	–	2,756	887
											8,638	7,986	23	416	8,661	8,402
Bad debts directly written off	–	–	–	–	–	–	–	–	–	4,041	–	4,041	–	–	–	4,041
Unallocated amounts											–	216	–	–	–	216
											–	4,257	–	–	–	4,257

	Continuing operations												Discontinued operation			
	Agro-conservation		Bioenergy		Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Subtotal		Real estate consultancy service		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December																
Impairment loss recognised in respect of inventories	–	–	–	–	1,413	–	–	–	–	–	1,413	–	–	–	1,413	–
Impairment loss recognised in respect of trade receivables	–	–	18,518	–	2,323	1,706	–	–	–	–	20,841	1,706	–	590	20,841	2,296
Gain on disposal of plant and equipment	–	–	–	–	(79)	–	–	–	–	–	(79)	–	–	–	(79)	–
Unallocated amounts											–	(30)	–	–	–	(30)
											(79)	(30)	–	–	(79)	(30)
Waiver of trade and other payables	–	–	–	–	–	–	–	–	(592)	–	(592)	–	–	–	(592)	–
Unallocated gain on disposal of subsidiaries											(169)	–	–	–	(169)	–
Unallocated loss on disposal of a subsidiary											–	1	–	–	–	1
Unallocated gain on deregistration of a subsidiary											(283)	–	–	–	(283)	–

(ii) Geographical Segments

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments.

	Hong Kong		Elsewhere in the PRC		Laos		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Sales to external customers	571	572	95,253	71,680	13,899	–	109,723	72,252
Segment assets	2,121	68	284,455	438,033	37,698	8,294	324,274	446,395
Other segment information								
Capital expenditure	541	886	3,255	7,516	4,865	–	8,661	8,402

Revenue from the Group's discontinued operation was derived mainly from the PRC.

9. TURNOVER AND OTHER OPERATING INCOME

Turnover represents invoiced value of sales, net of returns, discounts allowed and sales taxes where applicable and providing computer technology and real estate consultancy services. Revenues recognised during the year are as follows:

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
Sale of saplings	45,833	–	–	–	45,833	–
Sale of goods	35,559	43,247	–	–	35,559	43,247
Rendering of computer technology services	27,762	23,388	–	–	27,762	23,388
Rendering of real estate consultancy services	–	–	569	5,617	569	5,617
	109,154	66,635	569	5,617	109,723	72,252
Other operating income						
Interest income	1,271	1,985	1	2	1,272	1,987
Government grants	–	158	–	–	–	158
Gain on disposal of plant and equipment	79	30	–	–	79	30
Gain on disposal of subsidiaries	169	–	–	–	169	–
Gain on deregistration of a subsidiary	283	–	–	–	283	–
Exchange gain, net	871	3,485	–	280	871	3,765
Consultancy service income	–	–	–	8,000	–	8,000
Management service income	8,287	7,467	–	–	8,287	7,467
Sundry income	1	357	–	–	1	357
Waiver of trade and other payables	592	–	–	–	592	–
	11,553	13,482	1	8,282	11,554	21,764
Total revenues	120,707	80,117	570	13,899	121,277	94,016

10. PROFIT FROM OPERATIONS

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit from operations has been arrived at after charging:						
Auditor's remuneration						
– current year	900	750	15	50	915	800
– overprovision for pervious years	–	(25)	–	–	–	(25)
	900	725	15	50	915	775
Amortisation of intangible assets	4,894	2,571	–	–	4,894	2,571
Bad debts directly written off	–	4,257	–	–	–	4,257
Costs of inventories sold	85,037	42,354	–	–	85,037	42,354
Depreciation	3,263	912	95	373	3,358	1,285
Directors' emoluments *(Note 16)*	6,121	4,588	–	–	6,121	4,588
Impairment loss recognised in respect of inventories (included in cost of sales)	1,413	–	–	–	1,413	–
Impairment loss recognised in respect of trade receivables (included in other operating expenses)	20,841	1,706	–	590	20,841	2,296
Loss on disposal of a subsidiary	–	1	–	–	–	1
Loss on disposal of plant and equipment	104	16	–	55	104	71
Payments under operating leases in respect of land and buildings	2,184	1,785	487	1,905	2,671	3,690
Staff costs (excluding directors' emoluments) *(Note 15)*	16,577	15,662	1,119	2,399	17,696	18,061
Share-based payment expenses (business associates)	5,367	17,217	–	–	5,367	17,217

11. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
From continuing operations		
Interest expenses on:		
– effective interest expense on convertible loan notes *(Note 28)*	6,069	1,842
– loan from a substantial shareholder	263	–
– other payables	699	–
– imputed interest expense on non-current interest-free loan advanced to a minority shareholder	1,000	–
	8,031	1,842

12. INCOME TAX (CREDIT) EXPENSE

	2008	**2007**
	HK$'000	*HK$'000*
From continuing operations		
Hong Kong Profits Tax		
– current	1,359	–
– overprovision in previous years	(69)	–
PRC Enterprise Income Tax		
– current	7,003	1,200
– (over) underprovision in previous years	(457)	9
Tax in other jurisdiction		
– current	273	–
	8,109	1,209
Deferred tax *(Note 29)*	(38,162)	–
	(30,053)	1,209

(i) 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% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2008.

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong for the year ended 31 December 2007.

(ii) Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(iii) On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. 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 subsidiaries in the PRC was reduced from 33%/27% to 25% from 1 January 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC ranged from 15% to 25% (2007: 15% to 33%).

(iv) In accordance with the relevant regulations, approvals from relevant local tax bureaus and Foreign Enterprise Income Tax Law in the PRC, one subsidiary (2007: two subsidiaries) operating in the PRC is entitled to exemption from PRC Enterprise Income Tax in the first two years from the first profit-making year, followed by a 50% reduction of PRC Enterprise Income Tax for the next three years and thereafter, preferential treatments which are subject to the relevant law and regulation.

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

	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 before taxation	(228,105)	(40,763)	(1,271)	4,715	(229,376)	(36,048)
Tax (charges) credit at rates applicable to (loss) profits in the countries concerned	(42,430)	(6,444)	(313)	849	(42,743)	(5,595)
Tax effect of income not subject to tax	(4,679)	(2,543)	–	–	(4,679)	(2,543)
Tax effect of expenses not deductible for tax purpose	9,434	9,721	313	–	9,747	9,721
Effect of tax exemptions granted to PRC subsidiaries	–	–	–	(849)	–	(849)
Tax effect of tax losses and deductible temporary differences not recognised	8,148	507	–	–	8,148	507
Utilisation of previously unrecognised tax losses	–	(41)	–	–	–	(41)
(Over) underprovision in previous years	(526)	9	–	–	(526)	9
Income tax (credit) expense for the year	(30,053)	1,209	–	–	(30,053)	1,209

Details of deferred taxation are set out in Note 29.

13. DISCONTINUED OPERATION

On 3 March 2008, the Group entered into a sale and purchase agreement for the sale of the entire issued share capital in Grand Panorama Limited and its subsidiary, Conity Investment and Consultants (Shanghai) Company Limited ("GP Group") to an independent third party. The disposal was completed on 31 March 2008, on which date control of GP Group passed to the acquirer.

GP Group is engaged in the provision of real estate consultancy services for the Shanghai property market and the segment of real estate consultancy services was regarded as discontinued operation accordingly during the year ended 31 December 2008.

The results of discontinued operation for the period/year are as follows:

	1/1/2008 to 31/3/2008 *HK$'000*	1/1/2007 to 31/12/2007 *HK$'000*
Turnover – real estate consultancy services	569	5,617
Cost of sales	(778)	(3,309)
Gross (loss) profit	(209)	2,308
Other operating income	1	8,282
Selling and distribution expenses	(23)	(926)
Administrative expenses	(1,040)	(4,359)
Other operating expenses	–	(590)
(Loss) profit for the period/year attributable to equity holders of the Company	(1,271)	4,715

	1/1/2008 to 31/3/2008 *HK$'000*	1/1/2007 to 31/12/2007 *HK$'000*
Net cash inflow from operating activities	112	4,918
Net cash outflow from investing activities	(22)	(413)
Net cash outflow from financing activities	–	(4,353)
Total cash inflow	90	152

No income tax charge or credit arose on gain on disposal of real estate consultancy service segment.

The carrying amounts of the assets and liabilities of the GP Group at the date of disposal are disclosed in Note 32(a).

14. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company for the year is based on the following data:

	2008 *HK$'000*	2007 *HK$'000*
Loss		
Loss for the year attributable to the equity holders of the Company	(197,906)	(37,679)

	2008	2007
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	171,563,235	89,332,080

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the rights issue and consolidation of shares on 8 August 2008 and 9 March 2009, respectively.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to equity holders of the Company for the year is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company	(197,906)	(37,679)
Less: (loss) profit for the period/year from discontinued operation attributable to equity holders of the Company *(Note 13)*	(1,271)	4,715
Loss for the year for the purpose of basic loss per share from continuing operations	(196,635)	(42,394)

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

From discontinued operation

Basic (loss) earnings per share for discontinued operation was HK0.74 cents per share (2007: earnings HK5.28 cents), based on the loss for the year from the discontinued operation attributable to the equity holders of the Company of approximately HK$1,271,000 (2007: profit HK$4,715,000) and the denominators detailed above for basic (loss) earnings per share.

No diluted loss is presented for the year ended 31 December 2008 and 2007 as the exercise of the share options and the conversion of the convertible loan notes during the year had an anti-dilutive effect on the basic loss per share.

15. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wages and salaries	15,379	13,069	1,100	2,365	16,479	15,434
Retirement benefit schemes contribution	893	1,835	19	34	912	1,869
Share-base payments	305	758	–	–	305	758
	16,577	15,662	1,119	2,399	17,696	18,061

The subsidiaries in Hong Kong operate defined contribution schemes which are available to qualified employees. The assets of the schemes are held separately from those of the subsidiaries in independently administered funds. Monthly contributions made by the subsidiaries are calculated based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the relevant requirements, as appropriate.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Group in this country participate in respective government retirement benefit schemes (the "Schemes") whereby the subsidiaries are required to contribute to the Schemes to fund the retirement benefits of the eligible employees. Contributions made to the Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes.

The retirement benefit schemes contribution represent gross contributions by the Group to the Schemes operated by the relevant authorities of the PRC and the defined contribution schemes operated in Hong Kong.

Details of the Company's share options granted to the employees of the Group are set out in Note 30.

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

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

For the year ended 31 December 2008

	Fees	Salaries, allowances and other benefits	Discretionary bonus	Retirement benefit schemes contribution	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Tse Michael Nam	–	2,645	–	12	829	3,486
Mr. Chan Tze Ngon (resigned on 1 March 2008)	–	122	–	2	–	124
Mr. Puongpun Sananikone (re-designated from independent non-executive director to executive director on 1 March 2008)	25	650	–	–	842	1,517
Independent non-executive directors						
Mr. Lim Yew Kong, John	150	–	–	–	154	304
Mr. Tai Benedict (resigned on 1 March 2008)	25	–	–	–	–	25
Mr. Albert Theodore Powers (appointed on 1 March 2008)	125	–	–	–	216	341
Mr. Pang Seng Tuong (appointed on 1 March 2008)	125	–	–	–	199	324
	450	3,417	–	14	2,240	6,121

For the year ended 31 December 2007

	Fees	Salaries, allowances and other benefits	Discretionary bonus	Retirement benefit schemes contribution	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Tse Michael Nam (appointed as a chairman on 12 February 2007 and re-designated as Chief Executive Officer on 1 March 2007)	–	2,294	–	11	201	2,506
Mr. Chan Tze Ngon (resigned on 1 March 2008)	–	991	–	12	–	1,003
Mr. Tang King Hung (resigned on 1 March 2007)	–	149	–	2	–	151
Independent non-executive directors						
Mr. Lim Yew Kong, John (appointed on 12 February 2007)	132	–	75	–	75	282
Mr. Puongpun Sananikone (appointed on 1 July 2007 and re-designated as executive director on 1 March 2008)	75	–	75	–	121	271
Mr. Tai Benedict (resigned on 1 March 2008)	150	–	75	–	–	225
Mr. Fu Yan Yan (resigned on 30 June 2007)	75	–	–	–	–	75
Ms. Wang Xi Ling (resigned on 30 June 2007)	75	–	–	–	–	75
	507	3,434	225	25	397	4,588

No directors waived or agreed to waive any emoluments during the two years ended 31 December 2008 and 2007.

Discretionary bonus was determined with reference to the Group's operating results, individual performance and comparable market statistics.

(b) Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, two (2007: two) were directors of the Company whose emoluments are set out in the above. For the year ended 31 December 2008, the emoluments of the three (2007: three) highest paid individuals were as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	2,088	2,031
Retirement benefit schemes contribution	35	24
Share-based payments	171	404
	2,294	2,459

Their emoluments fall within the following bands:

	Number of individuals	
	2008	**2007**
Emoluments band		
Nil – HK$1,000,000	2	2
HK$1,000,001 – HK$1,500,000	1	1
	3	3

(c) No emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of the office during the two years ended 31 December 2008 and 2007.

17. PLANT AND EQUIPMENT

	Nursery farms	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 January 2007	–	1,401	15,995	1,167	18,563
Exchange realignment	–	18	139	49	206
Additions	6,400	688	512	527	8,127
Disposals	–	(189)	(193)	(280)	(662)
At 31 December 2007	6,400	1,918	16,453	1,463	26,234
Exchange realignment	411	4	100	54	569
Additions	4,290	180	616	2,707	7,793
Disposals	–	–	(766)	(308)	(1,074)
Disposal of subsidiaries	–	(469)	(777)	–	(1,246)
At 31 December 2008	11,101	1,633	15,626	3,916	32,276
ACCUMULATED DEPRECIATION					
At 1 January 2007	–	1,130	15,013	1,041	17,184
Exchange realignment	–	4	81	41	126
Provided for the year	107	485	519	174	1,285
Eliminated on disposals	–	(173)	(138)	(280)	(591)
At 31 December 2007	107	1,446	15,475	976	18,004
Exchange realignment	6	1	78	50	135
Provided for the year	2,111	301	351	595	3,358
Eliminated on disposals	–	–	(660)	(308)	(968)
Eliminated on disposal of subsidiaries	–	(337)	(287)	–	(624)
At 31 December 2008	2,224	1,411	14,957	1,313	19,905
CARRYING AMOUNTS					
At 31 December 2008	8,877	222	669	2,603	12,371
At 31 December 2007	6,293	472	978	487	8,230

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

Nursery farms	10% to 33⅓%
Leasehold improvements	33⅓ % or over the lease terms, whichever is shorter
Furniture, fixtures and office equipment	20% to 33⅓%
Motor vehicles	33⅓%

18. DEFERRED PLANTATION EXPENDITURE

	2008	2007
	HK$'000	*HK$'000*
COST		
At 1 January	33,541	–
Additions	83,961	33,541
At 31 December	117,502	33,541
ACCUMULATED AMORTISATION		
At 1 January	541	–
Provision for the year *(Note 19)*	3,285	541
At 31 December	3,826	541
CARRYING AMOUNTS		
At 31 December	113,676	33,000

The deferred plantation expenditure is amortised on a straight-line basis over its estimated useful lives of the relevant plants of 30 years.

19. BIOLOGICAL ASSETS

	Licorice	Salix	Saplings of Jatropha	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	–	–	–	–
Amortisation of deferred plantation expenditure *(Note 18)*	392	149	–	541
Additions	–	–	275	275
Changes in fair value less estimated point-of-sale costs	6,079	1,611	3,565	11,255
At 31 December 2007	6,471	1,760	3,840	12,071
Amortisation of deferred plantation expenditure *(Note 18)*	2,436	849	–	3,285
Exchange realignment	–	–	247	247
Additions	–	–	868	868
Harvested as agricultural produce	–	–	(45,827)	(45,827)
Changes in fair value less estimated point-of-sale costs	31,007	5,923	40,872	77,802
At 31 December 2008	39,914	8,532	–	48,446

	2008	2007
	HK$'000	*HK$'000*
Analysed for reporting purposes as		
Current assets	–	3,840
Non-current assets	48,446	8,231
	48,446	12,071

(a) Licorice is a bearer biological assets and is a perennial herb of the Febaceae family (a flowering plant). Main roots of the Licorice can normally be harvested in 3 to 4 years, and the remains of roots re-establish themselves in the soil.

Salix is a bearer biological assets and is a medium to large size deciduous tree. Salix are very cross-fertile and numerous hybrids can occur, both naturally and in cultivation. Salix can normally be harvested in 3 years and can regenerate themselves after harvest.

Saplings of Jatropha is a consumable biological assets. Planted from seeds, they mature into saplings within 3 to 4 months, ready to be sold for transplantation as a whole. Jatropha saplings will grow into Jatropha trees which harvesting period will be over 30-years. The seeds of the Jatropha contain high levels of oil which can be extracted and processed into bio-diesel.

(b) At 31 December 2008, the above biological assets are immature.

(c) The fair value less estimated point-of-sale costs of licorice, salix and saplings of Jatropha is determined based on the valuation reports issued by Greater China Appraisal Limited ("Greater China"), an independent professional valuer not connected with the Group, with reference to the most recent market determined prices, species, growing condition, cost incurred and expected yield.

(d) The quantity and amount of biological assets is measured at fair value less estimated point-of-sale costs during the year were as follows:

	2008		2007	
	Quantity	**Amount**	**Quantity**	**Amount**
		HK$'000		*HK$'000*
Licorice	2,424 tons	39,914	433 tons	6,471
Salix	45,520 tons	8,532	9,167 tons	1,760
Saplings of Jatropha	–	–	150 mu	3,840
		48,446		12,071

20. INTANGIBLE ASSETS

	Licorice and salix collection and cultivation rights	Computer software	Jatropha seeds harvesting rights	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January 2007	–	1,796	–	1,796
Exchange realignment	–	124	–	124
Acquired on acquisition of subsidiaries	167,156	–	–	167,156
At 31 December 2007	167,156	1,920	–	169,076
Exchange realignment	–	123	–	123
Addition	–	–	58,829	58,829
At 31 December 2008	167,156	2,043	58,829	228,028
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2007	–	100	–	100
Exchange realignment	–	7	–	7
Impairment loss recognised in the year	–	1,173	–	1,173
Provided for the year	1,931	640	–	2,571
At 31 December 2007	1,931	1,920	–	3,851
Exchange realignment	–	123	–	123
Impairment loss recognised in the year	145,823	–	16,053	161,876
Provided for the year	4,894	–	–	4,894
At 31 December 2008	152,648	2,043	16,053	170,744
CARRYING AMOUNTS				
At 31 December 2008	14,508	–	42,776	57,284
At 31 December 2007	165,225	–	–	165,225

The licorice and salix collection and cultivation rights and Jatropha seeds harvesting rights have finite useful lives and are amortised on a straight-line basis over twenty-nine to forty-six years.

Licorice and salix collection and cultivation rights

As at 31 December 2008, the directors of the Company conducted a review of the Group's collection and cultivation rights and impairments were made based on the valuation exercise conducted by Greater China, for the purpose of assessing the recoverable amounts. Accordingly, impairment loss of approximately HK$145,823,000 (2007: Nil) has been recognised.

The recoverable amounts of the collection and cultivation rights for licorice and salix were determined from value-in-use calculations, as extracted from Greater China's valuation report for the recoverable amounts as at 31 December 2008. The Group prepared cash flow forecast from the most recent available financial budgets and extrapolated over the remaining life of the licorice and salix collection and cultivation rights. In preparing the forecasts, management made references to the capacity of the plantation area presently available for plantation, and the modified licorice and salix's growth data per unit of plantation area compiled by the State Forestry Administration in Inner Mongolia Province. The key assumptions for the value-in-use calculation were those regarding discount rates and anticipated changes to future selling prices, as follows:

– Management used a discount rate which is derived as the Company's cost of capital, representing the expected return on the Company's capital, and assigned the discount rates of 38.29% and 35.70% for licorice and salix, respectively (2007: Both were 30.66%).

– Future selling prices were estimated with reference to existing and past quoted commodity prices of the forestry industry.

Computer software

During the year ended 31 December 2007, the directors of the Company considered that it is unlikely that the computer software will have any future value-in-use and therefore the carrying amount of this computer software in the amount of approximately HK$1,173,000 was fully impaired.

Jatropha seeds harvesting rights

As at 31 December 2008, the directors of the Company conducted a review of the Group's Jatropha seeds harvesting rights and impairments were made based on the valuation exercise conducted by Greater China, for the purpose of assessing the recoverable amounts. Accordingly, impairment loss of approximately HK$16,053,000 has been recognised.

The recoverable amounts of Jatropha seeds harvesting rights were determined from value-in-use calculations as extracted from Greater China's valuation report for the recoverable amounts as at 31 December 2008. The Group prepared cash flow forecast from the most recent available financial budgets and extrapolated over the remaining life of the Jatropha seeds harvesting rights. In preparing the forecasts, management made references to the capacity of the plantation area presently available for plantation, and the modified Jatropha's growth data per unit of plantation area. The key assumptions for the value-in-use calculation were those regarding discount rates and anticipated changes to future selling prices, as follows:

– Management used a discount rate which is derived as the Company's cost of capital, representing the expected return on the Company's capital, and assigned a discount of 24.29%.

– Future selling prices were estimated with reference to existing and past quoted commodity prices of the forestry industry.

21. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL

(a) Goodwill

	HK$'000
COST	
At 1 January 2007	45,805
Arising on acquisition of subsidiaries	151,839
At 31 December 2007	197,644
Adjustments to consideration for acquisitions in prior periods *(Note)*	(70,000)
Disposal of subsidiaries	(33,033)
At 31 December 2008	94,611
IMPAIRMENT	
At 1 January 2007	–
Impairment loss recognised in the year	40,771
At 31 December 2007	40,771
Impairment loss recognised in the year	74,039
Eliminated on disposal of subsidiaries	(27,999)
At 31 December 2008	86,811
CARRYING AMOUNTS	
At 31 December 2008	7,800
At 31 December 2007	156,873

Particulars regarding impairment testing on goodwill are disclosed in Note 21(b).

Note: The goodwill was adjusted in the amount of approximately HK$70,000,000 attributable to the adjustment to consideration paid (Note 31b) after the profit guarantee for Green Global Salix was not met as at 31 December 2008. Details of this particulars had been set out in the Company's announcement dated 8 April 2009.

(b) Impairment Testing on Goodwill

For the purposes of impairment testing, goodwill set out in Note 21(a) has been allocated to four individual cash generating units (2007: four). The carrying amounts of goodwill (net of accumulated impairment losses) as at the balance sheet date allocated to these units are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
IT management and support:		
– Acacia Asia Partners Limited ("Acacia") and its subsidiary ("Acacia Group")	–	–
Real estate consultancy service:		
– GP Group	–	5,034
Agro-conservation:		
– Green Global Licorice China Limited (formerly known as "Huge Value Development Ltd.") ("Green Global Licorice")	–	29,578
– Green Global Salix China Limited (formerly known as "Quest Asia Development Limited") ("Green Global Salix")	–	114,461
Bioenergy:		
– Lao Agro Promotion Co., Ltd. ("Lao-Agro")	7,800	7,800
	7,800	156,873

During the year ended 31 December 2008, the Group recognised impairment losses of approximately HK$74,039,000 in relation to the goodwill arising from the acquisition of Green Global Licorice and Green Global Salix.

During the year ended 31 December 2007, the Group recognised impairment losses of approximately HK$40,771,000 in relation to the goodwill arising from the acquisition of Acacia Group and GP Group.

IT management and support:

In view of the operating landscape for Acacia's business has become increasingly difficult, with the PRC Government's imposition of austerity measures and higher operating requirements for brokerages. In view of the plunging number of transactions and negative prospects, the directors of the Company is seriously assessing the future viability of Acacia and considers that the carrying amount of the goodwill arising from acquisition of Acacia in the amount of approximately HK$12,772,000 was fully impaired for the year ended 31 December 2007.

Real estate consultancy service:

As at 31 December 2007, in view of the current and future business prospects and financial situation of GP Group, the current slow down in the property agency market in the PRC, the stringent austerity measures that have been imposed by the PRC government, and the future capital requirements of GP. With the current focus on agri-business, the directors of the Company considered that it is in the interests of the Company and the shareholders as a whole to reallocate its resources towards the agri-business activities of the Group, which the directors of the Company consider to have better future prospects, therefore on 3 March 2008, the Group entered into a sale and purchase agreement for the disposal of GP

Group for a consideration of approximately HK$4,267,000 (equivalent to RMB4,000,000). With reference to the sales considerations, the directors of the Company considered that the carrying amount of goodwill arising from acquisition of GP Group in the amount of approximately HK$27,999,000 was recognised as impairment loss for the year ended 31 December 2007.

GP Group was disposed on 31 March 2008.

Agro-conservation

For the year ended 31 December 2008

The directors of the Company are of the opinion that, in light of the failure to meet the minimum guaranteed income amount guaranteed on the acquisition of Green Global Salix, the transition from harvesting wild to cultivated crops in Inner Mongolia, the severity of the global financial and economic crisis and based on the business valuation reports for Green Global Licorice and Green Global Salix as at 31 December 2008 issued by Greater China, the recoverable amounts of Green Global Licorice and Green Global Salix are less than their respective carrying amounts as at 31 December 2008, accordingly impairment losses of approximately HK$29,578,000 and HK$44,461,000 are made, respectively.

For the year ended 31 December 2007

The directors of the Company are of the opinion that, based on the business valuation reports for Green Global Licorice and Green Global Salix as at 31 December 2007 issued by Greater China, the business values of these subsidiaries exceed their carrying amount in the consolidated balance sheet as at 31 December 2007 and therefore no impairment loss is necessary.

Green Global Licorice and Green Global Salix

The recoverable amounts of Green Global Licorice and Green Global Salix are determined from value-in-use calculation as extracted from Greater China's valuation report for the recoverable amounts as at 31 December 2008. The Group prepared cash flow forecast derived from the most recent available financial budgets and extrapolated over the following five years. In preparing the forecasts, management made references to the capacity of the plantation area presently available for plantation, and the modified Licorice and Salix's growth data per unit of plantation area complied by State Forestry Administration of the Hang Jin Qi in Inner Mongolia Province. The key assumptions for the value-in-use calculation were those regarding discount rates and anticipated changes to future selling prices, as follows:

– Management used a discount rate which is derived as the Company's cost of capital, representing the expected return on the Company's capital, and assigned discount rates of 36.29% and 33.70% (2007: Both are 28.66%) to Green Global Licorice and Green Global Salix, respectively.

– Future selling prices were estimated with reference to existing and past quoted commodity prices of the forestry industry.

Bioenergy

The directors of the Company are of the opinion that, based on the business valuation reports for Lao-Agro as at 31 December 2008 and 31 December 2007 issued by Greater China, the business value of this subsidiary exceeds its carrying amount in the consolidated balance sheet as at 31 December 2008 and 31 December 2007 and therefore no impairment loss is necessary.

The recoverable amount of Lao-Agro is determined from the value-in-use calculation as extracted from Greater China's valuation report for the recoverable amount as at 31 December 2008. The Group prepared cash flow forecast derived from the most recent available financial budgets and extrapolated over five years. In preparing the forecasts, management made references to the capacity of the plantation area presently available for plantation, and the modified Jatropha's growth data per unit of plantation area. The key assumptions for the value-in-use calculation were those regarding discount rates and anticipated changes to future selling prices, as follows:

– Management used a discount rate which is derived as the Company's cost of capital, representing the expected return on the Company's capital, and assigned a discount of 24.95% (2007: 22.13%).

– Future selling prices were estimated with reference to existing and past quoted commodity prices of the forestry industry.

22. LOAN ADVANCED TO A MINORITY SHAREHOLDER

	2008	**2007**
	HK$'000	*HK$'000*
US$200,000 repayable in 2013, unsecured and non-interest bearing	586	–

The effective interest rate on the loan to a minority shareholder is 22.72%.

23. INVENTORIES

	2008	**2007**
	HK$'000	*HK$'000*
Information technology products held for resale, at cost	259	5,192

24. TRADE AND OTHER RECEIVABLES

	2008	**2007**
	HK$'000	*HK$'000*
Trade receivables	92,188	69,024
Less: Impairment losses recognised	(60,153)	(43,876)
	32,035	25,148
Prepayment, deposit and other receivables	91,289	7,263
Total trade and other receivables	123,324	32,411

The Group normally grants to its customers credit periods ranging from 30 days to 180 days which are subject to periodic review by management.

(a) The ageing analysis of the trade receivables at the balance sheet date, net of impairment losses recognised was as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 90 days	26,209	18,902
91 days to 180 days	1,768	2,600
181 days to 365 days	3,034	3,477
Over 365 days	1,024	169
	32,035	25,148

(b) The movements in provision for impairment losses of trade receivables were as follows:

	2008	2007
	HK$'000	*HK$'000*
At 1 January	43,876	41,461
Exchange realignment	166	119
Recognised during the year	20,841	2,296
Eliminated on disposal of subsidiaries/ deregistration of a subsidiary	(4,730)	–
At 31 December	60,153	43,876

(c) At 31 December 2008 and 2007, the analysis of trade receivables that were past due but not impaired are as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	<90days	91 to 180 days	181 to 365 days	1 to 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2008	32,035	25,216	2,771	321	2,703	1,024
31 December 2007	25,148	14,438	5,581	1,483	3,477	169

Trade receivables that were neither past due nor impaired relate to a wide range of customers who has no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that has a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The fair values of the Group's trade and other receivables at the balance sheet date approximated to the corresponding carrying amounts due to their short-term maturities.

(d) Included in trade receivables are the following denominated in a currency other than the functional currency of the entity to which they relate:

	2008	2007
	'000	*'000*
RMB	8,161	–

(e) Included in other receivables is an amount of approximately HK$70,000,000 which was attributed to the adjustment to consideration paid (Note 31(b)) after the profit guarantee for the acquisition of Green Global Salix was not met as at 31 December 2008.

25. BANK BALANCES AND CASH

	2008	2007
	HK$'000	*HK$'000*
Bank balances and cash	58,790	31,553
Other time deposits with original maturity of more than three months when acquired	34,964	41,386
	93,754	72,939
Less: Other time deposits with a maturity of more than three months when acquired	(34,964)	(41,386)
Cash and cash equivalents	58,790	31,553

Bank balances and cash/other time deposits

At the balance sheet date, about 56% (2007: 92%) of bank balances and cash was denominated in RMB. RMB is not a freely convertible currency.

Bank balances and other time deposits carry interest at an average market rate of 1.67% (2007: 2.26%).

The fair values of the other time deposits and bank balances at the balance sheet date approximated to the corresponding carrying amounts due to their short-term maturities.

26. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables		
– third parties	1,425	1,198
– minority shareholders	325	325
	1,750	1,523
Accrued expenses and other payables	69,260	69,100
	71,010	70,623

The ageing analysis of the trade payables at the balance sheet date was as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 180 days	–	–
181 days to 365 days	227	81
Over 365 days	1,523	1,442
	1,750	1,523

As at 31 December 2008, included in other payables is an amount of approximately HK$10,000,000 (2007: HK$18,000,000) which represents deferred consideration payable in relation to the acquisition of Green Global Licorice as set out in Note 31(a). The amount is unsecured, repayable on demand and carries interest at prevailing market rate.

As at 31 December 2007, the amount was unsecured, non-interest bearing and repayable on demand.

The fair values of the Group's trade and other payables at the balance sheet date approximated to the corresponding carrying amounts due to their short-term maturities.

27. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary share of HK$0.10 each		
Authorised:		
At 1 January 2007	1,000,000,000	100,000
Increase in authorised share capital *(Note 1)*	2,000,000,000	200,000
At 31 December 2007	3,000,000,000	300,000
Increase in authorised share capital *(Note 2)*	5,000,000,000	500,000
At 31 December 2008	8,000,000,000	800,000
Issued and fully paid:		
At 1 January 2007	674,998,552	67,500
Issue of shares upon:		
Placement of shares *(Note 3 & 4)*	270,000,000	27,000
Exercise of share options *(Note 5)*	51,460,000	5,146
Conversion of convertible loan notes *(Note 6)*	38,800,705	3,880
At 31 December 2007	1,035,259,257	103,526
Issue of shares upon:		
Placement of shares *(Note 7)*	199,000,000	19,900
Exercise of share options *(Note 8)*	800,000	80
Conversion of convertible loan notes *(Note 9)*	32,363,315	3,237
Issued on right issue *(Note 10)*	1,267,422,572	126,742
At 31 December 2008	2,534,845,144	253,485

Notes:

1. Pursuant to an ordinary resolution passed on 26 March 2007 for the increase of the authorised share capital of the Company from HK$100,000,000 divided into 1,000,000,000 ordinary shares of HK$0.10 each to HK$300,000,000 divided into 3,000,000,000 ordinary shares of HK$0.10 each by the creation of an additional 2,000,000,000 ordinary shares of HK$0.10 each.

2. Pursuant to an ordinary resolution passed on 21 July 2008, the shareholders of the Company approved the increase in authorised share capital of the Company from 3,000,000,000 ordinary shares of HK$0.10 each to 8,000,000,000 ordinary shares of HK$0.10 each by the creation of an additional 5,000,000,000 ordinary shares of HK$0.10 each.

3. On 22 January 2007, pursuant to a placing and subscription agreement with VC Brokerage Limited, the Company placed out 110,000,000 new ordinary shares of HK$0.10 each in the Company at a price of HK$0.22 per share to independent third parties. A sum of approximately HK$23,880,000 net of placement expenses was raised and used as working capital of the Group.

4. On 15 June 2007, pursuant to a placing and subscription agreement with Citic Securities Corporate Finance (HK) Limited, the Company placed out 160,000,000 new ordinary shares of HK$0.10 each in the Company at a price of HK$0.72 per share to independent third parties. A sum of approximately HK$112,850,000 net of placement expenses was raised and used as working capital of the Group.

5. For the year ended 31 December 2007, 42,200,000 share options were exercised at a price of HK$0.15 each, 2,660,000 shares at HK$0.233 each and 6,600,000 shares at HK$0.10 each resulting in the issue of 51,460,000 ordinary shares of HK$0.10 each in the Company.

6. On 24 October 2007, the convertible loan note holders converted HK$22,000,000 convertible loan notes into 38,800,705 ordinary shares of HK$0.10 each in the Company at a conversion price of HK$0.567.

7. On 25 February 2008, pursuant to a placing and subscription agreement with Integrated Asset Management (Asia) Limited ("Integrated Asset"), the Company placed out 199,000,000 new ordinary shares of HK$0.10 each in the Company at a price of HK$0.25 per share. A sum of approximately HK$49,750,000 was raised and used as working capital of the Group.

8. For the year ended 31 December 2008, 800,000 share options were exercised at a price of HK$0.15 resulting in the issue of 800,000 ordinary shares of HK$0.10 each in the Company.

9. On 16 January 2008, a convertible loan note holder converted HK$18,350,000 convertible loan notes into 32,363,315 ordinary shares of HK$0.10 each in the Company at a conversion price of HK$0.567.

10. Pursuant to an ordinary resolution passed on 8 August 2008, a rights issue of 1,267,422,572 ordinary shares of HK$0.10 each in the Company was issued at a price of HK$0.108 each (the "Rights Issue"). A sum of approximately HK$131,680,000 net of expenses was raised and used in the Argo-conversation and Bioenergy segments for plantation expenditure and nursery establishment.

11. All the ordinary shares issued during the two years ended 31 December 2008 ranked pari passu with the then existing ordinary shares in all respects.

28. CONVERTIBLE LOAN NOTES

During the year ended 31 December 2007, pursuant to the acquisition of the entire issued share capital of Green Global Salix, the Company issued zero-coupon convertible loan notes as partial settlement of the acquisition consideration. The convertible loan notes have an aggregate principal amount of HK$120,000,000 and are denominated in HK$. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 1 October 2010 in multiples of HK$1,000,000 at a conversion price of HK$0.567 (subject to adjustments) per convertible loan note.

On 8 August 2008, the Company completed the Rights Issue. Pursuant to the terms of the convertible loans, the conversion price per share and the number of conversion share after the Rights Issue was 173,152,174 exercisable at HK$0.46 per convertible loan notes.

The shares to be issued and allotted upon conversions shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue.

The convertible loan notes contain two components, liability and equity elements. The equity element is presented in equity heading ("convertible bonds reserve"). The effective interest rate of the liability component is 9.75%.

The movement of the liability component of the convertible loan notes for the year is set out below:

	2008	**2007**
	HK$'000	*HK$'000*
Carrying amount at 1 January	75,878	–
Issue of convertible loan notes during the year	–	90,775
Effective interest expenses *(Note 11)*	6,069	1,842
Conversion during the year	(14,264)	(16,739)
Carrying amount at 31 December	67,683	75,878

29. DEFERRED TAX LIABILITY

The following is the deferred tax liability recognised and movements thereon during the current and prior years:

	Collection and cultivation rights
	HK$'000
At 1 January 2007	–
Acquisition of subsidiaries *(Note 31)*	41,789
At 31 December 2007	41,789
Credit to consolidated income statement for the year	(38,162)
At 31 December 2008	3,627

At the balance sheet date, the Group has unused tax losses of approximately HK$21,729,000 (2007: HK$21,714,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the balance sheet date, the Group has deductible temporary differences of approximately HK$77,901,000 (2007: HK$44,158,000). No deferred tax assets have 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 difference can be utilised.

Under the New Law of PRC, withholding tax is imposed on dividends in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards (the "Post-2008 Earnings"). As at 31 December 2008, deferred taxation has not been provided for in the consolidation financial statements in respect of temporary difference attributable to the "Post-2008 Earnings" as the 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.

30. SHARE-BASED PAYMENT TRANSACTIONS

The Company's current share option scheme (the "Scheme") was adopted by the shareholders on 30 May 2002 for the primary purpose of providing incentives to directors, employees and persons providing services to the Group. It will expire on 29 May 2012. Under the Scheme, the board may grant options to eligible employees, including directors of the Company and its subsidiaries, suppliers and business associates to subscribe for shares in the Company.

At the balance sheet date, the number of share options granted and remained outstanding under the Scheme was 308,043,518 (2007: 86,141,855), representing 12.15% (2007: 8.32%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders and independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

HK$1 is payable upon the acceptance of each grant. Options may be exercised at any time from the date of grant of the share option during the option period ending on 29 May 2012. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the offer date of the options; (ii) the average closing price of the shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the Company's shares.

Date of grant	Exercise period	Exercise price *(Note 2)*	Fair value at grant date
21 January 2000	From date of grant to 20 January 2010	HK$2.498	*(Note 1)*
27 November 2003	From date of grant to 29 May 2012	HK$0.233	HK$0.05674
19 August 2006	From date of grant to 29 May 2012	HK$0.100	HK$0.05674
29 November 2006	From date of grant to 29 May 2012	HK$0.150	HK$0.05674
16 April 2007	From date of grant to 29 May 2012	HK$0.355	HK$0.12500
9 July 2007	From date of grant to 29 May 2012	HK$0.651	HK$0.20200
20 November 2007	From date of grant to 29 May 2012	HK$0.375	HK$0.21700
13 March 2008	From date of grant to 12 September 2012	HK$0.240	HK$0.05060
15 August 2008	From date of grant to 30 May 2012	HK$0.100	HK$0.02474
8 October 2008	From date of grant to 30 May 2012	HK$0.100	HK$0.01637

In accordance with the terms of the share-based arrangement, options issued vest at the date of grant.

Note 1: The fair value of the options granted under the previous scheme has not been estimated as the directors believe that the likelihood of the exercise of the right is remote in view of the high value of the exercise price of such options relative to the current market price of the Company's shares.

The fair value of those granted in 2003 was estimated by the directors. Options were priced using the Black-Scholes option pricing model. Expected volatility is based on extracts from Bloomberg's information based on 400 trading days (around 1.5 years).

The fair value of the share options granted by the Group during the year ended 31 December 2008 have been arrived at on the basis of valuations carried out on the grant date by Greater China (2007: Grant Sherman Appraisal Limited), independent qualified professional valuers not connected with the Group. The fair values were calculated using The Binomial Option Pricing model (2007: Black-Scholes option pricing model). The inputs into the model were as follows:

	Share options grant on							
	13 March 2008	**15 August 2008**	**8 October 2008**	**16 April 2007**	**9 July 2007**	**20 November 2007**	**29 November 2006**	**19 August 2006**
Weighted average share price	HK$0.219	HK$0.097	HK$0.072	HK$0.360	HK$0.350	HK$0.360	HK$0.138	HK$0.138
Exercise price *(Note 2)*	HK$0.240	HK$0.100	HK$0.100	HK$0.355	HK$0.651	HK$0.375	HK$0.150	HK$0.100
Expected volatility	66.70%	65.82%	68.95%	53.87%	54.32%	113.59%	90.39%	90.39%
Expected option period	4.5 years	3.8 years	3.6 years	2.6 years	2.4 years	2.26 years	1.5 years	1.5 years
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.765%	2.770%	1.782%	4.015%	4.417%	2.491%	3.642%	3.642%
Option type	Call	Call	Call	Call	Call	Call	Call	Call

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised total expense of HK$7,912,000 for the year ended 31 December 2008 (2007: HK$18,372,000) in relation to the share options granted by the Company.

Movements of the Company's share options held by directors, employees and business associates during the year are:

Grantee	Date of grant	Number of share options										
		Outstanding at 1 January 2007	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2007	Granted during the year	Adjustment *(Note 2)*	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2008	Exercise price per share *(Note 2)* *HK$*
Directors												
Mr. Tse Michael Nam	9 July 2007	–	996,000	–	–	996,000	–	13,645	–	–	1,009,645	0.651
	13 March 2008	–	–	–	–	–	8,900,000	121,930	–	–	9,021,930	0.240
	15 August 2008	–	–	–	–	–	15,316,425	–	–	–	15,316,425	0.100
Mr. Tai Benedict	29 November 2006	600,000	–	–	(600,000)	–	–	–	–	–	–	0.150
Mr. Fu Yan Yan	29 November 2006	600,000	–	–	(600,000)	–	–	–	–	–	–	0.150
Ms. Wang Xi Ling	29 November 2006	600,000	–	–	(600,000)	–	–	–	–	–	–	0.150
Mr. Lim Yew Kong, John	16 April 2007	–	600,000	–	–	600,000	–	8,220	–	–	608,220	0.355
	15 August 2008	–	–	–	–	–	1,925,780	–	–	–	1,925,780	0.100
	8 October 2008	–	–	–	–	–	6,466,000	–	–	–	6,466,000	0.100
Mr. Albert Theodore Powers	13 March 2008	–	–	–	–	–	1,200,000	16,440	–	–	1,216,440	0.240
	15 August 2008	–	–	–	–	–	1,317,560	–	–	–	1,317,560	0.100
	8 October 2008	–	–	–	–	–	7,466,000	–	–	–	7,466,000	0.100
Mr. Pang Seng Tuong	13 March 2008	–	–	–	–	–	1,200,000	16,440	–	–	1,216,440	0.240
	15 August 2008	–	–	–	–	–	1,317,560	–	–	–	1,317,560	0.100
	8 October 2008	–	–	–	–	–	6,466,000	–	–	–	6,466,000	0.100
Mr. Puongpun Sananikone	9 July 2007	–	600,000	–	–	600,000	–	8,220	–	–	608,220	0.651
	13 March 2008	–	–	–	–	–	9,000,000	123,300	–	–	9,123,300	0.240
	15 August 2008	–	–	–	–	–	15,616,480	–	–	–	15,616,480	0.100
Other employees												
In aggregate	27 November 2003	3,000,000	–	(340,000)	(2,660,000)	–	–	–	–	–	–	0.233
	29 November 2006	8,000,000	–	–	(7,200,000)	800,000	–	–	–	(800,000)	–	0.150
	9 July 2007	–	3,750,000	–	–	3,750,000	–	44,525	(500,000)	–	3,294,525	0.651
	13 March 2008	–	–	–	–	–	2,000,000	23,975	(250,000)	–	1,773,975	0.240
	15 August 2008	–	–	–	–	–	7,367,800	–	(400,000)	–	6,967,800	0.100
	8 October 2008	–	–	–	–	–	1,320,550	–	–	–	1,320,550	0.100
Business associates												
In aggregate	21 January 2000	1,320,000	–	–	–	1,320,000	–	18,084	–	–	1,338,084	2.498
	19 August 2006	6,600,000	–	–	(6,600,000)	–	–	–	–	–	–	0.100
	29 November 2006	33,200,000	–	–	(33,200,000)	–	–	–	–	–	–	0.150
	9 July 2007	–	70,000,000	–	–	70,000,000	–	959,000	–	–	70,959,000	0.651
	20 November 2007	–	8,075,855	–	–	8,075,855	–	110,639	–	–	8,186,494	0.375
	13 March 2008	–	–	–	–	–	79,700,000	1,091,890	–	–	80,791,890	0.240
	15 August 2008	–	–	–	–	–	51,715,200	–	–	–	51,715,200	0.100
	8 October 2008	–	–	–	–	–	3,000,000	–	–	–	3,000,000	0.100
Total		53,920,000	84,021,855	(340,000)	(51,460,000)	86,141,855	221,295,355	2,556,308	(1,150,000)	(800,000)	308,043,518	

Note 2: As a result of the Rights Issue on 8 August 2008, the exercise prices and the numbers of shares issuable upon exercise in full of the outstanding options have been adjusted.

Note 3: In respect of the share option exercised during the year, the weighted average share price at the date of exercise is HK$0.230 (2007: HK$0.269).

31. ACQUISITION OF SUBSIDIARIES

(a) On 27 March 2007, the Group acquired 100% of the share capital of Green Global Licorice for a consideration of HK$78,000,000. This acquisition had been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was approximately HK$29,578,000. The relevant information about the acquisition was as follows:

	Acquiree's carrying amount before combination	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
		(Note 1)	
Net assets acquired:			
Collection and cultivation rights	–	65,645	65,645
Other payables	(15)	–	(15)
Deferred tax liability	–	(16,411)	(16,411)
	(15)	49,234	49,219
Goodwill			29,578
Total consideration			78,797
Satisfied by:			
Cash			60,000
Deferred consideration *(Note 2)*			18,000
Transaction costs			797
Total consideration of the acquisition			78,797
Net cash outflow arising on acquisition:			
Cash consideration paid			60,000
Transaction costs paid			797
			60,797

Notes:

1. The fair value adjustment represented the fair value of the collection and cultivation rights as at 27 March 2007, which was determined by reference to the valuation carried out by Greater China.

2. Pursuant to the sales and purchase agreement dated 12 February 2007, HK$18,000,000 will be payable on production of evidence to the reasonable satisfaction of the Group that the audited profit after taxation of Green Global Licorice in the twelve months after the completion date of acquisition is not less than HK$7,000,000.

Green Global Licorice had no significant contribution to the Group's turnover and contributed approximately HK$12,030,000 profit to the Group's loss before taxation for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2007, there would have been no significant impact on the Group's turnover and contributed approximately HK$12,030,000 profit to the Group's loss for the year. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007, nor is it intended to be a projection of future results.

(b) On 2 October 2007, the Group acquired 100% of the share capital of Green Global Salix for a consideration of HK$190,594,000. This acquisition had been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was approximately HK$114,461,000. The relevant information about the acquisition was as follows:

	Acquiree's carrying amount before combination	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000* *(Note 1)*	*HK$'000*
Net assets acquired:			
Collection and cultivation rights	–	101,511	101,511
Other receivables	22	–	22
Other payables	(22)	–	(22)
Deferred tax liability	–	(25,378)	(25,378)
	–	76,133	76,133
Goodwill			114,461
Total consideration *(Note 2)*			190,594
Satisfied by:			
Cash			70,000
Convertible loan notes *(Note 3)*			120,000
Transaction costs			594
Total consideration of the acquisition			190,594
Net cash outflow arising on acquisition:			
Cash consideration paid			70,000
Transaction costs paid			594
			70,594

Notes:

1. The fair value adjustment represented the fair value of the collection and cultivation rights as at 2 October 2007 which was determined by reference to the valuation carried out by Greater China.

2. Pursuant to the sale and purchase agreement dated 20 July 2007 between the Group and the former shareholders of Green Global Salix (the "Former Shareholders"), the Former Shareholders had guaranteed to the Group a minimum profit generated by Green Global Salix for the year ending 31 December 2008 (the "Profit Guarantee"). If Green Global Salix failed to meet the Profit Guarantee, the Former Shareholders will refund part of the consideration to the Group and the consideration will be adjusted accordingly. Details of this Profit Guarantee had been set out in the Company's circular dated 16 August 2007.

3. On 2 October 2007, the Group issued HK$120,000,000 convertible loan notes at zero coupon interest rates as part of the consideration for the acquisition of Green Global Licorice.

Green Global Salix had no significant contribution to the Group's turnover and contributed approximately HK$673,000 profit to the Group's loss before taxation for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2007, there would have been no significant impact on the Group's turnover and loss for the year. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007, nor is it intended to be a projection of future results.

(c) On 17 December 2007, the Group acquired 80% of the share capital of Lao-Agro for a consideration of HK$7,800,000. This acquisition had been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$7,800,000. The relevant information about the acquisition is as follows:

	HK$'000
Total assets	–
Total liabilities	–
Net assets acquired	–
Goodwill	7,800
Total consideration	7,800
Satisfied by:	
Cash	7,800
Net cash outflow arising on acquisition:	
Cash consideration paid	7,800

Lao-Agro had no significant contribution to the Group's turnover and the loss before taxation for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2007, there would have been no significant impact on the Group's turnover and loss for the year. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007, nor is it intended to be a projection of future results.

32. DISPOSAL OF SUBSIDIARIES

(a) As referred to Note 13, on 31 March 2008, the Group discontinued its real estate consultancy services operation at the time of disposal of GP Group. GP Group was disposed of to an independent third party for a consideration of approximately HK$4,267,000 (equivalent to RMB4,000,000). The relevant information of the disposed was as follows:

	HK$'000
Net liabilities disposed of:	
Plant and equipment	622
Trade and other receivables	2,928
Bank balances and cash	347
Trade and other payables	(5,246)
Net liabilities at date of disposal	(1,349)
Exchange reserves realised on disposal of subsidiaries	277
Goodwill at date of disposal of the discontinued operation	5,034
Gain on disposal	169
Total consideration	4,131
Satisfied by cash	4,267
Less: Transaction costs	(136)
	4,131
Net cash inflow arising on disposal:	
Cash consideration received	4,267
Transaction costs paid	(136)
Bank balances and cash disposed of	(347)
	3,784

The impact of Grand Panorama Limited on the Group's results and cash flows in the current and prior periods is disclosed in Note 13.

(b) At 31 May 2007, the Group disposed of its entire interest in an inactive subsidiary, China Action Development Limited to two independent third parties for a consideration of approximately HK$248,000. The relevant information about the disposal was as follows:

	HK$'000
Net assets disposed of:	
Prepayment	249
Loss on disposal	(1)
Total consideration	248
Net cash inflow arising on disposal:	
Cash consideration received	248

The subsidiary disposed of during the year ended 31 December 2007 had no significant impact on the turnover and results of the Group.

33. DEREGISTRATION OF A SUBSIDIARY

In April 2008, the Group deregistered one of its wholly owned subsidiaries, TVH Cyber Technology Limited.

	HK$'000
Net liabilities at the date of deregistration:	
Other payables	(283)
Gain on deregistration	283
	–

The subsidiary deregistered during the year ended 31 December 2008 had no significant impact on the turnover and results of the Group.

34. RELATED PARTIES AND CONNECTED PARTIES TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions with related parties:

(a) Loan from a substantial shareholder

During the year ended 31 December 2008, the Group borrowed a loan amounting to approximately HK$25,000,000 from Integrated Asset, a substantial shareholder of the Company. The loan was unsecured, carried interest at prevailing market rate and was fully repaid during the year. In addition, the Group paid interest of approximately HK$263,000 to Integrated Asset during the year.

(b) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management during the year was as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Short-term benefits	5,955	6,197
Post-employment benefits	49	49
Share-based payments	2,411	801
	8,415	7,047

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

35. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

(a) Commitments under operating leases

The Group as lessee

The Group leases certain of its office premises, staff quarters and property agency branches under operating lease arrangements. Lease for properties are negotiated for a term ranging from two months to three years and rentals are fixed.

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

	2008	**2007**
	HK$'000	*HK$'000*
Land and buildings		
Within one year	1,510	2,547
In the second to fifth year inclusive	1,338	2,195
	2,848	4,742

(b) Capital commitment for acquisition of intangible assets

	2008	**2007**
	HK$'000	*HK$'000*
Contracted but not provided for	14,751	–

(c) Other commitment for an investment in a cooperation project

	2008	**2007**
	HK$'000	*HK$'000*
Contracted but not provided for	23,400	–

36. BALANCE SHEET INFORMATION OF THE COMPANY

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Plant and equipment		799	744
Investments in subsidiaries		67,631	39,631
		68,430	40,375
Current assets			
Other receivables		1,186	670
Amounts due from subsidiaries	*(a)*	236,734	313,471
Bank balances and cash		29,092	2,893
		267,012	317,034
Current liabilities			
Other payables		2,600	4,275
Amounts due to subsidiaries	*(a)*	2,003	3,834
		4,603	8,109
Net current assets		262,409	308,925
		330,839	349,300
Capital and reserves			
Share capital		253,485	103,526
Reserves	*(b)*	9,671	169,896
Total equity		263,156	273,422
Non-current liabilities			
Convertible loan notes		67,683	75,878
		330,839	349,300

(a) Amounts due from/to subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand. The fair values of the amounts at the balance sheet date was approximated to the corresponding carrying amounts due to their short-term maturity.

(b) Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Share options reserve HK$'000	Accu-mulated losses HK$'000	Total HK$'000
At 1 January 2007	342,547	39,431	–	1,505	(352,735)	30,748
Issue of convertible loan notes	–	–	29,225	–	–	29,225
Issue of shares upon						
– placement of shares	112,400	–	–	–	–	112,400
– conversion of convertible loan notes	18,217	–	(5,358)	–	–	12,859
– exercise of share options	5,233	–	–	(2,769)	–	2,464
– transaction costs attributable to issue of shares	(2,670)	–	–	–	–	(2,670)
Recognition of equity-settled share based payment	–	–	–	18,372	–	18,372
Loss for the year	–	–	–	–	(33,502)	(33,502)
At 31 December 2007	475,727	39,431	23,867	17,108	(386,237)	169,896
Issue of shares upon						
– placement of shares	29,850	–	–	–	–	29,850
– conversion of convertible loan notes	15,496	–	(4,469)	–	–	11,027
– exercise of share options	85	–	–	(45)	–	40
– rights issue	10,139	–	–	–	–	10,139
– transaction costs attributable to issue of shares	(5,197)	–	–	–	–	(5,197)
Recognition of equity-settled share based payments	–	–	–	7,912	–	7,912
Loss for the year	–	–	–	–	(213,996)	(213,996)
At 31 December 2008	526,100	39,431	19,398	24,975	(600,233)	9,671

37. INVESTMENTS IN SUBSIDIARIES

At the balance sheet date, the Company has interests in the following principal subsidiaries:

Company	Place of incorporation	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2008	Proportion of ownership interest 2007	Principal activities
Held directly:					
Technology Venture Investments Limited	British Virgin Islands ("BVI")	US$1,000	100	100	Investment holding
Green Global Bioenergy Limited	BVI	US$1	100	–	Investment holding

Company	Place of incorporation	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2008	2007	Principal activities
Green Global Agro-Conservation Resources Limited	BVI	US$1	100	–	Investment holding
北京格林伍德治沙有限公司	The PRC	Registered Capital HK$28,000,000	100	–	Investment holding
Held indirectly:					
Sequent China/ Hong Kong Limited	Hong Kong	HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Technology Venture (Software) Holdings Limited	BVI	US$1,000	100	100	Investment holding
Topasia Computer Limited	Hong Kong	HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Topsoft Limited	Hong Kong	HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Topasia Tech (Shanghai) Limited(#)	The PRC	Registered Capital US$3,800,000	100	100	Distribution of information technology products and provision of computer technology services
Topasia IT (Shanghai) Limited(#)	The PRC	Registered Capital US$1,000,000	100	100	Provision of systems integration and maintenance services
Acacia Asia Partners Limited	BVI	US$1	100	100	Investment holding
Acacia Asia Partners Limited(#)	The PRC	Registered Capital US$140,000	100	100	Network technology, software development and provision of technical support services
Green Global Licorice China Limited	BVI	US$1	100	100	Management and cultivation of licorice

Company	Place of incorporation	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2008	2007	Principal activities
Green Global Salix China Limited	BVI	US$1	100	100	Management and cultivation of licorice and salix
Bioenergy Promotion Limited (formerly known as China Bioenergy Holdings Limited)	BVI	US$1	100	100	Research and development and cultivation of raw materials for the bioenergy industry
Hainan Venture Zhengke Bioenergy Development Company Limited	The PRC	Registered capital RMB50,000,000	90	90	Nursery and research and development centre for jatropha
Lao Agro Promotion Co., Ltd	Lao People's Democratic Republic	US$1,150,000	80	80	Nursery and research and development centre for jatropha

Wholly-owned foreign enterprises.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

38. MAJOR NON-CASH TRANSACTIONS

(i) On 16 January 2008, convertible loan notes of HK$18,350,000 was converted into 32,363,315 ordinary shares of HK$0.10 each in the Company.

(ii) Included in trade and other payables as at 31 December 2008 is an amount of approximately HK$7,623,000 unpaid consideration for the acquisition of intangible assets.

(iii) In January 2007, the Group disposed of its remaining shares in ChinaCast Communication Holdings Limited for a consideration of approximately HK$69,597,000. On the same day, the Group acquired 1,551,771 shares in ChinaCast Education Corporation for a consideration the same amount.

(iv) In October 2007, the Company issued convertible loan notes of HK$120,000,000 which was used as partial consideration for the acquisition of Green Global Salix.

(v) During the year ended 31 December 2007, convertible loan notes of approximately HK$22,000,000 was converted into 38,800,705 ordinary shares of HK$0.10 each in the company.

39. SUBSEQUENT EVENTS

On 21 January 2009, the Company announced a proposed capital reorganisation by way of:

(i) a share consolidation of every ten (10) existing shares of HK$0.10 each into one (1) consolidated share of HK$1.00 ("Consolidated Shares");

(ii) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.99 on each of the issued Consolidated Shares so that the nominal value of each issued consolidated share will be reduced from HK$1.00 to HK$0.01;

(iii) the subdivision of each authorised but unissued Consolidated Share of HK$1.00 (including the unissued shares arising from the capital reduction) into 100 new shares of HK$0.01 each;

(iv) the cancellation of approximately HK$521,158,000 standing to the credit of the share premium account of the Company as at 30 June 2008 based on the latest published financial statements of the Company for the six months ended 30 June 2008;

(v) the transfer of the credit arising from the capital reduction and the share premium cancellation to the contributed surplus account of the Company; and

(vi) the utilisation of the contributed surplus account of the Company to offset the entire balance of the accumulated losses.

The shareholders of the Company approved the proposed capital reorganisation during a special general meeting held on the 6 March 2009 whereby the capital reorganisation became effective on 9 March 2009. Immediately after the capital reorganisation became effective, the total number of issued new shares was 253,484,525 new shares.

40. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to confirm with current year's presentation.

3. UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

Set out below are the unaudited condensed consolidated interim results of the Group as extracted from the interim report of the Group for the six months ended 30 June 2009. Reference to page numbers in this section as to the page number of such interim report of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2009	**2008**
		(Unaudited)	**(Restated)**
	Notes	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	3	17,936	57,251
Cost of sales and services rendered		(13,958)	(35,743)
Gross profit		3,978	21,508
Other income		7,003	2,686
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		3,054	48,140
Selling and distribution expenses		(1,705)	(1,927)
Administrative expenses		(32,191)	(27,657)
Other expenses		(897)	–
(Loss) profit from operations	5	(20,758)	42,750
Share of loss of a jointly controlled entity	15	(4)	–
Impairment loss recognised in respect of intangible assets		(6,269)	–
Finance costs	6	(2,738)	(3,429)
(Loss) profit before tax		(29,769)	39,321
Income tax (expense) credit	7	(228)	1,286
(Loss) profit for the period from continuing operations		(29,997)	40,607
Discontinued operations			
Gain (loss) after tax for the period from discontinued operations	9		
– IT management and support		89	878
– Real estate consultancy services		–	(1,271)
(Loss) profit for the period		(29,908)	40,214
Attributable to:			
Equity holders of the Company		(28,739)	40,258
Minority interests		(1,169)	(44)
		(29,908)	40,214
Basic (loss) earnings per share (HK cents)	10		
– from continuing and discontinued operations		(11.34)	33.90
– from continuing operations		(11.37)	34.23

CONDENSED CONSOLIDATED STATEMENT

	Six months ended 30 June	
	2009	**2008**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
(Loss) profit for the period	(29,908)	40,214
Exchange differences on translation of foreign operations	–	3,345
Exchange reserve realised on deregistrations/disposal of subsidiaries	1,851	277
Reduction of convertible loan notes to set off the income guarantee payment	(13,370)	–
Other comprehensive (loss) income for the period, net of tax	(11,519)	3,622
Total comprehensive (loss) income for the period, net of tax	(41,427)	43,836
Attributable to:		
Equity holders of the Company	(40,258)	43,722
Minority interests	(1,169)	114
	(41,427)	43,836

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
Non-current assets			
Plant and equipment	11	11,879	12,371
Deferred plantation expenditure	12	111,672	113,676
Deposit for plantation expenditure		30,230	25,155
Biological assets	13	53,504	48,446
Intangible assets	14	74,120	57,284
Deposit paid for acquisition of intangible assets		–	9,265
Goodwill		7,800	7,800
Interest in a jointly controlled entity	15	1,996	–
Loan advanced to a minority shareholder	16	651	586
		291,852	274,583
Current assets			
Inventories	17	1,729	259
Trade and other receivables	18	71,788	123,324
Deposit paid for acquisition of a company		6,000	–
Bank balances and cash	19	19,878	93,754
		99,395	217,337
Current liabilities			
Trade and other payables	20	57,429	71,010
Income tax liabilities		14,778	14,744
		72,207	85,754
Net current assets		27,188	131,583
Total assets less current liabilities		319,040	406,166

	Notes	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
Equity attributable to equity holders of the Company			
Issued capital	21	2,535	253,485
Reserves		289,208	78,516
		291,743	332,001
Minority interests		1,686	2,855
Total equity		293,429	334,856
Non-current liabilities			
Convertible loan notes	22	22,033	67,683
Deferred tax liability		3,578	3,627
		25,611	71,310
		319,040	406,166

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Issued capital	Share premium	Contributed surplus	Exchange translation reserve	Convertible loan notes reserve	Share options reserve	Statutory surplus reserve	Accumulated losses	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2009 (audited)	253,485	526,100	(19)	6,979	19,398	24,975	850	(499,767)	332,001	2,855	334,856
Loss for the period	–	–	–	–	–	–	–	(28,739)	(28,739)	(1,169)	(29,908)
Other comprehensive income (loss)	–	–	–	1,851	(13,370)	–	–	–	(11,519)	–	(11,519)
Total comprehensive income (loss) for the period	–	–	–	1,851	(13,370)	–	–	(28,739)	(40,258)	(1,169)	(41,427)
Cancellation of the share premium *(Note)*	–	(521,158)	521,158	–	–	–	–	–	–	–	–
Utilisation of the contributed surplus account to offset the entire balance of accumulated losses *(Note)*	–	–	(403,271)	–	–	–	–	403,271	–	–	–
Reduction of issued share capital through a cancellation of paid up capital *(Note 21)*	(250,950)	–	250,950	–	–	–	–	–	–	–	–
As at 30 June 2009 (unaudited)	2,535	4,942	368,818	8,830	6,028	24,975	850	(125,235)	291,743	1,686	293,429

Note: On 6 March 2009, there was a cancellation of approximately HK$521,158,000 standing to the credit of the share premium account of the Company as at 30 June 2008. The details of the cancellation were set out in the Company's announcement dated on 21 January 2009.

Moreover, the contributed surplus account of the Company was utilised to offset the entire balance of the accumulated losses.

	Attributable to equity holders of the Company										
	Issued capital	Share premium	Contributed surplus	Exchange translation reserve	Convertible loan notes reserve	Share options reserve	Statutory surplus reserve	Accumulated losses	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2008 (audited)	103,526	475,727	(19)	3,597	23,867	17,108	576	(301,587)	322,795	2,555	325,350
Profit for the period	–	–	–	–	–	–	–	40,258	40,258	(44)	40,214
Transfer from accumulated losses	–	–	–	–	–	–	274	(274)	–	–	–
Other comprehensive income	–	–	–	3,409	–	–	55	–	3,464	158	3,622
Total comprehensive income for the period	–	–	–	3,409	–	–	329	39,984	43,722	114	43,836
Issue of shares upon											
– placement of shares	19,900	29,850	–	–	–	–	–	–	49,750	–	49,750
– conversion of convertible loan notes	3,236	15,496	–	–	(4,469)	–	–	–	14,263	–	14,263
– exercise of share options	80	85	–	–	–	(45)	–	–	120	–	120
Recognition of equity-settled share based payments	–	–	–	–	–	5,054	–	–	5,054	–	5,054
As at 30 June 2008 (unaudited)	126,742	521,158	(19)	7,006	19,398	22,117	905	(261,603)	435,704	2,669	438,373

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

		Six months ended 30 June	
		2009	**2008**
		(Unaudited)	**(Unaudited)**
	Note	*HK$'000*	*HK$'000*
Cash used in operations		(21,632)	(17,680)
Tax (paid) refund		(243)	232
Net cash used in operating activities		(21,875)	(17,448)
Net cash used in investing activities		(27,029)	(60,927)
Net cash (used in) generated from financing activities		(225)	92,433
Net (decrease) increase in cash and cash equivalents		(49,129)	14,058
Cash and cash equivalents at 1 January	*19*	58,790	31,553
Net foreign exchange difference		–	1,533
Cash and cash equivalents at 30 June	*19*	9,661	47,144

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Green Global Resources Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the Company's principal place of business is 9/F Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong.

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"). The functional currency of the subsidiaries established in the People's Republic of China (the "PRC") is Renminbi ("RMB") and the subsidiary incorporated in Laos is United States Dollars ("US$"). Apart from those, the functional currency of the Group is HK$.

As the Company is listed in Hong Kong, the Board considers that it is appropriate to present the condensed consolidated financial information in HK$.

The principal activity of the Company is in investment holding. During the period, the Group was principally involved in the distribution of information technology products, agro-conservation and the cultivation of raw materials for the bioenergy industry.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008. For the six months ended 30 June 2009, a newly established jointly controlled entity was accounted for under the equity method whereby the jointly controlled entity's share of profit less loss was included in the condensed consolidated income statement and the Group's share of net assets in respect of the jointly controlled entity was included in the condensed consolidated statement of financial position.

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

HKFRSs (Amendments)	Improvements to HKFRSs May 2009
HKFRSs (Amendments)	Improvements to HKFRSs April 2009
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) Interpretation ("INT") 13	Customer Loyalty Programmes
HK(IFRIC) INT 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC) INT 16	Hedges of a Net Investment in a Foreign Operation

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 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]
HKFRSs (Revised)	First-time Adoption of HKFRSs[3]
HKFRSs (Amendment)	First-time Adoption of HKFRSs[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations – Classification of Non-current assets (or disposal groups) as held for sale[2]
HKFRS 2 (Amendment)	Group Cash-Settled Share-based Payment Transactions[4]
HKAS 39 (Amendment)	Eligible hedged items[2]
HK(IFRIC) INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 3 (Revised)	Business Combinations[2]
HK(IFRIC) INT 17	Distribution of Non-cash Assets to Owners[2]
HK(IFRIC) INT 18	Transfers of Assets from Customers[3]

1 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 July 2009.
3 Effective for transfers of assets from customers received on or after 1 July 2009.
4 Effective for annual periods ending on or after 1 January 2010.

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, HKAS 27 (Revised) will affect the accounting treatment for changes in a parent'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. 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 on the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to these segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. 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. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

For management purposes, the Group is organised into business units based on their products and services, and has four (2008: five) reportable operating segments. The four reportable operating segments and their principal activities are as follows:

Agro-conservation	–	Agricultural cultivation and land conservation
Bioenergy	–	Cultivation of raw materials for the bioenergy industry
Banking and finance systems integration services	–	Provision of systems integration, software development, engineering, maintenance and professional outsourcing services for the banking and finance, telecommunications and public sector clients
Software solutions for banks and the public sector	–	Provision of software solutions for the banking, e-commerce and public sectors with a business focus on e-business operations and online marketplaces

The management monitors the operating results of its business units separately for the purposes of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the condensed consolidated financial information. The Group's financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to the operating segments.

The Group was also involved in the provisions of, real estate consultancy services for the Shanghai property market, and IT management and support. These operations were discontinued on 31 March 2008 and 23 March 2009, respectively (Note 9).

Operating segments

The following table presents revenue and profit information of the Group's operating segments for the six months ended 30 June 2009 and 2008 (unaudited):

	Continuing operations										Discontinued operations							
	Agro-conservation		Bioenergy		Banking and finance systems integration services		Software solutions for banks and the public sector		Subtotal		IT management and support		Real estate consultancy services		Subtotal		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue																		
External customers	–	–	–	19,139	17,677	37,827	259	285	17,936	57,251	–	–	–	569	–	569	17,936	57,820
Results																		
Segment results	(11,721)	17,713	(13,003)	38,562	(1,443)	893	(9)	(19)	(26,176)	57,149	89	153	–	(1,271)	89	(1,118)	(26,087)	56,031
Share of loss of a jointly controlled entity	(4)	–	–	–	–	–	–	–	(4)	–	–	–	–	–	–	–	(4)	–
	(11,725)	17,713	(13,003)	38,562	(1,443)	893	(9)	(19)	(26,180)	57,149	89	153	–	(1,271)	89	(1,118)	(26,091)	56,031
Unallocated income									6,867	195					–	–	6,867	195
Unallocated expenses									(7,718)	(14,594)					–	–	(7,718)	(14,594)
Finance costs									(2,738)	(3,429)					–	–	(2,738)	(3,429)
(Loss) profit before tax									(29,769)	39,321					89	(1,118)	(29,680)	38,203
Income tax (expense) credit									(228)	1,286					–	725	(228)	2,011
(Loss) profit for the period									(29,997)	40,607					89	(393)	(29,908)	40,214

The following table presents segment assets of the Group's operating segments as at 30 June 2009 (unaudited) and 31 December 2008 (audited):

	Continuing operations										Discontinued operations							
	Agro-conservation		Bioenergy		Banking and finance systems integration services		Software solutions for banks and the public sector		Subtotal		IT management and support		Real estate consultancy services		Subtotal		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	240,743	217,687	83,106	81,030	30,489	24,596	228	69	354,566	323,382	–	892	–	–	–	892	354,566	324,274
A jointly controlled entity	1,996	–	–	–	–	–	–	–	1,996	–	–	–	–	–	–	–	1,996	–
	242,739	217,687	83,106	81,030	30,489	24,596	228	69	356,562	323,382	–	892	–	–	–	892	356,562	324,274
Unallocated corporate assets *(Note)*									34,685	167,526					–	120	34,685	167,646
Total assets									391,247	490,908					–	1,012	391,247	491,920

Note: Segment assets exclude head office's plant and equipment, deposit for the acquisition of a company, bank balances and cash as these assets are managed on a group basis.

4. IMPAIRMENTS

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculation that uses a discounted cash flow model. The key assumptions used to determine the recoverable amounts of the different cash generating units were discussed in the Group's annual financial statements for the year ended 31 December 2008.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment as at 30 June 2009. The recoverable amount is determined from the value-in-use calculation as extracted from the valuation report issued by Greater China Appraisal Limited ("Greater China"), an independent professional valuer not connected to the Company. No impairment loss was recognised for the six months ended 30 June 2009 (2008: nil).

Bioenergy cash generating unit

The projected cash flows were updated to reflect the decreased future harvests of Jatropha seeds and a discount rate of 25.55% (31 December 2008: 24.95%) was applied. The projected cash flows have been extrapolated without growth rate (31 December 2008: nil). All other assumptions remained consistent with those disclosed in the Company's annual financial statements for the year ended 31 December 2008. As a result of the updated analysis, management did not identify any impairment loss for this cash-generating unit to which goodwill of HK$7,800,000 is allocated, as at 30 June 2009.

Sensitivity to changes in assumptions

With regard to the assessment of the value-in-use of the bioenergy cash generating unit, there are no significant changes to the sensitivity information disclosed at year end. For the bioenergy unit, the estimated recoverable amount is equal to its carrying value and, consequently, any adverse change in a key assumption could result in a further impairment loss. The key assumptions for the recoverable amount are discussed below:

Growth rate assumptions

Rates are based on published industry research, which have been updated for the current economic outlook. No growth rate was considered for the bioenergy industry.

Discount rates

The discount rate has been adjusted to reflect the current market assessment of the risks specific to the bioenergy unit, and was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of risks specific to the bioenergy unit for which the future estimate of cash-flows have not been adjusted. Further changes to the discount rate may be necessary to reflect changing risks for the industry and changes to the weighted average cost of capital.

5. (LOSS) PROFIT FROM OPERATIONS

(Loss) profit from operations are arrived at after (charging) crediting:

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	(Unaudited)	**(Restated)**	**(Unaudited)**	**(Restated)**	**(Unaudited)**	**(Restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amortisation of intangible assets	(909)	(2,447)	–	–	(909)	(2,447)
Cost of inventories sold and service rendered	(12,855)	(30,750)	–	–	(12,855)	(30,750)
Depreciation	(1,966)	(1,028)	–	(114)	(1,966)	(1,142)
Impairment loss recognised in respect of trade receivables (included in other expenses)	–	(82)	–	(8)	–	(90)
Gain on disposal of subsidiaries	–	169	–	–	–	169
Gain (loss) on deregistration of subsidiaries	(897)	283	194	–	(703)	283
Gain on disposal of plant and equipment	93	–	–	–	93	–
Share-based payment expenses	–	(5,054)	–	–	–	(5,054)

6. FINANCE COSTS

	Six months ended 30 June	
	2009	**2008**
	(Unaudited)	**(Restated)**
	HK$'000	*HK$'000*
Interest expenses on:		
– effective interest expense on convertible loan notes *(Note 22)*	2,513	2,992
– other payables	225	437
	2,738	3,429

7. INCOME TAX (EXPENSE) CREDIT

The major components of income tax (expense) credit in the condensed consolidated income statement are:

	Six months ended 30 June	
	2009	**2008**
	(Unaudited)	**(Restated)**
	HK$'000	*HK$'000*
The PRC Income Tax		
– current	(236)	(232)
– (under) over-provision in previous periods	(41)	70
Deferred tax	49	1,448
	(228)	1,286

(i) 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% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2009.

Hong Kong Profits Tax has not been provided for in the condensed consolidated interim financial information as there was no estimated assessable profit derived from Hong Kong for the six months ended 30 June 2009 and 2008.

(ii) Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(iii) In accordance with the relevant regulations, approvals from relevant local tax bureaus and Foreign Enterprise Income Tax Law in the PRC, one subsidiary (2008: one subsidiary) operating in the PRC are entitled to exemption from PRC Enterprise Income Tax in the first two years from the first profit-making year, followed by a 50% reduction of PRC Enterprise Income Tax for the next three years and thereafter, preferential treatments which are subject to the relevant laws and regulations.

8. DIVIDENDS

The Directors do not recommend any payment of interim dividend for the six months ended 30 June 2009 (2008: nil).

9. DISCONTINUED OPERATIONS

On 3 March 2008, the Company entered into a sale and purchase agreement for the sale of the entire issued share capital in Grand Panorama Limited and its subsidiary, Conity Investment and Consultants (Shanghai) Company Limited# (together, the "GP Group") to an independent third party. The disposal was completed on 31 March 2008, on which control of the GP Group passed to the acquirer.

The GP Group was engaged in the provision of real estate consultancy services for the Shanghai property market. Following the disposal, this segment was regarded as a discontinued operation during the year ended 31 December 2008.

On 23 March 2009, the Company completed the deregistration of Acacia Asia Partners Limited# ("Acacia PRC") resulting in a gain of approximately HK$194,000. By the end of March 2009, the management of the Company decided to discontinue with the operations of the IT management and support operating segment.

No income tax charge or credit arose from the gain (loss) on the disposal of the real estate consultancy services, and the deregistration of the IT management and support operating segments.

\# *The English transliteration of the Chinese name of the company is for identification purpose only and should not be regarded as the official English name of the company.*

The results of the discontinued operations for the six months ended 30 June 2009 and 2008 are as follows:

	IT management and support		**Real estate consultancy services**	
	2009	**2008**	**2009**	**2008**
	(Unaudited)	**(Restated)**	**(Unaudited)**	**(Restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	–	–	–	569
Cost of services rendered	–	(23)	–	(778)
Gross loss	–	(23)	–	(209)
Other income	194	247	–	1
Selling and distribution expenses	–	–	–	(23)
Administrative expenses	(13)	(71)	–	(1,040)
Other expenses	(92)	–	–	–
Profit (loss) before tax	89	153	–	(1,271)
Income tax credit	–	725	–	–
Profit (loss) after tax for the period attributable to equity holders of the Company	89	878	–	(1,271)

The net cash flows incurred for the six months ended 30 June 2009 and 2008 are as follows:

	IT management and support		**Real estate consultancy services**	
	2009	**2008**	**2009**	**2008**
	(Unaudited)	**(Restated)**	**(Unaudited)**	**(Restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net cash (outflow) inflow from operating activities	(12)	27	–	112
Net cash outflow from investing activities	–	(28)	–	(22)
Net cash (outflow) inflow	(12)	(1)	–	90

10. (LOSS) EARNINGS PER SHARE

No diluted loss is presented for the six months ended 30 June 2009 and 2008 as the exercise of the share options and the conversion of the convertible loan notes during the periods had anti-dilutive effects on the basic (loss) earnings per share.

From continuing and discontinued operations

The calculation of the basic (loss) earnings per share attributable to the equity holders of the Company for the six months ended 30 June 2009 and 2008 is based on the following data:

	2009	2008
	(Unaudited)	**(Restated)**
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purposes of basic (loss) earnings per share	(28,739)	40,258

	2009	2008
	(Unaudited)	**(Restated)**
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	253,484,522	118,766,735

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been adjusted for, as a result of a share consolidation of every ten existing shares of HK$0.10 each into one consolidated share of HK$1.00, on 9 March 2009.

From continuing operations

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

(Loss) earnings figures are calculated as follows:

	Six months ended 30th June	
	2009	**2008**
	(Unaudited)	**(Restated)**
	HK$'000	*HK$'000*
(Loss) profit for the period attributable to equity holders of the Company	(28,739)	40,258
(Less) add:		
(Profit) loss for the period from discontinued operations	(89)	393
(Loss) earnings for the purposes of basic (loss) earnings per share from continuing operations	(28,828)	40,651

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

From discontinued operations

Basic earnings per share from the discontinued operations is HK0.04 cent per share (2008: loss HK0.33 cent per share) based on the profit for the period from the discontinued operations of HK$89,000 (2008: loss of HK$393,000) and the denominators detailed above for basic (loss) earnings per share.

11. PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2009, the Group acquired assets with a cost of approximately HK$1,474,000 (2008: HK$3,330,000).

Plant and equipment which were fully depreciated were disposed of by the Company during the six months ended 30 June 2009 and 2008, resulting in a gain on disposal of approximately HK$93,000 (2008: nil).

12. DEFERRED PLANTATION EXPENDITURE

	HK$'000
COST	
At 1 January 2009 (audited) and at 30 June 2009 (unaudited)	117,502
ACCUMULATED AMORTISATION	
At 1 January 2009 (audited)	3,826
Provision for the period *(Note 13)*	2,004
At 30 June 2009 (unaudited)	5,830
CARRYING AMOUNTS	
At 30 June 2009 (unaudited)	111,672
At 1 January 2009 (audited)	113,676

The deferred plantation expenditure is amortised on a straight-line basis over the estimated useful lives of the relevant plants of 30 years.

13. BIOLOGICAL ASSETS

	Licorice	**Salix**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2009 (audited)	39,914	8,532	48,446
Amortisation of deferred plantation expenditure *(Note 12)*	1,538	466	2,004
Change in fair value less estimate point-of-sale costs	1,002	2,052	3,054
At 30 June 2009 (unaudited)	42,454	11,050	53,504

(a) Licorice is a bearer biological asset and is a perennial herb of the Fabaceae family (a flowering plant). Main roots of the licorice can normally be harvested in 3 to 4 years, and the remains of roots re-establish themselves in the soil.

Salix is a bearer biological asset and is a medium to large size deciduous tree. Salix is very cross-fertile and numerous hybrids can occur, both naturally and in cultivation. Salix can normally be harvested in 3 years and can regenerate themselves after harvest.

(b) At 30 June 2009, the above biological assets were immature.

(c) The fair value less estimated point-of-sale costs of licorice, and salix were determined based on the valuation reports issued by Greater China with reference to the most recent market determined prices, the species, growing condition, cost incurred and expected yield.

(d) The quantity and amount of biological assets, measured at fair value less estimated point-of-sale costs as at 30 June 2009 and 31 December 2008 were as follows:

	30 June 2009		**31 December 2008**	
	Quantity	**Amount**	**Quantity**	**Amount**
		HK$'000		*HK$'000*
Licorice	2,678tons	42,454	2,424tons	39,914
Salix	60,996tons	11,050	45,520tons	8,532
		53,504		48,446

14. INTANGIBLE ASSETS

	Licorice and salix collection and cultivation rights	**Computer software**	**Jatropha seeds harvesting rights**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January 2009 (audited)	167,156	2,043	58,829	228,028
Addition	–	–	24,014	24,014
At 30 June 2009 (unaudited)	167,156	2,043	82,843	252,042
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2009 (audited)	152,648	2,043	16,053	170,744
Impairment loss recognised for the period	–	–	6,269	6,269
Provided for the period	197	–	712	909
At 30 June 2009 (unaudited)	152,845	2,043	23,034	177,922
CARRYING AMOUNTS				
At 30 June 2009 (unaudited)	14,311	–	59,809	74,120
At 1 January 2009 (audited)	14,508	–	42,776	57,284

Licorice and salix collection and cultivation rights

During the six months ended 30 June 2009, the directors of the Company conducted reviews of the Group's collection and cultivation rights based on valuation reports prepared by Greater China, for the purpose of assessing the recoverable amounts. No impairment loss (30 June 2008: nil) has been recognised.

The recoverable amounts of licorice and salix collection and cultivation rights were determined from the value-in-use calculations. As extracted from Greater China's valuation report on the recoverable amounts as at 30 June 2009, the Group prepared cash flow forecast from the most recent available financial budgets and extrapolates over the remaining life of the licorice and salix collection and cultivation rights. In preparing the forecasts, management made references to the capacity of plantation area presently available for plantation, and the modified licorice and salix's growth data per unit of plantation area compiled by State Forestry Administration of the People's Republic of China in Inner Mongolia Province. The key assumptions for the value-in-use calculation are those regarding discount rates and anticipated changes to future selling prices, as follows:

– Management use discount rates which are derived as the Company's cost of capital, representing the expected return on the Company's capital, and assigned discount rates of 31.82% and 29.80% for licorice and salix, respectively (31 December 2008: licorice: 38.29%, salix: 35.70%).

– Future selling prices are estimated with reference to existing and past quoted commodity prices with the forestry industry.

Jatropha seeds harvesting rights

During the six months ended 30 June 2009, the directors of the Company conducted reviews of the Group's Jatropha seeds harvesting rights and impairments were made based on valuation reports has been conducted by Greater China, for the purpose of assessing the recoverable amounts. Accordingly, an impairment loss of approximately HK$6,269,000 has been recognised for the six months ended 30 June 2009 (30 June 2008: nil).

The recoverable amounts of Jatropha seeds harvesting rights are determined from the value-in-use calculations. As extracted from Greater China's valuation report on the recoverable amounts as at 30 June 2009, the Group prepared cash flow forecast from the most recent available financial budgets and extrapolates over the remaining life of the Jatropha seeds harvesting rights. In preparing the forecasts, management made reference to the capacity of plantation area presently available for plantation, and the modified Jatropha's growth data per unit of plantation area. The key assumptions for the value-in-use calculation are those regarding discount rates and anticipated changes to future selling prices, as follows:

– Management uses a discount rate which is derived as the Company's cost of capital, representing the expected return on the Company's capital, and assigned a discount rate of 21.93% (31 December 2008: 24.29%).

– Future selling prices are estimated with reference to existing and past quoted commodity prices with the forestry industry.

15. INTEREST IN A JOINTLY CONTROLLED ENTITY

	30 June 2009 **(Unaudited)** *HK$'000*
Unlisted investment, at cost during the period	5
Share of results	
– loss after taxation	(4)
Share of net assets	1
Amount receivable	1,995
	1,996

The amount receivable is unsecured, interest-free and has no fixed term of repayment.

Particulars of the jointly controlled entity as at 30 June 2009 are as follows:

Name of company	Country of operation/ incorporation	Nominal value of paid-up capital	Effective interests held Directly	Indirectly	Form of business structure	Principal activities
Grandbase Technology Development Limited	Hong Kong	HK$10,000	–	50%	Private company limited by shares	Development of licorice products and by-products

16. LOAN ADVANCED TO A MINORITY SHAREHOLDER

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
US$200,000 repayable in 2013, unsecured and non-interest bearing	651	586

The effective interest rate of the loan to a minority shareholder is 22.72% as at 30 June 2009 (31 December 2008: 22.72%).

17. INVENTORIES

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Information technology products held for resale, at cost	386	259
Seeds and fertilizers	1,343	–
	1,729	259

18. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are debtors (net of allowance for bad debts and doubtful debts) with the following ageing analysis:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Within 90 days	15,418	26,209
91 days to 180 days	1,850	1,768
181 days to 365 days	12,380	3,034
Over 365 days	147	1,024
	29,795	32,035
Prepayment, deposit and other receivables	41,993	91,289
Total trade and other receivables	71,788	123,324

The Group normally grants to its customers credit periods ranging from 30 to 180 days which are subject to periodic review by management.

19. BANK BALANCES AND CASH

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Bank balances and cash	9,661	58,790
Other time deposits with original maturity of more than three months when acquired	10,217	34,964
	19,878	93,754
Less: Other time deposits with a maturity of more than three months when acquired	(10,217)	(34,964)
Cash and cash equivalents	9,661	58,790

20. TRADE AND OTHER PAYABLES

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Trade payables		
– third parties	1,118	1,425
– minority shareholders	325	325
	1,443	1,750
Accrued expenses and other payables	55,986	69,260
Total trade and other payables	57,429	71,010

The ageing analysis of the trade payables was as follows:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Within 180 days	–	–
181 days to 365 days	–	227
Over 365 days	1,443	1,523
	1,443	1,750

As at 30 June 2009, included in other payables is an amount of approximately HK$4,000,000 (31 December 2008: HK$10,000,000) which represents the deferred consideration payable in relation to the acquisition of Green Global Licorice China Limited. The amount is unsecured, repayable on demand and carries interest at the prevailing market rate.

As at 30 June 2009 and 31 December 2008, the remaining amounts of trade and other payables were unsecured, non-interest bearing and repayable on demand.

The fair values of the Group's trade and other payables at the financial position date approximated to the corresponding carrying amounts due to their short-term maturities.

21. ISSUED CAPITAL

	Number of shares	Amount HK$'000
Issued and fully paid:		
At 1 January 2008 (audited)	1,035,259,257	103,526
Issue of shares upon:		
Placement of shares *(Note a)*	199,000,000	19,900
Exercise of share options *(Note b)*	800,000	80
Conversion of convertible loan notes *(Note c)*	32,363,315	3,237
Rights Issue *(Note d)*	1,267,422,572	126,742
At 31 December 2008 and at 1 January 2009 (audited)	2,534,845,144	253,485
Issue of shares upon:		
Exercise of share options *(Note e)*	106	–
Share Consolidation *(Note f)*	(2,281,360,725)	–
Reduction of issued share capital through a cancellation of paid up capital *(Note g)*	–	(250,950)
At 30 June 2009 (unaudited)	253,484,525	2,535

Notes:

a. On 25 February 2008, pursuant to a placing and subscription agreement with Integrated Asset Management (Asia) Limited ("Integrated Asset"), the Company placed out 199,000,000 new ordinary shares of HK$0.10 each in the Company at a price of HK$0.25 per share. A sum of approximately HK$49,750,000 was raised and used as working capital of the Group.

b. For the year ended 31 December 2008, 800,000 share options were exercised at a price of HK$0.15 resulting in the issue of 800,000 ordinary shares of HK$0.10 each in the Company.

c. On 16 January 2008, a convertible loan notes holder converted HK$18,350,000 convertible loan notes into 32,363,315 ordinary shares of HK$0.10 each in the Company at a conversion price of HK$0.567.

d. Pursuant to an ordinary resolution passed on 8 August 2008, a rights issue of 1,267,422,572 ordinary shares of HK$0.10 each in the Company was issued at a price of HK$0.108 each (the "Rights Issue"). A sum of approximately HK$131,680,000 net of expenses was raised and used in the agro-conservation and bioenergy segments for plantation expenditure and nursery establishment.

e. For the six months ended 30 June 2009, 106 share options were exercised at a price of HK$0.10 resulting in the issue of 106 ordinary shares of HK$0.10 each in the Company.

f. On 9 March 2009, the Company completed a share consolidation of every ten existing shares of HK$0.10 each into one consolidated share of HK$1.00 (the "Share Consolidation").

g. On 9 March 2009, the Company completed a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.99 on each of the issued consolidated share so that the nominal value of each issued consolidated share was reduced from HK$1.00 to HK$0.01.

22. CONVERTIBLE LOAN NOTES

During the year ended 31 December 2007, pursuant to the acquisition of the entire issued share capital of Green Global Salix China Limited, the Company issued zero-coupon convertible loan notes as partial settlement of the acquisition consideration. The convertible loan notes have an aggregate principal amount of HK$120,000,000 and are denominated in HK dollars. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 1 October 2010 in multiples of HK$1,000,000 at a conversion price of HK$0.567 (subject to adjustments) per convertible loan note.

On 8 August 2008, the Company completed the Rights Issue. The conversion price per share and the number of conversion shares after the Rights Issue was 173,152,174 exercisable at HK$0.46 per convertible loan note.

The shares to be issued and allotted upon conversion shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue.

The convertible loan notes contain two components, liability and equity elements. The equity element is presented in the condensed consolidated statement of changes in equity as convertible loan notes reserve. The effective interest rate of the liability component is 9.75%.

On 9 March 2009, the Company completed the Share Consolidation exercise upon which the conversion price of the outstanding convertible loan notes in issue was adjusted under the relevant terms of the instrument from HK$0.46 to HK$4.60.

The movements of the liability component of the convertible loan notes for the six months ended 30 June 2009 are set out below:

	HK$'000
Carrying amount at 1 January 2009 (audited)	67,683
Reduction to set off the income guarantee payment by holders *(Note)*	(48,163)
Effective interest expense *(Note 6)*	2,513
Carrying amount at 30 June 2009 (unaudited)	22,033

Note: The convertible loan notes holders were obligated to set off the income guarantee payment by a reduction of the principal amount of the convertible loan notes amounting to approximately HK$54,900,000 and the reduction was carried out on 4 May 2009. Details of the income guarantee payments are disclosed in the announcements of the company dated 8 April and 5 May 2009.

23. SHARE-BASED PAYMENT

The Company's current share option scheme (the "Scheme") was adopted by the shareholders on 30 May 2002 for the primary purpose of providing incentives to directors, employees and persons providing services to the Company. It will expire on 29 May 2012. Under the Scheme, the board may grant options to eligible employees, including directors of the Company and its subsidiaries and business associates to subscribe for shares in the Company.

As at 30 June 2009, the number of share options granted and remained outstanding under the Scheme was 30,784,335 (31 December 2008: 308,043,518), representing 12.14% (31 December 2008: 12.15%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders and independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

HK$1.00 is payable upon the acceptance of each grant. Options may be exercised at any time from the date of grant of the share option during the option period ending on 29 May 2012. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the offer date of the options; (ii) the average closing price of the shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the Company's shares.

Date of grant	Exercise period	Exercise price *HK$*	Fair value at grant date *HK$*
21 January 2000	From date of grant to 20 January 2010	2.498	*(Note)*
27 November 2003	From date of grant to 29 May 2012	0.233	0.05674
19 August 2006	From date of grant to 29 May 2012	0.100	0.05674
29 November 2006	From date of grant to 29 May 2012	0.150	0.05674
16 April 2007	From date of grant to 29 May 2012	0.355	0.12500
9 July 2007	From date of grant to 29 May 2012	0.651	0.20200
20 November 2007	From date of grant to 29 May 2012	0.375	0.21700
13 March 2008	From date of grant to 29 May 2012	0.240	0.05060
15 August 2008	From date of grant to 29 May 2012	0.100	0.02474
8 October 2008	From date of grant to 29 May 2012	0.100	0.01637

In accordance with the terms of the share-based arrangement, options issued vest at the date of grant.

Note: The fair value of the options granted under the previous scheme has not been estimated as the directors believe that the likelihood of the exercise of the right is remote in view of the high value of the exercise price of such options relative to the current market price of the Company's shares.

The Company did not grant any options during the six months ended 30 June 2009. The fair value of the share options granted during the year ended 31 December 2008 had been arrived at on the basis of valuations carried out on the grant date by Greater China. The fair values were calculated using The Binomial Option Pricing model. The inputs into the model were as follows:

	Share options grant on							
	13 March 2008	15 August 2008	8 October 2008	16 April 2007	9 July 2007	20 November 2007	29 November 2006	19 August 2006
Weighted average share price	HK$0.219	HK$0.097	HK$0.072	HK$0.360	HK$0.350	HK$0.360	HK$0.138	HK$0.138
Exercise price	HK$0.240	HK$0.100	HK$0.100	HK$0.355	HK$0.651	HK$0.375	HK$0.150	HK$0.100
Expected volatility	66.70%	65.82%	68.95%	53.87%	54.32%	113.59%	90.39%	90.39%
Expected option period	4.5 years	3.8 years	3.6 years	2.6 years	2.4 years	2.26 years	1.5 years	1.5 years
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.765%	2.770%	1.782%	4.015%	4.417%	2.491%	3.642%	3.642%
Option type	Call	Call	Call	Call	Call	Call	Call	Call

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Company did not recognise any expense for the six months ended 30 June 2009 (30 June 2008: HK$5,054,000) as it did not grant any share options.

Movements of the Company's share options held by directors, employees and business associates during the period are:

		Number of share options					
Grantee	Date of grant	Outstanding at 1 January 2009	Share Consolidation adjustment during period *(Note)*	Lapsed during the period	Exercised during the period	Outstanding at 30 June 2009	Adjusted exercise price per share *(Note)* *HK$*
Directors							
Mr. Tse Michael Nam	9 July 2007	1,009,645	(908,681)	–	–	100,964	6.51
	13 March 2008	9,021,930	(8,119,737)	–	–	902,193	2.40
	15 August 2008	15,316,425	(13,784,783)	–	–	1,531,642	1.00
Mr. Lim Yew Kong, John	16 April 2007	608,220	(547,398)	–	–	60,822	3.55
	15 August 2008	1,925,780	(1,733,202)	–	–	192,578	1.00
	8 October 2008	6,466,000	(5,819,400)	–	–	646,600	1.00
Mr. Albert Theodore Powers	13 March 2008	1,216,440	(1,094,796)	–	–	121,644	2.40
	15 August 2008	1,317,560	(1,185,804)	–	–	131,756	1.00
	8 October 2008	7,466,000	(6,719,400)	–	–	746,600	1.00

Grantee	Date of grant	Number of share options: Outstanding at 1 January 2009	Share Consolidation adjustment during period *(Note)*	Lapsed during the period	Exercised during the period	Outstanding at 30 June 2009	Adjusted exercise price per share *(Note)* HK$
Mr. Pang Seng Tuong	13 March 2008	1,216,440	(1,094,796)	–	–	121,644	2.40
	15 August 2008	1,317,560	(1,185,804)	–	–	131,756	1.00
	8 October 2008	6,466,000	(5,819,400)	–	–	646,600	1.00
Mr. Puongpun Sananikone	9 July 2007	608,220	(547,398)	–	–	60,822	6.51
	13 March 2008	9,123,300	(8,210,970)	–	–	912,330	2.40
	15 August 2008	15,616,480	(14,054,832)	–	–	1,561,648	1.00
Other employees							
In aggregate	9 July 2007	3,294,525	(2,965,073)	–	–	329,452	6.51
	13 March 2008	1,773,975	(1,596,579)	–	–	177,396	2.40
	15 August 2008	6,967,800	(6,091,022)	(200,000)	(11)	676,767	1.00
	8 October 2008	1,320,550	(1,188,495)	–	–	132,055	1.00
Business associates							
In aggregate	21 January 2000	1,338,084	(1,204,276)	–	–	133,808	24.98
	9 July 2007	70,959,000	(63,863,100)	–	–	7,095,900	6.51
	20 November 2007	8,186,494	(7,367,845)	–	–	818,649	3.75
	13 March 2008	80,791,890	(72,712,701)	–	–	8,079,189	2.40
	15 August 2008	51,715,200	(46,543,680)	–	–	5,171,520	1.00
	8 October 2008	3,000,000	(2,700,000)	–	–	300,000	1.00
Total		308,043,518	(277,059,172)	(200,000)	(11)	30,784,335	

Note: As at 9 March 2009, due to the Share Consolidation, adjustments were made to the exercise prices and numbers of the outstanding options pursuant to the Scheme of the Company.

24. DISPOSAL OF SUBSIDIARIES

As referred to Note 9, on 31 March 2008, the Group discontinued its real estate consultancy services operation when it disposed of the entire interest in the GP Group to an independent third party for a consideration of approximately HK$4,267,000 (equivalent to approximately RMB4,000,000).

	HK$'000
Net liabilities disposed of:	
Plant and equipment	622
Trade and other receivables	2,928
Bank balances and cash	347
Trade and other payables	(5,246)
Net liabilities at date of disposal	(1,349)
Exchange reserves realised on disposal of subsidiaries	277
Goodwill at date of disposal of the discontinued operation	5,034
Gain on disposal	169
Total consideration	4,131
Satisfied by cash	4,267
Less: transaction costs	(136)
	4,131
Net cash inflow arising on disposal:	
Cash consideration received	4,267
Transaction costs paid	(136)
Bank balances and cash disposed of	(347)
	3,784

The impact of the disposal of the GP Group on the Group's results and cash flows in the current and prior periods is disclosed in Note 9.

For the six months ended 30 June 2009, the Company did not dispose of any of its subsidiaries.

25. DEREGISTRATION OF SUBSIDIARIES

(a) During the six months ended 30 June 2009, the Company deregistered two wholly-owned subsidiaries, Acacia PRC and Sequent (Beijing) Computer Technology Services Limited# ("Sequent Beijing") on 23 March 2009 and 11 February 2009, respectively.

Net (liabilities) assets at the respective dates of the deregistrations of these two subsidiaries were as follows:

	Acacia PRC	Sequent Beijing	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables	113	–	113
Trade and other payables	(45)	(1,216)	(1,261)
Exchange reserves realised on the deregistrations of subsidiaries	(262)	2,113	1,851
Net (liabilities) assets	(194)	897	703
Gain (loss) on the deregistrations of subsidiaries	194	(897)	(703)
	–	–	–

\# *The English transliteration of the Chinese name of the company is for identification purpose only and should not be regarded as the official English name of the company.*

(b) During the six months ended 30 June 2008, the Company deregistered its wholly-owned subsidiary, TVH Cyber Technology Limited in April 2008.

Net liabilities at the date of deregistration were as follows:

	HK$'000
Other payables	(283)
Gain on deregistration of subsidiary	283
	–

The deregistrations of subsidiaries during the six months ended 30 June 2009 and 2008 had no significant impact on the turnover and results of the Group for both periods.

26. RELATED PARTIES AND CONNECTED PARTIES TRANSACTIONS

Except as disclosed elsewhere in the condensed consolidated interim financial information, the Group entered into the following significant related party transactions:

(a) Loan from a substantial shareholder

During the six months ended 30 June 2008, the Group had a loan of HK$25,000,000 from Integrated Capital (Asia) Limited, a company wholly and beneficially owned by a substantial shareholder of the Company. The loan was unsecured and carried interest at the prevailing market rate amounting to HK$27,000 on this loan. Both the principal and the interest on the loan were repaid during the year ended 31 December 2008. The Company did not have any borrowings from the substantial shareholder during the six months ended 30 June 2009.

(b) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management for the six months ended 30 June 2009 and 2008 was as follows:

	30 June 2009 (Unaudited) *HK$'000*	30 June 2008 (Unaudited) *HK$'000*
Short-term benefits	3,217	3,000
Post-employment benefits	30	26
Share-based payments	–	627
	3,247	3,653

The remuneration of the directors of the Company and key executives is determined by the remuneration committee having regard to the performance of the individuals and the market trends.

27. COMMITMENTS

(a) Commitments under operating leases – lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due are as follows:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Land and buildings		
Within one year	2,043	1,510
In the second to fifth years inclusive	1,231	1,338
	3,274	2,848

(b) Capital commitments for the acquisition of intangible assets

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Contracted but not provided for	–	14,751

(c) Other capital commitment for investment

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Contracted but not provided for	21,744	23,400

28. EVENTS AFTER THE REPORTING PERIOD

On 22 June 2009, the Company entered into an acquisition agreement with Mountain Sky Resources (Mongolia) Limited and Ultra Asset International Ltd (together, the "Vendors") whereby the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell, the entire equity interest in North Asia Resources Limited at a total consideration of HK$1,760,220,000 (subject to adjustments), which was to be satisfied as to (i) HK$12,800,000 by way of deposit payment in cash; (ii) HK$31,500,000 by the allotment and issue of ordinary shares of the Company of HK$0.01 per share to the Vendors or their nominee(s) credited as fully paid at the issue price of HK$0.50 per share, at completion; (iii) HK$1,273,650,000 (subject to adjustments) by the allotment and issue of a new class of shares, the convertible preference shares to the Vendors or their nominee(s) credited as fully paid at the issue price of HK$0.50 per convertible preference share at completion; and (iv) HK$442,270,000 by the issue of promissory notes to the Vendors or their respective nominee(s) at completion.

The full details of the acquisition are set out in the Company's announcement dated on 8 July 2009.

4. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below is the management discussion and analysis of the operating results and business review of the Group for each of the three years ended 31 December 2006, 2007 and 2008 and for the six months ended 30 June 2009.

For the year ended 31 December 2006

Financial performance

The Group reported a turnover of HK$58,740,000 from its ordinary business in 2006, representing a decrease of 54% compared with its turnover from continuing operations HK$128,884,000 in 2005. The drop in turnover was largely due to a decrease in the sales of hardware equipment. Loss from its operating business narrowed by 6% to HK$11,633,000 from an operating loss from continuing operations of HK$12,406,000 in 2005 as a result of improved profit margin.

Gross profit increased 42% from HK$8,894,000 in 2005 to HK$12,671,000 as a result of improved gross profit margin to 22% from 7% in 2005 because of an increase in sales from the maintenance services and real estate consultancy service businesses.

The Group reported a gain of HK$9,290,000 from partial disposal of ChinaCast Communications Holdings Ltd ("ChinaCast").

Loss per share was HK2 cents, compared with HK7 cents per share in 2005.

Final dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2006 (2005: Nil).

Review of core businesses

2006 was a year of transformation for the Group which changed its name to Venture International Investment Holdings Limited to reflect its new identity as a diversified investment holding company.

While the legacy business of providing automatic teller machines ("ATMs") maintenance service through TopAsia Computer Limited ("TopAsia") and its subsidiaries ("TopAsia Group") remains the core business stream, the Group now holds investments in Acacia Asia Partners Limited ("Acacia"), a provider of computer technology services primarily to the real estate consultancy service businesses in Shanghai, and Grand Panorama Limited ("Grand Panorama"), a real estate consulting agency in Shanghai.

As a newly transformed investment holding company, the Group continued to look for opportunities to diversify its interests into areas with high commercial viability. Subsequently, after the close of the 2006 financial year, the Group entered into a Sale and Purchase Agreement to purchase the entire issued capital of an investment holding company that holds a contract to provide management and consultancy services for the cultivation of licorice roots in a piece of grassland in Inner Mongolia.

Legacy Core Business – ATM maintenance service and IT solutions: TopAsia Group

TopAsia Group, which carries on the Group's legacy business of providing ATM repair and maintenance services to the banking and financial sectors in the PRC, continues to remain a core operation and revenue base in 2006. TopAsia Group reported a 20% increase in ATM after-sales services for the year.

TopAsia Group made great strides in customer and market development during the year. Most notable is TopAsia Group's successful bid for Bank of China's ("BOC's") Yunnan branch open tender. The tender was for the provision of after-sales repair and maintenance service for all of BOC's Yunnan branch ATMs which were previously served by two or more service providers. This was a spectacular win for TopAsia Group, a true attestation of its capability and has helped TopAsia Group further strengthened its presence in the southwestern region of China.

TopAsia Group has also become one of the leading ATM services providers to the Bank of Communications in 2006. From 12 after-sale services contracts with the bank's city branches in 2005, the number increased to 29, which represented almost one-third of the bank's total branches of approximately 80.

Besides making great strides in customer and market development, TopAsia Group has also achieved great geographical extension of its business across the huge nation of China during the year in review. In Zhejiang, the number of ATMs under its service more than doubled from less than 200 a year ago to over 400. TopAsia Group also managed to break into a new market in the northwestern Gansu

Province with more than 100 ATMs now under its service. Initial inroads were also made in the Qinghai Province.

In respect of marketing and sales of self-service equipment to financial institutions, TopAsia Group maintained its leading position with new contracts clinched with Zhejiang Postal Bureau, Bank of Shanghai, China Merchants Bank's ("CMB") branches in Shenzhen, Beijing, Xining and Shenyang, Bank of Commerce's branches in Taizhou, Lanzhou and Hangzhou, and Huishang Bank, etc. Increased sales to CMB represented a significant growth driver, and TopAsia Group also succeeded in sustaining its agent and service provider status with CMB in its latest tender.

In addition to the ATM sales and after-sales services business, TopAsia Group continued to develop and market storage facilities to banks and securities enterprises with the world's leading manufacturer EMC. The division was most encouraged by new orders from the Industrial Bank's head office and Shanghai Securities Central Clearing and Registration Corporation.

TopAsia Group also cooperated with IBM and Symantec to develop information management and system security software business. Software application development contracts were signed with Bank of Shanghai and Shanghai Anxin Agricultural Insurance Co. Ltd.

Real estate-related technology services: Acacia

Acacia is a provider of IT management, online and support services including Internet portal and data management services, to real estate agencies in China, primarily Shanghai. Acacia's business development activities were adversely affected by the Chinese Government's policy changes and the imposition of austerity measures to regulate and cool off its seemingly overheated real estate market.

The ban on foreign individuals from investing in the retail residential market, the imposition of capital gains tax and the lowering of the mortgage ceiling to not more than 70%, were a few of the changes which had the most impact on the real estate agency market. For December 2006 alone, transaction volume was down by 20% compared to the same time a year ago.

Real estate agencies which cater predominantly to the middle and luxury sectors of the market were the worst hit. A number of them opted to leave the stricken industry. Unfortunately, these agencies were the target customers for Acacia's web-based real estate data management platforms.

To cope with the unfavorable market environment, Acacia downsized its staff strength and curbed its capital investment to minimize operational cost in the interim. However, the Group remains confident of the long term potential of China's real estate market.

Real estate consultancy services: Grand Panorama

In February 2006, the Group announced the acquisition of the entire share capital of Grand Panorama, a real estate consultancy agency in Shanghai, for HK$30 million. Like Acacia, the division was affected by the latest real estate policy changes in China and failed to meet its guaranteed profit for the year ended December 2006.

However, the Group remains optimistic of the future of the office sector business in Shanghai and Beijing in which Grand Panorama specializes. This area of the real estate business is less speculative and more stable.

New investment: Agricultural project

In February 2007, the Group entered into a Sale and Purchase Agreement to purchase the entire issued capital of Huge Value Development Ltd. ("Huge Value"), an investment holding company incorporated in the British Virgin Islands. Huge Value has entered into a contract with Inner Mongolia Tian Lan Technology Sand Control Estate Limited ("Tian Lan") to provide management and consultancy services to the latter for the cultivation of licorice roots in a piece of grassland of the size of 1 million mu, in Inner Mongolia. The management contract is for 47 years.

Upon the completion of the sale and purchase transaction, Huge Value will become a wholly-owned subsidiary of the Group. It's financial results will be consolidated with the Group.

Licorice root is an important Chinese medicine and it can be used as raw materials for producing food, candies, cosmetics, health products, fire prevention products and construction. Licorice is a native perennial plant of certain regions in China, mainly the Inner Mongolia Autonomous Region. The area in which Huge Value is contracted to manage is located at the main growing centre of licorice in China.

The supply and quality of licorice roots from China have been decreasing in the recent years as a result of lack of management of the land in which licorice grows. The demand is however on the increase. This gap in demand and supply will gradually lead to an increase in the price for licorice.

The Group believes that there is a huge market potential for the licorice business in and out of China.

Outlook

The Group's new identity as a diversified investment holding company continued to take shape in 2006, following the completion of various asset restructuring exercises. The strategy is to maintain TopAsia Group as the stable income contributor while injecting new investments into the Group as and when the opportunities come along, as additional growth drivers and for prudent risk dilution.

TopAsia Group anticipates huge growth potential in China for the sales of self-service facilities and the provision of after-sales services in the years ahead. This is because financial and banking institutions are forced to remain geared to improve their competitiveness, cost efficiency and service quality in the face of increasing challenges from the gradual opening of China's financial market to foreign banks. Furthermore, given China's fast economic development and accelerated transformation of its urban and rural areas, the financial industry is poised for tremendous growth in the coming years.

It has been 20 years since the launch of the first ATM in China. There is an estimated 120,000 ATMs, including automatic withdrawal and deposit machines, currently in operation. Relative to China's population and average disposable income per capita, the ratio remains extremely low compared to the more developed countries. Although this means tremendous business potential for automated and non-cash transactions, it will take time for the people, system and infrastructure in China to be able to cope with the transformation from traditional cash-based consumption pattern.

TopAsia Group is not the only one to have identified this market niche, however it has been able to strengthen its leadership over the years through its first-mover advantage, team professionalism, superior geographical coverage, extensive brand portfolio and strong management prowess. Industry competition will only become increasingly fierce with pricing and service quality gaining greater importance as two key factors to business success. TopAsia Group is fully aware of the challenges from falling prices and the emergence of more competitors, but will continue to capitalize on its core strengths to achieve better results in 2007.

Specifically, TopAsia Group will aim at raising profitability through stronger management, tighter cost control and robust business development. It will further expand its customer base and market coverage for the provision of repair and maintenance services to self-service facilities. Business development activities will be targeted at loyal customers such as BOC, Bank of Communications and CMB. At the same time, it will also explore opportunities with major banks such as the Bank of Construction, Agricultural Bank of China and other regional commercial banks. The goal is to achieve a 5% year-on-year increase in the volume of repair and maintenance services.

In respect of marketing and sales of self-service facilities, TopAsia Group aims to achieve a year-on-year growth of 20% through the provision of top-notch services and the cultivation of quality customer relationship. Targeted customers are CMB, regional commercial banks and postal bureaus.

In addition to the ATM business, TopAsia Group will continue to cooperate with EMC and Equal Logic to market storage equipment and contingency back-up systems of all specifications to financial and securities enterprises, and government authorities. It will also strengthen its cooperation with IBM and Symantec to develop new customers for new contracts in software application. More resources will also be devoted to foster supplier relationships, and develop new businesses, partners, and products.

Internally, TopAsia Group will seek to re-affirm its ISO9000 corporate management certification through strict controls on organizational structure, staff number and operating procedures to ensure that optimum management standards and operational capabilities are always in place.

In respect of the Group's real estate related technology and consultancy businesses of Acacia and Grand Panorama, the management is in favor of a more cautious approach for the time being in view of the latest drastic policy changes in China. However, the Group remains confident of the long-term development potential of the real estate market and the provision of real estate-related services in China.

The Group expects to commence the operation of its new agricultural project in Inner Mongolia in April. Through Huge Value, the Group will assist the local company to formulate plans for the proper and efficient cultivation of licorice. The supply of licorice roots in China has been on the decline both in quantity and quality in recent years as a result of lack of or improper cultivation. The proper cultivation of licorice will ensure that the supply and quality of licorice roots will increase in future and more importantly, lead to land preservation and anti-desertification through control of soil erosion and movement. As this is in line with the Government's national policy and interest, the Group has their full backing and support. The Group believes that through these efforts, it will gain significant recognition and support and access to further land management contracts and other lucrative business opportunities, hence creating greater shareholder value.

Liquidity and financial resources

Net assets

As at 31 December 2006, the Group recorded total assets of approximately HK$239,399,000 which were financed by liabilities of approximately HK$68,407,000 and equity of approximately HK$170,992,000. The Group's net asset value as at 31 December 2006 increased by 10% to approximately HK$170,992,000 as compared to approximately HK$155,309,000 as at 31 December 2005.

Liquidity

The Group had total cash and bank balances of approximately HK$72,254,000 as at 31 December 2006 (2005: approximately HK$52,312,000). After deducting bank loans and overdrafts of approximately HK$18,000 (2005: approximately HK$626,000), the Group recorded a net cash balance of approximately HK$72,236,000 as compared to that of approximately HK$51,686,000 as at 31 December 2005. As at 31 December 2006, the current ratio was 3 (2005: 2.04) and the gearing ratio was nil (2005: 0.01) which was defined as the Group's interest-bearing bank loans and finance lease payables over its total equity.

Charges on assets

At 31 December 2006, fixed deposits of approximately HK$15,624,000 (2005: HK$139,000) were pledged to banks to secure banking facilities granted.

Treasury policies

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in Hong Kong. There was no borrowings outstanding as at 31 December 2006. Borrowing methods used by the Group mainly include trust receipt loans, overdrafts and term loans. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars and United States dollars ("US dollars").

Contingent liabilities

At 31 December 2006, the Company had no contingent liabilities in relation to guarantees given to banks in connection with facilities granted to certain subsidiaries (2005: HK$20,000,000).

Foreign exchange exposure

The Group mainly earns revenue and incurs costs in US dollars and Renminbi. Foreign exchange exposure of the Group is minimal as long as the policy of the Government of HKSAR to link the Hong Kong dollars to the US dollars remains in effect.

Employee and remuneration policies

As at 31 December 2006, the Group employed approximately 290 full time staff in the Mainland China and Hong Kong. The Group remunerates its employees based on their performance, work experience and the prevailing market price. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

For the year ended 31 December 2007

Financial performance

The Group reported a turnover of HK$72,252,000 in 2007, representing an increase of 23% compared with HK$58,740,000 recorded in 2006. This growth in turnover was largely attributable to increases in the sale of IT hardware during the year. During only approximately nine months of operations in 2007, the agro-conservation sector contributed management services income of approximately HK$7,467,000 to the Group. In addition, the agro-conservation and the bioenergy sectors contributed biological asset gains amounting to HK$11,255,000 and operating profits of HK$16,508,000.

Gross profit for the Group overall increased by 16% to HK$14,706,000 in 2007 (2006: HK$12,671,000) as a result of increases in revenues from the sales of IT hardware. Gross profit margin however, declined slightly by 1% to 20% mainly due to decreased gross profit margins on IT hardware sales.

The Group recorded a turnaround profit from operations of HK$6,565,000 as compared to a loss of HK$8,408,000 in 2006 due to a gain of HK$21,844,000 from the disposal of available-for-sale investments, an increase in other operating income from the provision of management and consultancy services of HK$15,467,000 and biological asset gains of HK$11,255,000 contributed by the new agro-conservation and bioenergy businesses.

The Group's loss before taxation in 2007 increased by 210% to HK$36,048,000 from HK$11,633,000 in 2006 mainly as a result of the impairment of goodwill of HK$40,771,000 in relation to Acacia (as defined below) and the Grand Panorama and its subsidiary (the "Grand Panorama Group"). The impairment losses were made for the Grand Panorama Group following the disposal of the Grand Panorama Group after the close of the 2007 financial year. The decision to dispose of Grand Panorama Group and to impair the carrying amount of the goodwill from acquisition of Acacia was made by the Board after taking into consideration various factors, including the current and future business prospects and financial situation of these two companies, the current slowdown in the property agency market in China, the stringent austerity measures that have been imposed by the Chinese government, and the future capital requirements of these two companies.

The remaining businesses of systems integration, software solutions, IT management and real estate related services recorded an operating loss of HK$2,246,000.

Accordingly, the Board considers that it is in the best interests of the Company and its shareholders to focus the Company's efforts and resources on the agro-conservation and bioenergy businesses, which the Board and management believe to hold substantial potential for sustainable financial growth, thus increasing shareholder value for our Company and shareholders.

Loss per share for 2007 was HK4 cents, compared with HK2 cents per share in 2006.

Final dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2007 (2006: Nil).

Review of core businesses

During 2007, the Board and the Company's management critically assessed the Company's existing businesses, commenced the rationalization of some of the Company's activities, and established the necessary foundation for a more focused and economically vibrant future. The year was marked by a number of pioneering, strategic investments in the agro-conservation and bioenergy sectors, which offer excellent potential for financial growth and increased shareholder value, while furthering the Company's commitment to the environment, socio-economic development, and corporate responsibility. This strategic focus on the agro-conservation and bioenergy businesses underlies the change of the Company's name to "Green Global Resources Limited". In spite of the relatively short time of the Company's operations in these businesses during 2007, the Group's new agro-conservation and bioenergy businesses have made significant progress.

Agro-conservation and bioenergy

Agro-Conservation

During 2007, the Group acquired two companies Green Global Licorice China Limited ("Green Global Licorice") and Green Global Salix China Limited ("Green Global Salix"), which conduct agro-conservation businesses in Inner Mongolia.

Green Global Licorice

Green Global Licorice, which was acquired in March 2007, provides management and consultancy services to Tian Lan for the cultivation of licorice in an area of approximately 1,000,000 Chinese mu (approximately 67,000 hectares) of grassland in 伊克昭盟杭錦旗 (Yi Ke Zhao Meng Hang Jin Qi) in the Inner Mongolia Autonomous Region of China.

Licorice is a native perennial plant in certain regions in China, particularly the Inner Mongolia Autonomous Region, and the Xinjiang, Gansu, Qinghai, Shanxi, Ningxia, Shaanxi, Hebei, Jilin and Heilongjian Provinces. The most favorable species of licorice in China is found mainly in the Inner Mongolia Autonomous Region, the area in which Green Global Licorice operates.

The root of the licorice plant provides an important substance used in Chinese herbal medicine and is also widely used as raw material for a diverse range of products, including food, candies, cosmetics, and health products. Licorice roots also have other applications in the non-medical and imperishable sectors, for example, in the production of fire prevention and construction products.

The supply of licorice roots in the PRC has been under pressure in recent years due to rising demand. It is believed that the resulting market shortage will drive up prices for licorice roots in the coming years. The Board and the Company's management believe that the market for licorice roots is substantial and will continue to grow in China and elsewhere.

Ecologically, the licorice plant is highly effective in preventing soil erosion and the resulting spread of the desert because licorice roots penetrate deep into the soil and hold the soil layers together. Illegal farming and extraction of licorice have contributed to increasing desertification in Inner Mongolia. Local and national government entities have long endeavored to eradicate the desertification problem and strongly support the private sector's involvement in land management and conservation efforts. Through Green Global Licorice, the Company employs its unique PPP business model to assist the relevant governmental authorities in these anti-desertification efforts.

In Inner Mongolia, licorice is usually planted during spring to autumn when weather and soil conditions are most suitable for planting. It normally takes three years of growth before licorice roots can be harvested. Older licorice roots are generally of higher value.

Since its acquisition by the Company, Green Global Licorice has successfully completed the plantation of 8,000 Chinese mu (approximately 533 hectares) of licorice. The timing and quantity of licorice roots to be harvested annually is in accordance to a prescribed schedule in order to achieve a balance between the soil preservation and commercial objectives.

Green Global Salix

Green Global Salix, which was acquired in October 2007, provides management and consultancy services to Tian Lan for the cultivation of salix psammophila in an area of approximately 2,200,000 Chinese mu (approximately 147,000 hectares) in Inner Mongolia.

Salix, also known as sand willow, is an indigenous shrub which is predominantly found in China's Inner Mongolia Autonomous Region and Shaanxi, Gansu, and Xinjiang Provinces. Salix is commonly planted in vast sandy areas to combat desertification by providing a wind shield to hold and block moving sand.

In addition to its anti-desertification properties, salix has other valuable and commercial uses. Salix has historically been used as cheap wood fuel. In recent years, salix has more commonly been used as raw material for fiber board and paper pulp for packaging materials. Other uses for salix are also being commercialized, including its use as a source for bio-fuel generated power plants.

The Board and management believe that this combination of important commercial uses and the increasing commitment of resources by the Chinese Government to combating desertification will ensure that salix will become an even more important renewable and regenerative resource in China that will be in high demand in the coming years.

During 2007, Green Global Salix successfully planted 200,000 Chinese mu (approximately 13,300 hectares) of salix in Inner Mongolia.

For the year ended 2007, the agro-conservation businesses generated income of approximately HK$7,467,000 from the provision of management services for the cultivation of licorice. In addition, biological asset gains from the cultivation of licorice and salix during the year amounted to HK$7,690,000. The amount was deter mined by Greater China, an independent professional valuer, based on the fair value of licorice and salix less estimated point-of-sale costs with reference to the most recent market transaction prices. During only nine months of operation, the operating profit from this business sector amounted to HK$12,703,000.

Bioenergy

In light of the worldwide shortage of energy, coupled with the rising interest in environmentally friendly and renewable or regenerative fuel resources, the Board and management believe that a strong demand for alter native energy resources such as bio-diesel will exist for the foreseeable future. The Board and management believe that bioenergy businesses will complement the Company's agro-conservation businesses and generate substantial and sustainable profits for the Company for years to come. During 2007, the Board explored a number of interesting opportunities in the regenerative and renewable resources sector. Unlike fossil fuels such as coal and natural gas that will soon be exhausted or significantly depleted, regenerative and renewable energy resources may be replenished or reproduced from natural resources such as solar, wind, geothermal, water, and biomass, or regenerated or renewed through mass cultivation or production.

Increased use of renewable and regenerative energy resources can help achieve the enormous commercial goal of satisfying the world's increasing energy demands and the critical societal goals of substantially reducing air, water, and thermal pollution, excessive water consumption, and adverse land usage.

Bio-diesel is currently one of the most suitable regenerative and renewable energy resources. This highly desirable alter native fuel source provides a renewable and cleaner source of energy which is relatively affordable.

The key challenge faced in bio-diesel development is the availability of a raw material that is commercially viable, environmentally friendly to produce, and socially acceptable. Apart from being more cost-effective than other conventional raw materials such as palm oil or rapeseed oil, the optimal raw material for bio-diesel production should not be derived from human or animal food sources, and should not be cultivated at the expense of deforestation or cultivated on land that could otherwise be used for the cultivation of human or animal food sources. It is widely believed that such an optimal raw material can be found in the oil derived from the seeds of jatropha curcas.

Hainan Venture

In December 2007, the Company established Hainan Venture Zhengke Bioenergy Development Company Limited* (海南宏昌正科生物能源發展有限公司) ("Hainan Venture"). Hainan Venture is a joint venture, 90% owned by the Company and 10% owned by 北京東方正科科技有限公司 (Beijing Oriental Zhengke Technology Company Limited*), a PRC company principally engaged in investments in, and operation of businesses related to, research and technology. Hainan Venture was established to conduct jatropha curcas-based bioenergy activities in Hainan.

* *for identification only*

The seeds of jatropha curcas (also known as Barbados nut or Physic nut) have a high level of oil content which is widely believed to be one of the most economical and practical raw materials for the sustained production of environmentally friendly bio-diesel. Because the jatropha plant is not a food source and can be grown in less than optimal soil and climatic conditions, jatropha complies with the Chinese Government's alter native energy policies, which prohibit alter native energy activities that use food sources as raw material or that occupy farmlands that can be used for growing food sources.

Hainan was chosen as the location for this important bioenergy project because of its particular suitability for growing jatropha. Jatropha thrives in warm weather conditions and requires substantial rainfall. Hainan provides the ideal combination of these two essential conditions.

With the technological assistance of specialists from the Sichuan University College of Life Sciences, Hainan Venture has completed the establishment of a 150 Chinese mu (approximately 10 hectare) nursery to grow jatropha curcas saplings. Hainan Venture expects to commence selling these saplings in the second quarter of 2008 and to expand the size of the nursery during 2008.

Lao-Agro

In December 2007, the Group extended its bioenergy business activities from China to Laos through a new joint venture, Lao Agro Promotion Co., Ltd ("Lao-Agro"). Lao-Agro is an 80% owned subsidiary of the Company which was established to conduct jatropha-based bioenergy business activities in Laos. The 20% minority interest in Lao-Agro is held by Charoen Phattana Group, a Laotian business enterprise, and the Lao Disabled People Association.

Similar to Hainan, the climate and agronomy of Laos are highly suitable for the cultivation of jatropha curcas. Moreover, Laos offers sufficient inexpensive land and farm labor to support the mass cultivation of jatropha. The Company's presence in Laos through Lao-Agro will provide a strong foundation for developing and commercializing the jatropha-based bioenergy sector in Laos and for similar activities in other Greater Mekong Sub-region ("GMS") countries.

Because the Company's bioenergy activities were not commenced until late in 2007, the bioenergy sector did not generate any revenue for the year ended 2007. However, the biological asset gains from the cultivation of jatropha saplings during the year amounted to HK$3,565,000. The biological assets gain was determined by Greater China based on the fair value of jatropha saplings less estimated point-of-sale costs with reference to the most recent market transaction prices.

Non-agricultural businesses

Systems Integration, Software solutions, IT management and support: TopAsia Group

In 2007, TopAsia's provision of ATM management services to the banking and financial sectors in China remained a main revenue contributor to the Company.

Buoyed by economic prosperity in China, TopAsia enjoyed steady business growth during 2007. TopAsia entered into a number of new ATM after-sales services contracts with state-owned and commercial banks, including 15 municipal branches of China Merchants Bank, 35 branches of Bank of Communications, and branches of Bank of China and the Postal Bureau. To support this wider customer base, TopAsia bolstered its infrastructure by adding 7 service centers countrywide, for a total of 38, and expanding its engineering team with the addition of another 30 technicians.

Sales of ATM products also increased in 2007, with gains mainly attributable to sizeable new contracts for more than 100 installations in the Zhejiang Postal Bureau and Bank of Shanghai. Sales of data storage facilities also increased slightly during 2007, with supply and service contracts signed with Shanghai Securities Depositor y and Clearing Corporation, Shanghai Post, Industrial Bank, and the Guangzhou Municipal Government.

In spite of increasing revenues, the level of TopAsia's direct and operating costs remain high for 2007, and the division generated operating losses amounting to HK$1,330,000 for the year. In light of current global economic concerns, particularly in the financial services industry in which TopAsia operates, and China's macroeconomic situation of tight money supply and high inflation, TopAsia will face a challenging business environment in 2008. We will continue to monitor and assess TopAsia's activities and prospects.

Real estate related technology services: Acacia

Acacia is a provider of technical and outsourcing services to retail real estate agencies in the PRC, primarily in Shanghai. The operating landscape for Acacia's business has become increasingly difficult, with the mainland Chinese Government's imposition of austerity measures and higher operating requirements for brokerages. In view of the plunging number of transactions and negative prospects, the Group is seriously assessing the future viability of Acacia.

Acacia generated HK$442,000 in revenues and HK$5,799,000 in operating losses during 2007.

Real estate consultancy services: Grand Panorama Group

As a real estate and mortgage broker in Shanghai, Grand Panorama competes with large-scale brokers with more comprehensive infrastructure and networks across Shanghai and China as a whole. Along with Acacia, this segment will remain constrained by stringent Government policies. As discussed above, the Company disposed of its entire interest in Grand Panorama Group in March 2008.

Grand Panorama Group generated HK$5,617,000 in revenues and HK$4,715,000 in operating profits during 2007.

Outlook

The Company's progress in 2007 in the agro-conservation sector through Green Global Licorice and Green Global Salix has been significant. With the cooperation of Tian Lan and the Inner Mongolia government in the 5532 project, Green Global Licorice and Green Global Salix will continue to plant licorice and salix in Inner Mongolia to achieve the Company's goal to cultivate 200,000 Chinese mu (approximately 13,300 hectares) of licorice over the next 3 years and 5,000,000 Chinese mu (approximately 333,000 hectares) of salix over the next 5 years. Going forward, the Board and management believe that Green Global Licorice and Green Global Salix will make significant contributions to the revenue and profits of the Company.

Through the 5532 project with Tian Lan, the Company has engendered the trust and support of the local government for its agro-conservation efforts in Inner Mongolia. The Board and management believe that this trust in and support for the Company will greatly facilitate our current and future agro-conservation efforts in Inner Mongolia.

The Company established important foundations for its bioenergy businesses in Hainan and Laos in 2007. Hainan Venture, which established its jatropha curcas sapling nursery in 2007, intends to expand its nursery to 1,500 Chinese mu (approximately 100 hectares), a scale which will ensure an adequate supply of jatropha saplings to plant large areas of land. In fulfillment of this purpose, in March 2008, Hainan Venture entered into a Cooperation Agreement with 海南東方林昌生物能源發展有限公司 (Hainan Oriental Linchang Bioenergy Development Limited*) (the "Hainan Partner"), pursuant to which the parties agreed that Hainan Venture will sell jatropha curcas saplings from its nursery to the Hainan Partner for planting in an area of approximately 1,300,000 Chinese mu (approximately 86,000 hectares) Chinese mu in Hainan and the Hainan Partner will sell all qualified seeds harvested from such trees to the Hainan Venture for the next 30 years. The Board and management believe that this cooperation will serve as a strong foundation for our jatropha-based bioenergy business in Hainan, by ensuring that we have a reliable market for the jatropha saplings grown in our Hainan nursery, that those saplings will be properly cultivated into seed producing trees, and that we will have a guaranteed future supply of high quality seeds from those trees.

* *for identification only*

In December 2007, the Company entered into the Lao-Agro joint venture to conduct jatropha-based bioenergy business activities in Laos, and in March 2008 Lao-Agro entered into a Cooperation Agreement with the Lao National Authority for Science and Technology ("NAST") to establish three commercially-based research and development and training centers for the production of commercially and environmentally sustainable jatropha-based bioenergy as an alter native and renewable energy source. This new business venture in Laos marks the Company's first initiative into the GMS. Management believes that the Lao-Agro joint venture and Lao-Agro's cooperation with NAST will help Lao-Agro to develop optimal species of jatropha curcas for commercializing jatropha production in Laos, and help to establish Lao-Agro as a highly recognized and dependable jatropha producer throughout the GMS.

With support from the governments in each of the countries in which the Company has invested, the Board and management believe that our agro-conservation and bioenergy business activities will make great strides in 2008 and the years to come. Going forward, the Company intends to continue to focus its efforts and resources towards realizing the tremendous potential of these agro-conservation and bioenergy businesses to create maximum profits and value for the Company and its shareholders.

The Company, through its new Board and management, has demonstrated its commitment to identifying and capitalizing on new opportunities to achieve substantial and sustainable financial growth for the Company and to maximize shareholder value. Through a combination of rationalization and repositioning of existing businesses and strategic and coordinated investments in new growth businesses in 2007, we have established a firm platform for the Company to achieve exciting and sustained future financial success, while fulfilling the Company's commitments to socio-economic development, good corporate governance and transparency, and responsible citizenship in the growing "green global" community.

Liquidity and financial resources

Net Assets

At 31 December 2007, the Group recorded total assets of approximately HK$520,749,000, which were financed by liabilities of approximately HK$195,399,000 and equity of approximately HK$325,350,000. The Group's net asset value as at 31 December 2007 increased by 90% to 325,350,000 as compared to approximately HK$170,992,000 as at 31 December 2006.

Liquidity

The Group had total cash and bank balances of approximately HK$72,939,000 as at 31 December 2007 (2006: HK$72,254,000). The net cash balance as at 31 December 2007 was also HK$72,939,000 (2006: approximately HK$72,236,000), as the Group does not have any bank borrowings (2006: approximately HK$18,000).

As at 31 December 2007, the current ratio was 1.58 (2006: 2.79) and gearing ratio was 0.24 (2006: Nil) which was defined as the Group's convertible loan notes over its equity attributable to equity holders of the Company.

Charges on assets

At 31 December 2007, no fixed deposits were pledged to banks to secure banking facilities (2006: HK$15,624,000).

Treasury policies

The Group generally finances its operations with internally generated resources, proceeds from the disposal of its available-for-sale-investments and from equity fund raising activities. All financing methods, including equity, debt and other means, will be considered so long as such methods are beneficial to shareholders as a whole. Subsidiaries in the PRC use internally generated resources to finance their working capital requirements. Bank deposits are mainly in Hong Kong dollars and Renminbi.

Contingent liabilities and capital commitments

The Group had no material contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance.

The Group had capital commitments which were authorised but not contracted for totaling approximately HK$36,035,000 in respect of additional capital injections in subsidiaries as at 31 December 2007 (2006: Nil).

Foreign exchange exposure

For the year ended 2007, the Group mainly earns revenue in Renminbi and incurs costs in Hong Kong Dollars and Renminbi. Although, the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in Renminbi are used to pay for Renminbi denominated costs. Funds raised from financing activities which are mainly in Hong Kong Dollars are used to pay for Hong Kong Dollar expenses and Hong Kong Dollar costs of acquisitions.

The Directors do not expect the appreciation of the Renminbi against the Hong Kong Dollars to have any material adverse effect on the operation of the Group.

Employee and remuneration policies

As at 31 December 2007, the Group employed approximately 263 full time staff in the Mainland China and Hong Kong. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

For the year ended 31 December 2008

Financial performance

The Group's continuing operations reported a turnover of approximately HK$109,154,000 for the year ended 31 December 2008 (2007: approximately HK$66,635,000), despite the severe economic headwinds generated by the global financial crisis.

The Group's strategic re-focus on agro-conservation and bioenergy businesses helped improve its turnover as a result of the new source of income generated from the sale of Jatropha saplings amounting to approximately HK$45,833,000 (2007: Nil).

During 2008, the Group derived management services income of approximately HK$8,287,000 (2007: approximately HK$7,467,000) from its agro-conservation segment. Although the amount of this management services income was lower than the amount of minimum guaranteed income warranted by the guarantors of Green Global Salix at the time of the acquisition of that company, because of such shortfall the guarantors are liable to pay the Group HK$70,000,000 under the guarantee. This will essentially result in a reduction of our acquisition cost for that company. The agro-conservation and bioenergy sectors also contributed biological asset gains aggregating approximately HK$77,802,000 (2007: approximately HK$11,255,000) and operating profits of approximately HK$15,841,000 before impairments (2007: approximately HK$3,023,000).

Gross profit and gross profit margin decreased to approximately HK$9,429,000 and 9% from HK$12,398,000 and 19% in 2007 respectively, mainly as a result of the accounting treatment in recognising the changes in the fair value of the jatropha saplings in the cost of sales.

Even though the Group generated a higher turnover for 2008, the overall loss for the year from continuing operations amounted to approximately HK$198,052,000 (2007: approximately HK$41,972,000), primarily as the result of the impairment of goodwill in respect of the acquisitions of Green Global Licorice and Green Global Salix amounting to HK$74,039,000 and of intangible assets amounting to HK$145,823,000. The business values of these two subsidiaries and the fair value of their intangible assets were based on the valuation reports issued by Greater China, an independent professional valuer. The decision to impair the carrying amounts of the goodwill and the intangible assets was made by the Board after taking into consideration Greater China's reports, the failure to meet the minimum guaranteed income amount guaranteed on the acquisition of Green Global Salix, our transition from harvesting wild to cultivated crops in Inner Mongolia, and the severity of the global financial and economic crisis.

Loss per share from continuing operations for 2008 was approximately HK115 cents, compared with a loss of approximately HK47 cents per share in 2007 (as adjusted for the rights issue and share consolidation).

Final dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2008 (2007: Nil).

Review of core businesses

During 2008, the Group made progress in business and corporate developments, following its re-focus into the agro-conservation and bioenergy sectors. The transformation of the Group's business focus and direction was accentuated by the Company's new name, "Green Global Resources Limited" which became effective in April 2008. The new name signifies our vision for long-term growth and profitability based on a socially and environmentally sustainable path, one that is also aligned with government policies worldwide.

The Group's network of partnerships expanded further in 2008 with the signing of several cooperation agreements with public and private entities for the joint development of our agro-conservation and bioenergy businesses.

The joint ventures in Hainan and Laos have made good progress in the cultivation of Jatropha curcas saplings and the subsequent sales of such saplings to local partners for further cultivation. Transplantations of saplings by these local partners were conducted successfully in both Hainan and Laos during the year.

The Group also made steady progress in its agro-conservation business as it continued to expand its plantation of licorice and salix and transitioned from harvesting wild to cultivated crops.

Agro-Conservation

The Group's vehicles for driving the development of its agro-conservation businesses in Inner Mongolia are Green Global Licorice and Green Global Salix. These two companies are held under Green Global Agro-Conservation Resources Limited ("Green Global Agro-Conservation"); together these three companies are referred to as the GG Agro-Conservation Group.

GG Agro-Conservation Group

It is estimated that desertification as a result of overexploitation and land mismanagement costs the Chinese government billions of United States dollars each year. Inner Mongolia, one of the driest locations on earth, stands on the front line of China's battle against desertification. This has prompted the Chinese government to encourage private sector anti-desertification projects in this region.

The partner in Inner Mongolia, Tian Lan, has entered into an agreement with the Municipal Government of Hang Jin Qi (杭錦旗) for the cultivation of 5,000,000 Chinese mu (approximately 333,000 hectares) of salix between 2008 and 2012 and 200,000 Chinese mu (approximately 13,300 hectares) of licorice between 2008 and

2010 (the "5532 Project"). Further to this agreement, the Municipal Government of Hang Jin Qi agreed to assign land use rights to Tian Lan for the cultivation of salix and licorice, both of which have good commercial value in addition to being effective in preventing desertification. The Group, through its wholly-owned subsidiary Green Global Agro-Conservation, has joined hands with Tian Lan under a Cooperation Agreement (the "Inner Mongolia Cooperation Agreement") to implement the 5532 Project.

Upon the commissioning of the 5532 Project, Green Global Agro-Conservation collaborated with the Academy of Forest Inventory and Planning (the "AFIP") for the overall project design. The AFIP, a direct subsidiary of the State Forestry Administration of China, is a pre-eminent national research institution engaged in technical project design and development of national environmental projects. This collaboration will enhance the status of the 5532 Project and further attests that the plan meets the ecological conservation and anti-desertification requirements set by the Company, the Inner Mongolian Government, the Municipal Government of Hang Jin Qi, and the Chinese National Government.

In recognition of Tian Lan's achievements and contribution to the country's anti-desertification works, the company was named by the State Forestry Administration's Anti-desertification office as one of the "Top 10 Sand Industry Enterprises" in China at China's First Sand Industry Summit in August 2008.

Licorice

Licorice is a kind of desert vegetation that is also an essential ingredient in many traditional Chinese medicines. The multiplex chemistry of licorice gives it a wide spectrum of properties, for use in a diverse range of food, candy, cosmetics and other health products. The licorice plant penetrates deep into the soil, helping to prevent soil erosion and enabling it to withstand the harsh conditions of desert areas.

Local and national government entities are supportive of the private sector's involvements in land management and conservation efforts in order to prevent unlawful and ecologically harmful practices. Through the GG Agro-Conservation Group, the Company employs its PPP business model to assist government authorities in such efforts.

During 2008, the GG Agro-Conservation Group completed the planting of 50,000 Chinese mu (approximately 3,300 hectares) of licorice (9 months in 2007: 8,000 Chinese mu (approximately 530 hectares) bringing the total cultivated area to 58,000 Chinese mu (approximately 3,830 hectares).

Salix

Salix, or sand willow, is a low growing shrub which spreads widely across the ground, and is indigenous to Inner Mongolia. Salix may also be cultivated, most notably for its erosion control characteristics. The interlacing roots of the salix plant protect the soil against the erosive action of wind and water. Easy to cultivate, salix takes root readily from cuttings.

Salix is a major raw material for fiber board and paper pulp making, and a biomass fuel for power plants. Salix is also rapidly expanding as a lignocellulosic biomass feedstock for synthesizing bio-ethanol fuel. In view of global concerns over the scarcity of fossil fuel, large scale projects to support salix development as an energy crop have already been established in developed countries. In China, salix is increasingly viewed as a viable renewable resource, as well as an important anti-desertification agent.

During 2008, GG Agro-Conservation Group planted approximately 180,000 Chinese mu (approximately 12,000 hectares) of salix (2007: 200,000 Chinese mu (approximately 13,300 hectares)) in Inner Mongolia, bringing the total cultivated area to approximately 380,000 Chinese mu (approximately 25,300 hectares).

Overall results for the agro-conservation sector

In 2008, the agro-conservation business segment generated income of approximately HK$8,287,000 (2007: approximately HK$7,467,000) from the provision of management services for the cultivation of salix and licorice. In addition, biological asset gains from the cultivation of licorice and salix amounted to approximately HK$36,930,000 (2007: approximately HK$7,690,000), as estimated by Greater China, on the basis of the fair value of these two crops less estimated point-of-sale costs with reference to the most recent market transaction prices.

Bioenergy

While a chronic shortage of conventional energy resources is the main driver behind China's push for renewable energy, the country is also making the transition out of environmental concerns. The Chinese government has pledged to integrate development and conservation, giving priority to the latter. As such, China's path for sustainable development must include energy from renewable resources, which are abundant and largely untapped in China. Exploitation of biomass energy has recently commenced, but the pace of adoption is already noticeable. China's renewable energy development has grown at annual averages of more than 20% over the past few years. Other countries are also pursuing alternative energy sources, driven both by concerns over greenhouse gas emissions and by continuing high prices of fossil fuels. India, Australia, Brazil and Kenya are all investing in renewable energy, and the new Obama administration in the United States has also pledged to increase efforts to develop sustainable energy sources.

Jatropha seeds contain a large concentration of oil with an ideal biodiesel profile. Once extracted, the oil can be used as fuel without further refining, making it an appealing option in the world's quest for alternative and renewable fuels. Additionally, as Jatropha is drought-resistant and can grow on marginal land, it offers the possibility of an economically, socially and environmentally sustainable contribution to energy security challenges. It also aligns with the Chinese government's alternative energy policy, which prohibits activities that use edible crops as feedstock or that affect farm produce.

The Group's Jatropha curcas-based bioenergy business includes operations in Hainan through 海南宏昌正科生物能源有限公司 (Hainan Venture Zhengke Bioenergy Development Company Limited*) ("Hainan Venture"), and in Laos through Lao Agro Promotion Co., Ltd. ("Lao-Agro").

Hainan Venture

To tap the promising market for bioenergy feedstock, Hainan Venture was established in late 2007 as a 90%:10% joint venture between the Group and 北京東方正科科技有限公司 (Beijing Oriental Zhengke Technology Company Limited*), a PRC company which invests in, operates and researches into bioenergy businesses. Hainan Venture is the Group's vehicle to drive its Jatropha-based bioenergy businesses in Hainan.

Hainan Venture completed the plantation of Jatropha nurseries covering an area of approximately 625 Chinese mu (approximately 42 hectares) in 2008 (2007: 150 Chinese mu (approximately 10 hectares)) with technical assistance from the Sichuan University College of Life Sciences. The saplings in these nurseries grew well and were qualified for sale after approximately 3 months of growth. Transplantation of these saplings to larger farm lands was carried out by the Hainan Partner during the year. These transplanted young Jatropha trees have already commenced flowering and bearing fruits.

To accelerate its development in China, Hainan Venture has hired experienced plantation managers to undertake Jatropha cultivation experiments in a newly established demonstration site in Hainan. We are confident of the project's prospects of becoming a showcase for China's embrace of renewable energy.

Lao-Agro

In 2007, the Group extended its bioenergy business activities from China to Laos through its 80%-held subsidiary Lao-Agro. The local partners include a Laotian enterprise, Charoen Phattana Group, and the Lao Disabled People's Association, making this venture another PPP business model.

On 26 March 2008, Lao-Agro entered into a Cooperation Agreement (the "Lao Cooperation Agreement") with NAST to establish three fully-equipped centers to perform in-depth research and development of Jatropha curcas for the production of biodiesel, as well as studying the potential use of other agricultural crops as biofuel.

* *for identification purpose only*

The project will include a Tissue Culture Center, for which construction commenced in March 2009, and a demonstration site, which has already been established to conduct cultivation experiments.

The Company's presence in Laos via Lao-Agro will act as a platform for further development and commercialization of Jatropha in Laos and other Greater Mekong Sub-region countries. It also acts as a social agent to drive the revitalization of local communities and creation of employment opportunities.

As such, management has met with officials from the northern provinces of Laos, and representatives of Mekong Agro-Industry Co., Ltd. and China Overseas Oil & Mineral Resources Investment Limited (CORiL), to discuss the possibility of expanding our plantation northwards. Initial discussions have been productive, and we have exchanged ideas on the country's implementation of new forestry laws to encourage local participation in order to improve the quality of living of farmers.

Lao-Agro completed four Jatropha nurseries in three provinces across the country, covering a total area of approximately 825 Chinese mu (approximately 55 hectares) in 2008 (2007: Nil). These nurseries produced over 14,000,000 saplings during the year which were sold to Lao-Agro's local partner for transplantation. Its local partner, under Lao-Agro's supervision, has transplanted Jatropha saplings onto an area of approximately 135,000 Chinese mu (approximately 9,000 hectares) (2007: Nil). The young Jatropha trees have been growing well since their transplantation and are already flowering.

Overall results for the bioenergy sector

The bioenergy sector generated revenue of HK$45,833,000 (2007: Nil) from sapling sales in 2008. The biological asset gains from the cultivation of Jatropha saplings during the year amounted to approximately HK$40,872,000 (2007: HK$3,565,000). This biological assets gain was determined by Greater China based on the fair value of Jatropha saplings less estimated point-of-sale costs with reference to the most recent market transaction prices.

Non-agricultural businesses

Banking and finance systems integration services: TopAsia Group

While the momentum of China's growth remains relatively stable compared with many other major economies confronted by the global financial meltdown, the situation has clearly worsened. In November 2008, the Chinese government announced RMB4 trillion in stimulus spending over the next two years, followed by the cutting of lending rates by the biggest margin in a decade. This combination of policy moves underscores the extent of official concern about the deteriorating global economy's effects on China, as well as the authorities' determination to restore confidence in the nation's economy among investors, consumers and businesses. However, government officials admitted that the stimulus measures had so far achieved only limited success and were not enough to fully counter the downturn.

During the year, China has also been plagued by a number of natural disasters including severe snowstorms and the Sichuan earthquake. As a result of this gloomy economic outlook, TopAsia Group faced formidable challenges and difficulties, and as expected 2008 saw a marked reduction in the demand for self-service equipment in the banking sector. Competing manufacturers resorted to price-cutting and extensions of warranty periods in order to promote their products and meet their sales quotas. This led to a squeezed profit margin for the business, coupled with a reduction in sales. The Company's management believes that this situation is unlikely to improve in 2009.

In view of the above factors, TopAsia Group has been looking for alternative products to supplement its ATM and self-service equipment product range. The frequent occurrences of natural disasters in 2008 have resulted in a tremendous loss of stored data. As such, Chinese enterprises are beginning to place more emphasis on information security, integrity and disaster management. During the year, TopAsia, in cooperation with the data storage systems vendor company EMC Corporation ("EMC"), signed a contract to upgrade and maintain the data storage systems of the Shanghai Post Office. TopAsia and EMC also signed a contract with Shanghai Securities Central Clearing Company for similar services. A cooperative effort between TopAsia and IBM to develop data compilation software has also seen positive results.

Internet security is also a serious concern for the financial industry. Increasing incidents of Internet crime have led the financial sector to invest heavily in network security management. TopAsia is cooperating with Symantec, a leading security products manufacturer, to provide total security solutions to financial service companies, insurance companies, foreign exchange trading centers, and other enterprises.

These new products and services hopefully will help TopAsia Group endure tough times, however, sales of these products are not expected to be substantial, because, as a result of the global economic slowdown many companies are forced to concentrate their available resources into sustaining their own businesses rather than protecting their data and information.

The revenue for TopAsia Group for the year decreased by approximately 3% to approximately HK$62,750,000 (2007: HK$64,468,000). This slight decline was attributable to a decrease in the sales of financial services products caused by competitive market condition. The direct and operating costs for TopAsia Group remained high during the year, resulting in an operating loss of approximately HK$1,913,000 (2007: approximately HK$1,330,000).

In view of the current global economic concerns, particularly in the financial services industry, TopAsia Group is expected to face a challenging business environment in 2009. We will continue to closely monitor and assess TopAsia Group's activities and prospects.

Outlook

2008 has been a landmark year for the Group's diversification into the agro-conservation and bioenergy businesses. These new business streams have brought new business vigor and growth momentum to the Group in spite of adverse market conditions.

In 2008 we established important foundations for our bioenergy businesses in Hainan and Laos. Our local joint ventures made notable progress in setting up nurseries, planting Jatropha seeds, and successfully incubating seeds into qualified saplings for sale. The Group intends to continue to expand its nurseries to ensure a stable and high quality supply of saplings for sale to and cultivation by its local partners. The local partners' successful transplantation of Jatropha saplings during the year was also encouraging and the Group looks forward to reaping the benefits of receiving a stable supply of high quality Jatropha seeds that are currently being cultivated.

During the year we also continued the expansion of our plantation of salix and licorice in Inner Mongolia, as we transition from harvesting wild to cultivated crops.

While the global economic outlook is currently uncertain, the Company's Board and management believe that the world's apparently insatiable appetite for petroleum or its replacements, coupled with increasing interest in environmentally friendly and renewable fuel resources, will ensure the long-term growth and sustainability of our business.

Liquidity and financial resources

Net assets

At 31 December 2008, the Group recorded total assets of approximately HK$491,920,000 (2007: HK$520,749,000), which were financed by liabilities of approximately HK$157,064,000 (2007: HK$195,399,000) and total equity of approximately HK$334,856,000 (2007: HK$325,350,000). The Group's net asset value as at 31 December 2008 increased by 3% to HK$332,001,000 as compared to approximately HK$322,795,000 as at 31 December 2007.

Liquidity

The Group had total cash and bank balances of approximately HK$93,754,000 as at 31 December 2008 (2007: HK$72,939,000). The net cash balance as at 31 December 2008 was also HK$93,754,000 (2007: HK$72,939,000), as the Group does not have any bank borrowings (2007: Nil).

As at 31 December 2008, the current ratio was 2.53 (2007: 1.47) and gearing ratio was 0.20 (2007: 0.24) which was defined as the Group's convertible loan notes over its equity attributable to equity holders of the Company.

Charges on assets

At 31 December 2008, no assets were pledged to banks to secure banking facilities (2007: Nil).

Treasury policies

The Group generally finances its operations with internally generated resources, proceeds from the disposal of its available-for-sale-investments and from equity fund raising activities. All financing methods, including equity, debt and other means, will be considered so long as such methods are beneficial to the Company's shareholders as a whole. Subsidiaries in the PRC use internally generated resources to finance their working capital requirements. Bank deposits are mainly in Hong Kong dollars and Renminbi.

Contingent liabilities and capital commitments

The Group had no material contingent liabilities as at 31 December 2008.

The Group had capital commitments for the acquisition of intangible assets which were contracted but not provided for totaling HK$14,751,000 (2007: Nil) and other commitments for an investment in a cooperation project which were contracted but not provided for totaling HK$23,400,000 (2007: Nil).

Foreign exchange exposure

For the year ended 2008, the Group mainly earns revenue in RMB and US$ and incurs costs in HK$, RMB and US$. Although the Group currently does not have any foreign currency hedging policies, it does not forsee any significant foreign currency exposure in the near future since the HK$ and US$ are pegged.

The Group also does not expect the appreciation of the RMB against the HK$ to have any material adverse effect on the operation of the Group as the RMB is expected to move within narrow extends to the HK$. However, any permanent or significant changes in the pegged system or the exchange rates of RMB against HK$, may have possible impact on the Group's results and financial position.

Employee and remuneration policies

As at 31 December 2008, the Group employed approximately 200 full-time members of staff in the Mainland China, Hong Kong and Laos. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

For the six months ended 30 June 2009

Financial performance

For the first half year ended 30 June 2009, the Group recorded a turnover from continuing operations of approximately HK$17,936,000 (2008: approximately HK$57,251,000), which represented a decrease of approximately 68.67%. The decrease in turnover was mainly attributed to the fact that the bioenergy and agro-conservation divisions did not carry out any harvesting or sales activities during the period under review. There was also a significant reduction in the sales of self service equipment during the first half year due to the global financial crisis.

As a result, the overall gross profit of the Group decreased by 81.50% to approximately HK$3,978,000 for the first half of 2009 from continuing operations as compared to last year (2008: approximately HK$21,508,000).

In addition, the gain from changes in the fair value of the Group's biological assets declined to approximately HK$3,054,000 in the first half of 2009 compared to approximately HK$48,140,000 for the first half year in 2008. Moreover, the Group recorded an impairment loss in respect of intangible assets of approximately HK$6,269,000 (2008: Nil) due to the Company's decision to defer its cultivation plans to the later part of the year when the global economy is expected to pick up.

For the above reasons, the Group recorded a loss attributable to equity holders of approximately HK$29,908,000 as compared to a profit of approximately HK$40,214,000 for the same period last year. Loss per share for the first half of 2009 was HK11.34 cents, compared with an earnings of HK33.90 cents per share for the same period in 2008.

Interim dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

Review of core businesses

In 2007, the Group invested in several new strategic businesses involved in the agro-conservation and bioenergy sectors. During 2008, the Group busied itself with consolidating and establishing the framework for the development of its new green ventures. However at the onset of the global financial crisis in the third quarter of 2008, the Group decided to take a more cautious approach towards the expansion of its new businesses. The Group also decided to take a conservative approach in accounting for these new projects by impairing the carrying amounts of the goodwill and intangible assets for these new projects in view of the adverse market conditions with which it was faced. The decision was a prudent one as there has been little improvement in the economic conditions during the first six months of 2009 despite governmental efforts to stimulate economic growth.

Following a year of consolidation, the Group continued its conservative approach by cutting back its cultivation and harvesting plans for its agro-conservation and bioenergy businesses during the first half of 2009. As a result, the returns on these businesses will also be delayed.

For the agro-conservation business, the Group concentrated its efforts on maintaining and safeguarding the licorice and salix that it had planted in the last one and a half years to ensure good survival and growth rates so that it will have an abundant harvests in the future.

For the bioenergy business carried out under the Hainan and Laos joint ventures, the Group conserved its resources for the forthcoming planting seasons. As such, the joint ventures did not plant or sell any Jatropha saplings for transplantation during the first six months of 2009, but intend to resume these activities in the second half of the year.

Agro-Conservation

The Company's wholly-owned subsidiaries which are involved in the agro-conservation business in Inner Mongolia are Green Global Agro-Conservation, Green Global Licorice and Green Global Salix. GG Agro-Conservation is the sub-holding company for GG Licorice and GG Salix. These three companies are together referred to as the GG-Agro-Conservation Group.

GG Agro-Conservation Group

The problem of desertification of land in China remains a national concern. The Chinese government is highly supportive of the private sector's involvement in anti-desertification projects, especially in Inner Mongolia, where it is experiencing some of the most severe desertification problems.

In January 2008, the Group's partner in Inner Mongolia, Tian Lan entered into an agreement with the Municipal Government of Hang Jin Qi (杭錦旗) for the cultivation of licorice and salix, both of which have good commercial values and are effective in preventing desertification. The Municipal Government of Hang Jin Qi also agreed to assign land use rights to Tian Lan for the cultivation of these two plants. Through our public-private partnerships ("PPP") program, Green Global Agro-Conservation entered into a cooperation agreement with Tian Lan to implement this cultivation project.

Green Global Agro-Conservation is also collaborating with the Academy of Forest Inventory and Planning (the "AFIP") for the overall project design. The AFIP, a direct subsidiary of the State Forestry Administration of China, is a pre-eminent national research institution engaged in technical project designs and development of national environmental projects.

Licorice

Licorice is an essential ingredient in many Chinese traditional medicines. Licorice-derived flavors are found in a wide spectrum of products and are used in a diverse range of foods, candies, cosmetics and other health products. The licorice plant can withstand the harsh desert climate and is effective in preventing desertification by penetrating deep into the soil to help curtail soil erosion.

Salix

Salix, also known as sand willow, is a low growing shrub which spreads widely across the ground, and is indigenous to Inner Mongolia. Salix may also be cultivated for its erosion control characteristics. The interlacing roots of the salix plant protect the soil against the erosive action of wind and water. Salix takes root readily from cutting, making them easily cultivated on a large scale.

Salix is a major raw material for fiberboard and paper pulp making and a biomass fuel for power plants. Salix is also gaining reputation as an excellent feedstock for lignocellulosic processing and fermentation into alcohol fuels such as bio-ethanol and bio-propanol. In view of global concerns over the scarcity of fossil fuels, large scale projects to support salix development as an energy crop have already been established in developed countries. In China, salix is increasingly viewed as a viable renewable resource as well as an important anti-desertification agent.

As of 30 June 2009, the total plantation area for licorice and salix remained at approximately 58,000 Chinese mu (approximately 3,867 hectares) and 380,000 Chinese mu (approximately 25,300 hectares) respectively. These licorice and salix plants are growing well. The Group did not extend its plantation areas of these two plants during the first half of 2009 as the management decided to focus on maintenance efforts and to conserve the Group's resources in view of the depressed market conditions and limitations on the availability of credit.

Bioenergy

In view of the strong sociopolitical and economic forces driving the development of renewable energy solutions, the Group intends to focus its resources on its Jatropha-based bioenergy resource business in Hainan, PRC and in Laos. The Group's vision is to create and develop a resilient and cohesive PPP platform uniting private sector investors with public institutions, government ministries and social organizations.

The Chinese government has pledged to develop and implement renewable resources and reduce carbon emissions under the Kyoto Protocol. Over the past few years, the development of sustainable energy resources in China has grown at the rate of over 20% per annum. The Government of Laos has also been supportive of private foreign-owned entities' investments in, and operation of, renewable energy projects that provide economically, socially and environmentally sustainable contributions to the nation's energy resources.

Jatropha seeds contain a large amount of natural vegetable oil which has a valuable biodiesel profile. Once extracted, the oil can even be used as fuel without further refining, making it an appealing option in the global quest for alternative and renewable fuels. Additionally, Jatropha is drought-resistant and can grow on marginal land. The Jatropha tree's benefits align closely with the Chinese and Laos governments' alternative energy policies which prohibit the production of biofuels that use edible crops as feedstock as this will adversely impact food production.

Hainan Venture and Lao Agro are the Group's subsidiaries which operate the development and commission of bioenergy business in the PRC and Laos, respectively.

Hainan Venture

Hainan Venture is a 90%:10% joint venture between the Group and 北京東方正科科技有限公司 (Beijing Oriental Zhengke Technology Company Limited), a PRC company which invests in, operates and conducts research in bioenergy businesses. Hainan Venture is the Group's vehicle to drive its Jatropha-based bioenergy resources businesses in Hainan.

In 2008, Hainan Venture completed the plantation of Jatropha nurseries covering a total area of approximately 625 Chinese mu (approximately 42 hectares). No further additions were made to the nurseries during the first half of 2009 and Hainan Venture did not plant or sell any new Jatropha saplings. All the Jatropha saplings that were sold and transplanted last year have continued to mature well and are starting to bear fruit.

Lao-Agro

In Laos, the Group's bioenergy business is carried out through its 80%-owned subsidiary, Lao-Agro which was also established under the PPP business model. The Group's partners are Charoen Phattana Group, a Laotian enterprise, and the Lao Disabled People's Association.

In 2008, Lao-Agro entered into a Cooperation Agreement (the "Lao Cooperation Agreement") with NAST to establish three fully-equipped centers to perform in-depth research and development of Jatropha curcas for the production of biodiesel, as well as studying the potential use of other agricultural crops as biofuel. The construction of a tissue culture center started in early 2009 and has been completed. It is currently being outfitted with the necessary equipment and machinery and is expected to be fully functional by the fourth quarter of 2009.

Last year, Lao-Agro completed the plantation of four Jatropha sapling nurseries in three provinces across the country, covering a total area of approximately 825 Chinese mu (approximately 55 hectares). All the Jatropha saplings were sold to Lao-Agro's local partner and successfully transplanted last year. No additional plantation or sale of saplings has been undertaken during the six months ended 30 June 2009. The Jatropha saplings that were sold and transplanted last year continue to grow well and are flowering and bearing fruit.

Other businesses

The banking and finance systems integration services are carried out through TopAsia Group.

The global financial turmoil has caused the PRC's economy to remain sluggish in the first half of 2009. In spite of the PRC government's efforts to cushion the impact by introducing various economic stimulus measures, the Group did not see any improvement in the PRC economy during the first six months of the year. As a result of the economic downturn, TopAsia Group's business underwent tremendous pressure, in particular in the sales of self-service equipment. Most of the banking and financial institutions in the PRC have cut back on their automation expansion plans. The tighter market created strong competition amongst resellers and manufacturers. There was also intense pressure on sales prices which resulted in further price reductions in the market.

Hence, as compared to the same period last year, the overall revenue from the TopAsia Group decreased as a result of lower sales revenue even though its maintenance services income remained fairly stable because the company managed to retain many of its existing maintenance contracts. The TopAsia Group currently maintains approximately 700 ATM machines for its banking and financial institutions clients.

During the period under review, the Topasia Group also cooperated with a postage machine manufacturer, Pitney Bowes Inc. of the United States of America, for the installation of over one hundred new postage machines and provided after-sale installation and maintenance services for post offices throughout Shanghai, Shandong, and Hebei.

The reduction in investment in electronic automation by the banking and financial services industry in the PRC will mean that TopAsia will continue to focus its efforts on its maintenance services business for the second half of 2009. TopAsia is confident that the maintenance contracts with its existing customers will be renewed on the basis of its customer service strength and reputation.

TopAsia has also begun to promote data storage and security products from IBM, EMC, and Oracle to its customers for test and trial runs on the expectation that the demand for data storage and backup systems will increase with the recovery of the PRC economy. Should the PRC economy recover rapidly in the second half year, TopAsia has a strategic plan to actively promote the storage and backup products to the finance, banking, securities and insurance corporations in the PRC.

Flanking the interests in data storage and backup within the PRC financial and banking industries, is the concern over data and network security. TopAsia is in cooperation with a security products manufacturer, Symantec Corporation, to provide strategic data security solutions to corporations involved in the trading of securities, insurance and foreign exchange.

TopAsia will continue to improve its financial and human resources management, maintain effective controls over costs and encourage strict accounting and compliance in order to achieve profitability.

During the period under review, Topasia Group's revenue decreased by approximately 53.27% to approximately HK$17,677,000 compared with the HK$37,827,000 recorded last year, and its net loss for the period amounted to approximately HK$663,000 compared to HK$44,000 for the first six months of 2008.

Outlook

In view of the continued economic uncertainties, the Group plans to continue to conserve its resources and to defer its plans for further cultivation of its agro-conservation and bioenergy plantation. However, signs of revival seen in the months following the first half year ended 30 June 2009 have given the Group confidence that it will be able to resume its cultivation of Jatropha curcas during the later part of the year. The Board and the management of the Company believe that, as the Kyoto Protocol comes to a close and a new and more stringent international carbon-emissions agreement is reached, there will be a continual and increasing interest in clean and environmentally-sustainable energy.

<u>Liquidity and financial resources</u>

Net assets

At 30 June 2009, the Group recorded total assets of approximately HK$391,247,000 which were financed by liabilities of approximately HK$97,818,000 and equity of approximately HK$293,429,000. The Group's net asset value as at 30 June 2009 decreased by 12.13% to approximately HK$291,743,000 compared to approximately HK$332,001,000 as at 31 December 2008.

Liquidity

The Group had total and net cash and bank balances of approximately HK$19,878,000 as at 30 June 2009 (At 31 December 2008: approximately HK$93,754,000).

As at 30 June 2009, the Group's current ratio was 1.38 (At 31 December 2008: 2.53) and its gearing ratio was 0.08 (At 31 December 2008: 0.20) which was defined as the Group's convertible loan notes over its equity attributable to the equity holders of the Company.

Charges on assets

At 30 June 2009, no fixed deposits or other assets were pledged to banks to secure banking facilities (At 31 December 2008: nil).

Treasury policies

The Group generally finances it operations with internally generated resources, proceeds from the disposal of its available-for-sale-investments and from equity fund raising activities. All financing methods, including equity, debt and other means, will be considered so long as such methods are beneficial to shareholders as a whole. Subsidiaries in the PRC use internally generated resources to finance their working capital requirements. Bank deposits are mainly in Hong Kong dollars and Renminbi.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2009 (At 31 December 2008: nil).

As at 30 June 2009, the Group had no capital commitments for the acquisition of intangible assets which were contracted but not provided for (At 31 December 2008: HK$14,751,000) but had other commitments for an investment in a cooperation project which were contracted but not provided for totaling approximately HK$21,744,000 (At 31 December 2008: HK$23,400,000).

Foreign exchange exposure

For the period ended 30 June 2009, the Group mainly earns revenue in RMB and US$ and incurs costs in HK$, RMB and US$. Although, the Group currently does not have any foreign currency hedging policies, it does not foresee any significant foreign currency exposure in the near future since the HK$ and the US$ are pegged.

The Group also does not expect any fluctuation of the exchange rates between RMB and the HK$ to have any material adverse effect on the operations of the Group as the RMB is expected to move within a narrow range to the HK$. However, any permanent or significant changes in the pegged system or the exchange rates of the RMB against the HK$, may have possible impact on the Group's results and financial position.

Employee and remuneration policies

As at 30 June 2009, the Group employed approximately 220 full time members of staff in the Mainland China, Hong Kong and Laos. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

5. INDEBTEDNESS AND CONTINGENT LIABILITIES

At the close of business on 31 August 2009, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had indebtedness as follows:

The Group

The Group had outstanding Convertible Bonds of HK$22,377,000 and capital commitments for an investment in a cooperation project which were contracted but not provided for totaling approximately HK$21,299,000.

At the close of business on 31 August 2009, the Group had total future minimum lease payments under non-cancellable operating lease in respect of rented premises amounting to approximately HK$2,983,000.

The Target Group

The Target Group had outstanding shareholder's loan amounting to HK$22,202,000, which is unsecured, interest-free and repayable on demand, and capital commitments for a cooperation project which were contracted but not provided for totaling US$900,000 (representing approximately HK$6,977,000).

At the close of business on 31 August 2009, the Target Group had total future minimum lease payments under non-cancellable operating lease in respect of rented premises amounting to approximately HK$203,000.

For the purpose of the above indebtedness statement, the foreign currency amounts have been translated into HK$ at the rates of exchange prevailing at the close of business on 31 August 2009.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, 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 borrowings and overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortages, charges, hire purchases or finance lease, commitments, guarantees or other material contingent liablities.

6. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account its internal resources of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements in the next twelve months from the date of this circular.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2009, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, the date to which the latest audited consolidated financial statements of the Group were made up.

8. TRADING AND FINANCIAL PROSPECTS OF THE ENLARGED GROUP

Currently, the Group's main income contributor is the TopAsia Group, which is involved in the banking and finance systems integration services. The TopAsia Group has been a stable income contributor to the Group. In 2007, the Group ventured into the agro-conservation and bioenergy sectors, however, these businesses are still in their infancy and are not expected to make significant contribution to the Group's income for another year or two. After Completion, the Group intends to roll out its open-pit mining operations on the Mine focusing on the First Area, as the iron ore deposits are close to the surface. The Group expects to start generating revenue from the sales of the concentrated iron ore lumps extracted from the open-pit mining as early as the second half of next year. Going forward, the Group intends to allocate more resources and capital investments into its mining operation by setting up processing plants to produce iron-ore fines.

The Group intends to take a conservative approach towards its agro-conservation and bioenergy businesses and to focus on its new mining business. Having considered the future trading prospects of the iron ore industry, the Board believes that the Acquisition will generate additional income to the Group.

1. ACCOUNTANTS' REPORT ON THE TARGET COMPANY

The following is the text of the accountants' report on the Target Company received from SHINEWING (HK) CPA Limited, certified public accountants, for inclusion in this circular.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

23 October 2009

The Board of Directors
Green Global Resources Limited
9th Floor
Wincome Centre
Nos. 39–41 Des Voeux Road Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding North Asia Resources Group Limited (the "North Asia") and its subsidiary (hereinafter collectively referred to as the "North Asia Group") for the period from 29 May 2009 (date of incorporation) to 30 June 2009 (the "Relevant Period") for inclusion in a circular issued by Green Global Resources Limited (the "Company") dated 23 October 2009 (the "Circular") in connection with the proposed acquisition of the entire interests in North Asia (the "Proposed Acquisition").

North Asia was incorporated in the British Virgin Islands ("BVI") on 29 May 2009 with limited liability. North Asia is an investment holding company.

As at the date of this report, North Asia has beneficial interest in the following subsidiary:

Name of subsidiary	Place and date of incorporation	Issued share capital	Proportion of direct equity interest held	Principal activities
Golden Pogada LLC ("Golden Pogada")	Mongolia 18 January 2007	Tugrik ("MNT") 142,100,000	90%	Geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade

Golden Pogada is a private limited company incorporated in Mongolia. North Asia Group has adopted 31 December as its financial year end date.

No statutory audited financial statements have been prepared by North Asia Group and North Asia for the Relevant Period as there is no statutory requirement for it to prepared audited financial statements.

For the purpose of this report, the directors of North Asia have prepared the consolidated financial statements of North Asia Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

For the purpose of this report, we have carried out independent audit procedures on the Underlying Financial Statements for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA. No adjustments are considered necessary to adjust the Underlying Financial Statements for the preparation of the Financial Information. We have examined the Financial Information and have carried out additional procedures as considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Underlying Financial Statements are the responsibility of the directors of North Asia who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

OPINION

In our opinion, the Financial Information for the purpose of this report gives a true and fair view of the state of affairs of the North Asia Group and North Asia as at 30 June 2009 and of the consolidated result and consolidated cash flow for the Relevant Period.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 2 to the Financial Information which indicates that the North Asia Group and North Asia had a net current liabilities of US$1,768,786 and US$1,819,678, respectively and a capital deficiency of US$1,610,459 and US$37,678 as at 30 June 2009. These conditions as set out in Note 2 to the Financial Information indicate the existence of material uncertainty which may cast significant doubt about the North Asia Group and North Asia's ability to continue as a going concern.

(A) FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Period from 29 May 2009 (date of incorporation) to 30 June 2009 US$
Turnover	8	–
Administrative expenses		(90,972)
Impairment loss recognised in respect of goodwill	14	(1,590,739)
Loss before taxation	9	(1,681,711)
Income tax expense	12	–
Loss and total comprehensive expense for the period		(1,681,711)
Loss and total comprehensive expense attributable to:		
Owners of North Asia		(1,681,406)
Minority interests		(305)
		(1,681,711)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2009 US$
Non-current assets		
Exploration and evaluation assets	13	174,371
Goodwill	14	–
		174,371
Current assets		
Other receivables		53,700
Amount due from a minority shareholder	16	10,000
Bank balances		36,288
		99,988
Current liabilities		
Other payables	17	82,669
Amount due to immediate holding company	16	1,786,105
		1,868,774
Net current liabilities		(1,768,786)
		(1,594,415)
Capital and reserve		
Share capital	18	50,000
Reserve		(1,681,406)
Equity attributable to the owners of North Asia		(1,631,406)
Minority interests		20,947
		(1,610,459)
Non-current liabilities		
Deferred tax liability	19	16,044
		(1,594,415)

STATEMENT OF FINANCIAL POSITION

		As at 30 June 2009
	Notes	*US$*
Non-current asset		
Investment in a subsidiary	*15*	1,782,000
Current asset		
Amount due from a subsidiary	*15*	41,096
Current liabilities		
Other payables	*17*	74,669
Amount due to immediate holding company	*16*	1,786,105
		1,860,774
Net current liabilities		(1,819,678)
		(37,678)
Capital and reserve		
Share capital	*18*	50,000
Accumulated loss		(87,678)
Equity attributable to the owners of North Asia		(37,678)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of North Asia				
	Share capital	Accumulated losses	Total equity	Minority interests	Total
	US$	*US$*	*US$*	*US$*	*US$*
Issue of shares at the date of incorporation	50,000	–	50,000	–	50,000
Acquisition of a subsidiary	–	–	–	21,252	21,252
Loss and total comprehensive expense for the period	–	(1,681,406)	(1,681,406)	(305)	(1,681,711)
At 30 June 2009	50,000	(1,681,406)	(1,631,406)	20,947	(1,610,459)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period from 29 May 2009 (date of incorporation) to 30 June 2009 US$
OPERATING ACTIVITIES		
LOSS BEFORE TAXATION		(1,681,711)
Adjustment for:		
Impairment loss recognised in respect of goodwill		1,590,739
Operating cash flows before movements in working capital		(90,972)
Increase in other receivables		(48,300)
Increase in other payables		68,669
NET CASH USED IN OPERATING ACTIVITIES		(70,603)
CASH USED IN INVESTING ACTIVITY		
Acquisition of a subsidiary (net of cash and cash equivalents)	20	(1,729,214)
FINANCING ACTIVITIES		
Advance from immediate holding company		1,786,105
Issue of shares		50,000
NET CASH FROM FINANCING ACTIVITIES		1,836,105
NET INCREASE IN CASH AND CASH EQUIVALENT AND CASH AND CASH EQUIVALENT AT END OF THE PERIOD, represented by bank balances		36,288

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

North Asia is a limited company incorporated in BVI. The address of the registered office is Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, BVI, and the address of the principal place of business is 24th Floor, Prosperous Commercial Building, 54-58, Jardine's Bazaar, Causeway Bay, Hong Kong.

North Asia is an investment holding company and the principal activities of its subsidiary are geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade.

As at 30 June 2009, the directors of North Asia consider the immediate holding company of North Asia is Mountain Sky Resources (Mongolia) Limited.

The financial statements are presented in United States Dollar ("US$"), which is the same as the functional currency of North Asia Group.

2. BASIS OF PREPARATION

The Financial Information has been prepared on a going concern basis because Mountain Sky Resources (Mongolia) Limited and Ultra Asset International Limited, the shareholders of North Asia, have agreed to provide adequate funds to enable the North Asia Group and North Asia to meet in full its financial obligations as they fall due so long as it remains as its shareholder. The Company has also agreed that upon completion of its acquisition of the entire interests in North Asia, it will provide financial support to the North Asia Group and North Asia to enable it to meet its financial obligations as they fall due for the foreseeable future.

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

For the purpose of preparing and presenting the Financial Information of the Relevant Period, North Asia Group has consistently adopted all the new or revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and Interpretations ("INT(s)") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2009.

North Asia Group has not early applied the following new and revised standards, amendments or INTs that have been issued but are not yet effective as at the date of this report.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC)-INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-INT 18	Transfers of Assets from Customers[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that is effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods ending on or after 30 June 2009.
5 Effective for transfers on or after 1 July 2009.

The directors of North Asia anticipate that the adoption of new and revised standards, amendments and INTs will have no material impact on the results and the financial position of North Asia.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. These accounting policies have been consistently applied throughout the Relevant Period.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and the accounting policies have been consistently applied throughout the Relevant Period and are materially consistent with the accounting polices adopted by the Company. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Basis of consolidation

The Financial Information incorporates the Financial Information of North Asia and entity controlled by North Asia (its subsidiary). Control is achieved where North Asia has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The result of the subsidiary acquired or disposed of during the Relevant Period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the Financial Information of subsidiary to bring its accounting policies into line with those used by other members of the North Asia Group.

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

Minority interests in the net assets of consolidated subsidiary are presented separately from North Asia 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 interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling in excess of the minority interest in the subsidiary's equity are allocated against the interests of North Asia Group except to the extent that the minority interest has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by North Asia Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

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

The interest of minority shareholders in the acquiree is initially measured at the minority interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

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

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

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

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible assets or other fixed assets. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statements of financial position when an 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

North Asia Group's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including other receivables, amount due to a minority shareholder and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

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

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

- significant financial difficulty of the issuer or counterparty; or
- 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 asset, such as other 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 receivables could include the Group's past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on other 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 other 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 an other 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.

Financial liabilities and equity

Financial liabilities and equity instruments issued by an 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 North Asia Group after deducting all of its liabilities. North Asia Group's financial liabilities are generally classified as other financial 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.

Other financial liabilities

Other financial liabilities (including other payables and amount due to immediate holding company) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by North Asia Group 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 North Asia 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.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit, and are 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset 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.

Leasing

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant leases.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange difference arising on the retranslation of non-monetary items at fair value is included in profit or loss for the period.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of North Asia Group's accounting policies, which are described in Note 4, the directors of North Asia are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgment

The following is the critical judgment, apart from those involving estimations, that the directors of North Asia have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going concern basis

The assessment of the going concern assumption involves making a judgement by the directors of North Asia, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of North Asia considers that North Asia Group and North Asia has the ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumption are set out in Note 2.

Key sources of estimation uncertainty

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

Impairment of exploration and evaluation assets

Under the full cost method of accounting exploration and evaluation costs, such costs are capitalised by reference to appropriate cost pools, and are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves judgment as to (i) the likely future commerciality of the asset and when such commerciality should be determined; and (ii) future revenues and costs pertaining to the asset in question, and the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value. While conducting an impairment review of its assets, North Asia Group makes certain judgments in making assumptions about the future iron prices, reserves and future development and production costs. Changes in these estimates mat result in significant charges to the consolidated statement of comprehensive income.

Mongolia enterprise income taxes and deferred taxation

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. North Asia Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Estimated impairment of goodwill

North Asia Group determines whether goodwill is impaired on an annual basis or when there is an indication that the goodwill may be impaired. Determine whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The North Asia Group's management determines the impairment of goodwill with reference to the valuation report issued by an independent professional qualified valuer not connected to the North Asia Group.

6. CAPITAL RISK MANAGEMENT

The North Asia Group manages its capital to ensure that it 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 capital structure of North Asia Group consists of equity attributable to the owners of North Asia, comprising issued capital and reserves.

The North Asia Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of North Asia Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

The North Asia Group

	As at 30 June 2009 *US$*
Loan and receivables (including bank balances)	46,288
Financial liabilities at amortised cost	1,868,774

North Asia

	As at 30 June 2009 *US$*
Loan and receivables (including bank balances)	41,096
Financial liabilities at amortised cost	1,860,774

7b. Financial risk management objectives and policies

The North Asia Group's and North Asia's major financial instruments include other receivables, amount due from a minority shareholder, bank balances, other payables, amount due to immediate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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.

(i) Currency risk

North Asia Group's and North Asia's principal businesses are conducted and recorded in US$. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by the management.

(ii) Interest rate risk

North Asia Group and North Asia has no significant interest bearing assets and liabilities, North Asia Group's and North Asia's exposure to interest rate is minimal.

(iii) Credit risk

North Asia Group and North Asia has no significant exposure to credit risk and any significant concentration of credit risk.

(iv) Liquidity risk

North Asia Group and North Asia are exposed to liquidity risk as at 30 June 2009 as its financial assets due within one year was less then its financial liabilities due within one year. North Asia Group and North Asia reported net current liabilities of US$1,768,786 and US$1,819,678, respectively and a capital deficit of US$1,610,459 and US$37,678, respectively as at 30 June 2009.

The directors have given careful consideration on the measures currently undertaken in respect of North Asia Group's and North Asia's liquidity position. The directors of North Asia believe that North Asia Group and North Asia will be able to meet in full its financial obligations as they fall due.

The directors of North Asia have given careful consideration on the measures currently undertaken in respect of North Asia Group's and North Asia's liquidity position. All financial liabilities are non-interest bearing and, their maturity dates are within one year or repayable on demand.

7c. Fair value

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other 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 and dealer quotes for similar instrument.

The directors of North Asia consider that the carrying amounts of financial assets and financial liabilities of North Asia Group and North Asia recorded at amortised cost in the Financial Information approximate to their fair values due to their short-term maturities.

8. TURNOVER AND SEGMENT INFORMATION

North Asia Group did not generate any turnover during the Relevant Period.

No segment information is presented as North Asia Group mainly operates in one single industry, geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade and operates within one geographic location which is also the same basis as financial information that is reported internally to the chief operating decision maker, the directors of the North Asia. Substantially all of North Asia Group's assets and liabilities are located in Mongolia and therefore no geographical information has been disclosed for the Relevant Period.

9. LOSS BEFORE TAXATION

	Period from 29 May 2009 (date of incorporation) to 30 June 2009
	US$
Loss before taxation has been arrived at after charging:	
Directors' emoluments *(Note 10)*	51,282
Other staff costs	2,564
Retirement benefits scheme contributions, excluding directors	–
Total staff costs	53,846
Auditors' remunerations	–
Payments under operating lease in respect of land and buildings	900

10. DIRECTOR'S REMUNERATION AND THE FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration

Name of Director	Salaries and other benefits	Retirement benefit scheme contributions	Total
	US$	*US$*	*US$*
Mr. Chan Kwan Hung ("Mr. Chan")	25,641	–	25,641
Mr. King Jun Chih, Joseph ("Mr. King")	25,641	–	25,641
	51,282	–	51,282

(b) The five highest paid employees

The five highest paid individuals for the Relevant Period include two directors. Details of whose emoluments are included in the disclosure above. The emoluments of the remaining one individual, which is individually below US$128,205 (approximately HK$1,000,000) for the Relevant Period is as follows:

	Period from 29 May 2009 (date of incorporation) to 30 June 2009
	US$
Salary and other benefits	2,564
Retirement benefit scheme contribution	–
	2,564

(c) During the Relevant Period, no emoluments were paid by North Asia Group to the directors or employee as an inducement to join or upon joining North Asia Group or as compensation for loss of office.

(d) The key management personnel of the Group comprise all directors of the Company, details of the emoluments are disclosed in Note 10(a).

11. DIVIDEND

No dividends was paid or proposed during the Relevant Period.

12. INCOME TAX EXPENSE

	Period from 29 May 2009 (date of incorporation) to 30 June 2009
	US$
Mongolia enterprise income tax	–

Mongolia enterprise income tax was calculated at 10% on the estimated assessable profit for the period.

	Period from 29 May 2009 (date of incorporation) to 30 June 2009
	US$
Loss before taxation	(1,681,711)
Tax at the domestic income tax rate of 10%	(168,171)
Tax effect of expenses not deductible for tax purpose	168,171
Income tax expense for the period	–

Details of deferred tax are set out in Note 19.

13. EXPLORATION AND EVALUATION ASSETS

The North Asia Group

	US$
COST	
At 29 May 2009 (date of incorporation)	–
Acquisition of a subsidiary	174,371
At 30 June 2009	174,371

The exploration and evaluation assets represent an exploration license 3629X for the exploration of an iron mine located in Mongolia. The exploration license will be expired on 23 August 2010.

14. GOODWILL

The North Asia Group

	US$
COST	
At 29 May 2009 (date of incorporation)	–
Arising on acquisition of a subsidiary *(Note 20)*	1,590,739
At 30 June 2009	1,590,739
ACCUMULATED IMPAIRMENT	
At 29 May 2009 (date of incorporation)	–
Impairment loss recognised during the period	1,590,739
At 30 June 2009	1,590,739
CARRYING AMOUNTS	
At 30 June 2009	–

As at 30 June 2009, the directors of North Asia reviewed the recoverable amounts of the goodwill, with reference to the valuation report issued by Greater China Appraisal Limited, an independent professional valuer not connected with the North Asia Group and an impairment loss of US$1,590,739 was recognised.

15. INVESTMENT IN A SUBSIDIARY

North Asia

	US$
Unlisted shares, at cost	1,782,000

The details of the subsidiary is set out as follow:

Name of subsidiary	Place and date of incorporation	Issued share capital	Proportion of direct equity interest held	Principal activities
Golden Pogada	Mongolia 18 January 2007	MNT142,100,000	90%	Geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade

The subsidiary had not issued any debt securities during the Relevant Period and at the end of the Relevant Period.

Amount due from a subsidiary is unsecured, interest-free and repayable on demand.

16. AMOUNT DUE FROM (TO) A MINORITY SHAREHOLDER/ IMMEDIATE HOLDING COMPANY

North Asia Group and North Asia

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

17. OTHER PAYABLES

North Asia Group and North Asia

Included in other payables are amounts in total of US$51,282 representing accrued directors' emoluments due to North Asia's directors.

18. SHARE CAPITAL

	No. of shares	Amount *US$*
Ordinary share of US$1 each		
Authorised, issued and fully paid		
At 29 May 2009 (date of incorporation) and 30 June 2009	50,000	50,000

North Asia was incorporated as a limited liability company in BVI with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. On 29 May 2009, 50,000 ordinary share of US$1 each was allotted and issued for cash at par, as initial working capital.

19. DEFERRED TAX LIABILITY

The North Asia Group

The following are the major deferred tax liability recognised and movements thereof during the Relevant Period.

	Exploration and evaluation assets *US$*
At 29 May 2009 (date of incorporation)	–
Acquisition of a subsidiary *(Note 20)*	16,044
At 30 June 2009	16,044

20. ACQUISITION OF A SUBSIDIARY

On 22 June 2009, North Asia acquired 90% equity interest of Golden Pogada for a consideration of US$1,782,000. The acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of acquisition was US$1,590,739.

The net assets acquired in the transaction and the goodwill arising is as follows:

	Acquiree's carrying value before acquisition	Fair value adjustment	Fair value
	US$	*US$*	*US$*
Exploration and evaluation assets	13,932	160,439	174,371
Other receivables	5,400	–	5,400
Amount due from a minority shareholder	10,000	–	10,000
Amount due from immediate holding company	52,198	–	52,198
Bank balances	588	–	588
Other payables	(14,000)	–	(14,000)
Deferred tax liability	–	(16,044)	(16,044)
	68,118	144,395	212,513
Minority interests			(21,252)
Goodwill			1,590,739
Total consideration			1,782,000
Total consideration satisfied by:			
Cash			1,729,802
Amount due from immediate holding company			52,198
			1,782,000
Net cash outflow arising on acquisition:			
Cash consideration			(1,729,802)
Bank balances acquired			588
			(1,729,214)

The goodwill arising on acquisition of Golden Pogada is attributable to the prospect of the mining business.

Golden Pogada contributed loss of approximately US$3,294 to the North Asia Group's loss for the period between the date of acquisition and 30 June 2009.

If the acquisition had been completed on 29 May 2009, there would have been no significant impact on North Asia Group's turnover and the North Asia Group's loss for the period from 29 May 2009 to 30 June 2009 would have been increased by US$35,176. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of North Asia Group that actually would have been achieved had the acquisition been completed on 29 May 2009, nor it is intended to be a projection of future results.

21. COMMITMENTS

North Asia Group as lessee

North Asia Group leases certain of its office premises and staff quarters under operating lease arrangements. Lease for properties are negotiated for a term ranging from two months to three years and rentals are fixed.

At the end of each reporting periods, the North Asia Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2009
	US$
Within one year	24,640
In the second to fifth year inclusive	3,248
	27,888

North Asia has no operating lease commitment as at 30 June 2009.

22. RELATED PARTY TRANSACTIONS

On 22 June 2009, North Asia acquired 90% interests of Golden Pogada from M & S Resources Holdings Limited ("M & S"). M & S is owned as to 40% by Mr. King's wife and 40% by Mr. Chan. Mr. King and Mr. Chan are the directors of North Asia.

23. NON-CASH TRANSACTION

On 22 June 2009, North Asia acquired 90% equity interest of Golden Pogada for a consideration of US$1,782,000, of which US$52,198 was settled through the settlement of an amount due from immediate holding company.

24. SUBSEQUENT EVENTS

On 16 July 2009, the minority shareholder of Golden Pogada has transferred its entire interest in Golden Pogada to China Railway Mongolia Investment LLC ("China Railway Mongolia") (the "Transfer"). In connection with the Transfer, North Asia has entered into a joint venture agreement with China Railway Mongolia. Details of this particular had been set out in the Company's announcement dated 18 August 2009.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of North Asia Group and North Asia have been prepared in respect of any period subsequent to 30 June 2009.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET COMPANY

For the period from 29 May 2009 (date of incorporation) to 30 June 2009

Result and financial position

The Target Group consists of the Target Company and Golden Pogada. The Target Company, a company incorporated in BVI with limited liability on 29 May 2009, is an investment holding company and held 90% equity interest in Golden Pogada as at the Latest Practicable Date. Please refer to Appendix III to this circular for the financial information of Golden Pogada.

Save for the acquisition of a 90% equity interest in Golden Pogada and transactions arising from and incidental to such acquisition, the Target Company has not commenced operation or generated any revenue since the date of its incorporation to 30 June 2009. The audited consolidated loss before taxation of the Target Company for the period from 29 May 2009 (the date of incorporation) to 30 June 2009 was US$1,681,711 (equivalent to approximately HK$13,117,346). There was no taxation incurred for the period. The audited loss and total comprehensive expense attributable to owners of the Target Company for the period was approximately US$1,681,406 (equivalent to approximately HK$13,114,967). The loss for the aforesaid period was mainly attributable to the impairment loss recognised in respect of the goodwill arising from the acquisition of a 90% equity interest in Golden Pogada (which holds the Exploration Licence) by the Target Company on 22 June 2009.

As at 30 June 2009, given that the Target Company was indebted to Mountain Sky for an amount of US$1,786,105 (equivalent to approximately HK$13,931,619), the Target Company had audited consolidated net current liabilities of US$1,768,786 (equivalent to approximately HK$13,796,531) and net liabilities of US$1,610,459 (equivalent to approximately HK$12,561,580). Pursuant to the Deed of Capitalisation to be entered into prior to Completion, such outstanding indebtedness to Mountain Sky shall be capitalised by way of the issue of 10,000 new Target Company Shares.

Exchange risk and hedging

The Target Company mainly operates in Hong Kong and its principal businesses are conducted in HK$ and US$ and its financial records are presented in US$. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by its management.

Capital structure, liquidity, financial resources

As at 30 June 2009, the Target Group's bank balances amounted to approximately US$36,288 (equivalent to approximately HK$283,046). It had no bank borrowings but had a total of US$1,786,105 (equivalent to approximately HK$13,931,619) due to immediate holding company as at 30 June 2009. The amount due to immediate holding company is unsecured, interest-free and repayable on demand.

Treasury policies

As the Target Company was only recently incorporated, it financed its operations through capital injections and loans from an immediate holding company.

Charges on assets

As at 30 June 2009, the Target Group did not pledge any assets to banks to secure banking facilities.

Contingent liabilities

As at 30 June 2009, the Target Group had no material contingent liabilities.

Commitments

The Target Group leased its office premise and staff quarters under operating lease arrangements. These non-cancellable operating leases were negotiated for terms ranging from two months to three years and rentals are fixed. As at 30 June 2009, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases amounting to US$27,888 (equivalent to approximately HK$217,526).

Significant investments, material acquisitions and disposals

Save for the acquisition of the 90% equity interest in Golden Pogada, the Target Company did not undertake any significant investments, material acquisitions or disposals of subsidiaries or assets during the period from 29 May 2009 (the date of incorporation) to 30 June 2009.

Employees and remuneration policy

As at 30 June 2009, the Target Company had one employee. The total amount of remuneration paid by the Target Company to its employee for the period was approximately US$2,564 (equivalent to approximately HK$19,999).

In order to retain and attract high caliber executives and employees, the Target Company rewards its employees according to the prevailing market practices and the employees' individual experience and performance. In addition to the provision of annual bonus, retirement benefit and medical insurance coverage and discretionary bonuses are also available to employees based on their performance.

Future plans and prospects

Looking forward, the Target Company will continue to allocate resources and investments into Golden Pogada for further exploration and exploitation of the proven reserves in the Mine and recoveries on a larger commercial scale.

1. ACCOUNTANTS' REPORT ON GOLDEN POGADA

The following is the text of the accountants' report on Golden Pogada received from SHINEWING (HK) CPA Limited, certified public accountants, for inclusion in this circular.

23 October 2009

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

The Board of Directors
Green Global Resources Limited
9th Floor
Wincome Centre
Nos. 39–41 Des Voeux Road Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Golden Pogada LLC ("Golden Pogada") for the period from 18 January 2007 (date of incorporation) to 31 December 2007 and the year ended 31 December 2008 and for the six months ended 30 June 2009 (the "Relevant Periods") for inclusion in a circular issued by Green Global Resources Limited (the "Company") dated 23 October 2009 (the "Circular") in connection with the proposed acquisition of the entire interests in North Asia Resources Group Limited (the "Proposed Acquisition").

Golden Pogada was incorporated in Mongolia on 18 January 2007 with limited liability. The principal activities of Golden Pogada are geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade. Golden Pogada has adopted 31 December as its financial year end date.

No statutory audited financial statements have been prepared by Golden Pogada for the Relevant Periods as there is no statutory requirement for it to prepared audited financial statements.

For the purpose of this report, the directors of Golden Pogada have prepared the financial statements of Golden Pogada for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

For the purpose of this report, we have carried out independent audit procedures on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA. No adjustments are considered necessary to adjust the Underlying Financial Statements for the preparation of the Financial Information. We have examined the Financial Information and have carried out additional procedures as considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Underlying Financial Statements are the responsibility of the directors of Golden Pogada who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

Opinion

In our opinion, the Financial Information for the purpose of this report gives a true and fair view of the state of Golden Pogada's affairs as at 31 December 2007 and 2008 and 30 June 2009 and of its results and cash flows for the Relevant Periods.

Review opinion

For the purpose of this report, we have also reviewed the unaudited financial information of Golden Pogada comprising the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2008, together with notes thereto (the "June 2008 Financial Information"), for which the directors of Golden Pogada are responsible, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the June 2008 Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 2008 Financial Information.

Base on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the June 2008 Financial Information is not prepared, in all material aspects, in accordance with the same basis adopted in respect of the Financial Information.

(A) FINANCIAL INFORMATION

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Period from 18 January 2007 (date of incorporation) to 31 December 2007	Year ended 31 December 2008	Six months ended 30 June 2008	2009
		US$	US$	US$ (Unaudited)	US$
Turnover	*7*	–	–	–	–
Administrative expenses		–	(246)	–	(35,176)
Loss before taxation	*8*	–	(246)	–	(35,176)
Income tax expense	*11*	–	–	–	–
Loss and total comprehensive expense for the period/year		–	(246)	–	(35,176)

STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 June
		2007	2008	2009
	Notes	*US$*	*US$*	*US$*
Non-current asset				
Exploration and evaluation assets	*12*	–	–	13,932
Current assets				
Other receivables		–	–	53,700
Amount due from a shareholder	*13*	991	1,000	10,000
Bank balances		9	–	36,288
		1,000	1,000	99,988
Current liabilities				
Other payables		–	–	8,000
Amount due to immediate holding company	*13*	–	–	41,096
		–	–	49,096
Net current assets		1,000	1,000	50,892
		1,000	1,000	64,824
Capital and reserves				
Share capital	*14*	1,000	1,000	100,000
Reserves		–	–	(35,176)
		1,000	1,000	64,824

STATEMENTS OF CHANGES IN EQUITY

	Share capital US$	Capital reserve *(Note)* US$	Accumulated losses US$	Total equity US$
Issue of shares at the date of incorporation and at 31 December 2007	1,000	–	–	1,000
Capital contribution from a shareholder	–	246	–	246
Loss and total comprehensive expense for the year	–	–	(246)	(246)
At 31 December 2008	1,000	246	(246)	1,000
Issue of new shares	99,000	–	–	99,000
Loss and total comprehensive expense for the period	–	–	(35,176)	(35,176)
At 30 June 2009	100,000	246	(35,422)	64,824

	Share capital US$	Capital reserve *(Note)* US$	Accumulated losses US$	Total equity US$
For the six months ended 30 June 2008 (unaudited)				
At 1 January 2008 and at 30 June 2008	1,000	–	–	1,000

Note: The capital reserve represents waiver of amount due to a shareholder of Golden Pogada during the year ended 31 December 2008. As the waived amount is in substance equivalent to a capital contribution to Golden Pogada, hence, it was accounted for as capital reserve.

STATEMENTS OF CASH FLOWS

	Period from 18 January 2007 (date of incorporation) to 31 December 2007	Year ended 31 December 2008	Six months ended 30 June 2008	Six months ended 30 June 2009
	US$	US$	US$ (Unaudited)	US$
OPERATING ACTIVITIES				
LOSS BEFORE TAXATION	–	(246)	–	(35,176)
Adjustments for:				
Written off of an exploration and evaluation assets	–	246	–	–
Operating cash flow before movements in working capital	–	–	–	(35,176)
Increase in other receivables	–	–	–	(53,700)
Increase in other payables	–	–	–	8,000
NET CASH USED IN OPERATING ACTIVITIES	–	–	–	(80,876)
INVESTING ACTIVITY				
Acquisition of exploration and evaluation assets	–	–	–	(13,932)
NET CASH USED IN INVESTING ACTIVITY	–	–	–	(13,932)
FINANCING ACTIVITIES				
Advance from immediate holding company	–	–	–	41,096
Advance from (repayment to) a shareholder	9	(9)	–	–
Issue of shares	–	–	–	90,000
NET CASH FROM (USED IN) FINANCING ACTIVITIES	9	(9)	–	131,096
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	9	(9)	–	36,288
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	–	9	–	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR, represented by bank balances	9	–	–	36,288

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Golden Pogada is a private limited company incorporated in Mongolia. The address of the registered office is Flat#80, House#13, 13th Subdistrict, 18th Khoroo, Bayan Zurth District, Ulaanbaaar City, Mongolia, and the address of the principal place of business is Room#503, ROKMON Building Constitution's Street-24, Ulaanbaaar City, Mongolia.

The principal activities of Golden Pogada are geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade.

As at 30 June 2009, the directors of Golden Pogada consider the immediate holding company and the ultimate holding company of Golden Pogada are North Asia Resources Group Limited and Mountain Sky Resources (Mongolia) Limited, respectively.

The Financial Information are presented in United States Dollar ("US$"), which is the same as the functional currency of Golden Pogada.

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

For the purpose of preparing and presenting the Financial Information of the Relevant Periods, Golden Pogada has consistently adopted all the new or revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and Interpretations ("INT(s)") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2009.

Golden Pogada has not early applied the following new and revised standards, amendments or INTs that have been issued but are not yet effective as at the date of this report.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC)-INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-INT 18	Transfers of Assets from Customers[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that is effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods ending on or after 30 June 2009.
5 Effective for transfers on or after 1 July 2009.

The directors of Golden Pogada anticipate that the adoption of such standards, amendments and INTs will have no material impact on the results and the financial position of Golden Pogada.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. These accounting policies have been consistently applied throughout the Relevant Periods.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and the accounting policies have been consistently applied throughout the Relevant Periods and are materially consistent with the accounting polices adopted by the Company. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible assets or other fixed assets. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the statements of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when an 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

Golden Pogada's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including other receivables, amount due from a shareholder and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

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

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

- significant financial difficulty of the issuer or counterparty; or
- 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 asset, such as other 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 receivables could include Golden Pogada's past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on other 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 other 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 an other 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 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 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 an 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 Golden Pogada after deducting all of its liabilities. Golden Pogada's financial liabilities are generally classified as other financial 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.

Other financial liabilities

Other financial liabilities (including other payables and amount due to immediate holding company) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by Golden Pogada 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 Golden Pogada 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.

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/period. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other year/period and it further excludes items that are never taxable or deductible. Golden Pogada's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit, and are 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.

Deferred tax is calculated at the tax rates that are expected to apply in the year/period when the liability is settled or the asset 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.

Leasing

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant leases.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange difference arising on the retranslation of non-monetary items at fair value is included in profit or loss for the period.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Impairment of exploration and evaluation assets

Under the full cost method of accounting exploration and evaluation costs, such costs are capitalised by reference to appropriate cost pools, and are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves judgment as to (i) the likely future commerciality of the asset and when such commerciality should be determined; and (ii) future revenues and costs pertaining to the asset in question, and the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value. While conducting an impairment review of its assets, Golden Pogada makes certain judgments in making assumptions about the future iron prices, reserves and future development and production costs. Changes in these estimates may result in significant charges to the statements of comprehensive income.

Mongolia enterprise income taxes and deferred taxation

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. Golden Pogada carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the year/period in which such determination is made.

5. CAPITAL RISK MANAGEMENT

Golden Pogada manages its capital to ensure that it 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 capital structure of Golden Pogada consists of issued capital and reserves.

Golden Pogada actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of Golden Pogada and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	As at 31 December		As at 30 June
	2007	**2008**	**2009**
	US$	*US$*	*US$*
Loan and receivables (including bank balances)	1,000	1,000	46,288
Financial liabilities at amortised cost	–	–	49,096

6b. Financial risk management objectives and policies

Golden Pogada's major financial instruments include other receivables, amount due from a shareholder, bank balances, other payables and amount due to immediate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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.

(i) Currency risk

Golden Pogada's principal businesses are conducted and recorded in US$. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by the management.

(ii) Interest rate risk

Golden Pogada has no significant interest bearing assets and liabilities, Golden Pogada's exposure to interest rate is minimal.

(iii) Credit risk

Golden Pogada has no significant exposure to credit risk and any significant concentration of credit risk.

(iv) Liquidity risk

In the management of the liquidity risk, Golden Pogada monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Golden Pogada's operations and mitigate the effects of fluctuations in cash flows. All financial liabilities are non-interest bearing and, their maturity dates are within one year or repayable on demand.

6c. Fair value

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

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

- the fair value of other 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 and dealer quotes for similar instrument.

The directors of Golden Pogada consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate to their fair values due to their short-term maturities.

7. TURNOVER AND SEGMENT INFORMATION

Golden Pogada did not generate any turnover during the Relevant Periods and the six months ended 30 June 2008.

No segment information is presented as Golden Pogada operates in one single industry, geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade and operates within one geographic location which is also the same basis as financial information that is reported internally to the chief operating decision maker, the directors of the Golden Pogada. Substantially all of Golden Pogada's assets and liabilities are located in Mongolia and therefore no geographical information has been disclosed for the Relevant Periods and the six months ended 30 June 2008.

8. LOSS BEFORE TAXATION

	Period from 18 January 2007 (date of incorporation) to 31 December	Year ended 31 December	Six months ended 30 June	
	2007	**2008**	**2008**	**2009**
	US$	*US$*	*US$*	*US$*
			(Unaudited)	
Loss before taxation has been arrived at after charging :				
Directors' emoluments *(Note 9)*	–	–	–	–
Other staff costs	–	–	–	–
Auditors' remunerations	–	–	–	–
Written off of an exploration and evaluation assets	–	246	–	–
Payments under operating leases in respect of land and buildings	–	–	–	900

9. DIRECTOR'S REMUNERATION AND THE FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration

During the Relevant Periods and the six months ended 30 June 2008, no emoluments and no retirement benefit scheme contributions were paid or payable to the directors of Golden Pogada. There were no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2008.

(b) Employee's emolument

No staff was employed by Golden Pogada during the Relevant Periods and the six months ended 30 June 2008.

(c) During the Relevant Periods and the six months ended 30 June 2008, no emoluments were paid by Golden Pogada to the directors or employee as an inducement to join or upon joining Golden Pogada or as compensation for loss of office.

(d) No remuneration was paid to key management personal during the Relevant Periods and the six months ended 30 June 2008.

10. DIVIDEND

No dividends was paid or proposed during the Relevant Periods and the six months period ended 30 June 2008.

11. INCOME TAX EXPENSE

	Period from 18 January 2007 (date of incorporation) to 31 December 2007	Year ended 31 December 2008	Six months ended 30 June 2008	Six months ended 30 June 2009
	US$	*US$*	*US$*	*US$*
Mongolia enterprise income tax	–	–	–	–

Mongolia enterprise income tax was calculated at 10% on the estimated assessable profit for the period/year.

No provision of deferred taxation has been recognised in the Financial Information.

	Period from 18 January 2007 (date of incorporation) to 31 December 2007	Year ended 31 December 2008	Six months ended 30 June 2008	Six months ended 30 June 2009
	US$	*US$*	*US$* (Unaudited)	*US$*
Loss before taxation	–	(246)	–	(35,176)
Tax at the domestic income tax rate of 10%	–	(25)	–	(3,518)
Tax effect of expenses not deductible for tax purpose	–	25	–	3,518
Income tax expense for the period/year	–	–	–	–

12. EXPLORATION AND EVALUATION ASSETS

	US$
COST	
At 18 January 2007 (date of incorporation) and 31 December 2007	–
Additions during the year *(Note a)*	246
Written off during the year *(Note a)*	(246)
At 31 December 2008	–
Additions during the period *(Note b)*	13,932
At 30 June 2009	13,932

Notes:

(a) On 20 June 2008, Golden Pogada was granted an exploration license 13822 X (the "13822 X Exploration License") by the Office of Geological and Mining Cadastre ("OGMC") of the Minerals Authority in Mongolia at a cost of US$246 and on 4 August 2008, the 13822X Exploration License were revoked by the OGMC. Golden Pogada has written off the cost of 13822X Exploration License in the year ended 31 December 2008 accordingly.

(b) On 25 May 2009, Golden Pogada acquired an exploration license 3629X for the exploration of an iron mine located in Mongolia (the "3629X Exploration License") from an independent third party at a consideration of US$13,932. The 3629X Exploration License will be expired on 23 August 2010.

13. AMOUNT DUE FROM A SHAREHOLDER/AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

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

14. SHARE CAPITAL

	No. of shares	Amount Tugrik *("MNT") '000*
Ordinary share of MNT 100 each		
Issued:		
At 18 January 2007 (date of incorporation), 31 December 2007 and 2008	10,000	1,000
Issuance of new shares	1,411,000	141,100
At 30 June 2009	1,421,000	142,100

	As at 31 December 2007 and 2008 *US$*	As at 30 June 2009 *US$*
Shown in the Financial Information	1,000	100,000

Golden Pogada was incorporated as a limited liability company in Mongolia with a share capital of MNT 1,000,000 (equivalent to approximately US$1,000) divided into 10,000 ordinary shares of MNT 100 each on 18 January 2007. 10,000 ordinary share of MNT 100 each was allotted and issued for cash at par, as initial working capital.

Pursuant to a shareholder's resolution dated on 20 May 2009, the issued share capital of Golden Pogada was increased to MNT 142,100,000 (equivalent to approximately US$100,000) by the allotment of 1,411,000 shares of MNT 100 each at par for cash to provide additional working capital. Such shares rank pari passu in all respects with the existing shares of Golden Pogada.

15. OPERATING LEASES

Golden Pogada as lessee

Golden Pogada leases certain of its office premises and staff quarters under operating lease arrangements. Lease for properties are negotiated for a term ranging from two months to three years and rentals are fixed.

At the end of each reporting periods, Golden Pogada had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		As at 30 June
	2007 *US$*	2008 *US$*	2009 *US$*
Within one year	–	–	24,640
In the second to fifth year inclusive	–	–	3,248
	–	–	27,888

16. **NON-CASH TRANSACTIONS**

(i) On 18 January 2007, Golden Pogada has issued 10,000 ordinary shares at MNT100 each, amounting to MNT1,000,000 (equivalent to approximately US$1,000) to its sole shareholder, the amount remained unsettled and was included as amount due from a shareholder as at 31 December 2007.

(ii) On 20 June 2008, Golden Pogada was granted an exploration license 13822X at a cost of US$246 which was paid by the shareholder of Golden Pogada on behalf of Golden Pogada. The amount was wavied by the shareholder subsequently during the year ended 31 December 2008.

(iii) On 20 May 2009, Golden Pogada has issued 1,411,000 ordinary shares at MNT100 each, amounting to MNT141,100,000 (equivalent to approximately US$99,000) of which US$9,000 remained unsettled and was included as amount due from a shareholder as at 30 June 2009.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Golden Pogada have been prepared in respect of any period subsequent to 30 June 2009.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS ON GOLDEN POGADA

Result and financial position

Golden Pogada was established in Mongolia with limited liability on 18 January 2007 and is principally engaged in geological survey, exploration, development of coal and other mineral deposits (mining operation) and trade.

Golden Pogada has not commenced operation or generated any revenue since the date of its incorporation, save for transactions arising from and incidental to (i) the obtaining of the exploration licences, including the Exploration Licence. The other exploration licence has been revoked subsequent to the grant of such exploration licence; and (ii) the application for the Mining Rights Licence. For the period from 18 January 2007 (the date of incorporation) to 31 December 2007, as the operating expenses of Golden Pogada have been absorbed by its then sole shareholder, no profit or loss was recorded by Golden Pogada for that period. For the year ended 31 December 2008, both the audited loss before taxation and the audited loss and total comprehensive expense of Golden Pogada were US$246 (equivalent to approximately HK$1,919). The loss for the aforesaid period was mainly attributable to the write-off of the book cost of an exploration license previously held but subsequently revoked in 2008 as mentioned above. For the six months ended 30 June 2009, both the audited loss before taxation and the audited loss and total comprehensive expense of Golden Pogada were US$35,176 (equivalent to HK$274,373). The loss for the aforesaid period was mainly attributable to the general expenses incurred by Golden Pogada during that period. There was no taxation incurred by Golden Pogada for the periods referred to above.

As at 31 December 2007, 31 December 2008 and 30 June 2009, the audited net assets values of Golden Pogada were approximately US$1,000 (equivalent to approximately HK$7,800), US$1,000 (equivalent to approximately HK$7,800) and approximately US$64,824 (equivalent to approximately HK$505,627), respectively.

Exchange risk and hedging

Golden Pogada mainly operates in Mongolia and its principal businesses are conducted in RMB, MNT and US$ and its financial records are presented in US$. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by its management.

Capital structure, liquidity, financial resources

As at 31 December 2007, 31 December 2008 and 30 June 2009, Golden Pogada's bank balances amounted to a total of approximately US$9 (equivalent to approximately HK$70), Nil and US$36,288 (equivalent to approximately HK$283,046), respectively. It had no bank borrowings but had a total of Nil, Nil and US$41,096 (equivalent to approximately HK$320,549) due to immediate holding company as at 31 December 2007, 31 December 2008 and 30 June 2009, respectively. The amount due to immediate holding company is unsecured, interest-free and repayable on demand.

Treasury policies

As Golden Pogada was still in the exploratory stage of operation, it financed its operations through capital injections and loans from its shareholder.

Charges on assets

As at 31 December 2007, 31 December 2008 and 30 June 2009, Golden Pogada had no pledged assets.

Contingent liabilities

As at 31 December 2007, 31 December 2008 and 30 June 2009, Golden Pogada did not have any significant contingent liabilities.

Commitments

Golden Pogada leased its office premise and staff quarters under operating lease arrangements. These non-cancellable operating leases were negotiated for terms ranging from two months to three years and rentals are fixed. As at 30 June 2009, Golden Pogada had commitments for future minimum lease payments under non-cancellable operating leases amounting to US$27,888 (equivalent to approximately HK$217,526).

Significant investments, material acquisitions and disposals

Save for the write off of the cost of US$246 (equivalent to approximately HK$1,919) associated with the revoking of an exploration licence previously held by Golden Pogada by the Office of Geological and Mining Cadastre of the Minerals Authority in Mongolia and the acquisition of an exploration licence 3629X from an Independent Third Party, Golden Pogada did not undertake any significant investments, material acquisition or disposal of subsidiaries or assets since its incorporation.

Employees and remuneration policy

From 18 January 2007 to 30 June 2009, Golden Pogada did not employed any employee and no emoluments were paid by Golden Pogada during the period.

In order to retain and attract high caliber executives and employees, Golden Pogada intends to reward its employees according to the prevailing market practices, and the employees' individual experience and performance. In addition to the provision of annual bonus, retirement benefit and medical insurance coverage and discretionary bonuses will also be available to employees based on their performance.

Future plans and prospects

Looking forward, Golden Pogada will continue to carry out further exploration and exploitation of the proven reserves in the Mine and recoveries on a larger commercial scale.

1. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of the accountants' report in respect of the unaudited pro forma financial information of the Enlarged Group received from SHINEWING (HK) CPA Limited, certified public accountants, for inclusion in this circular.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

23 October 2009

The Board of Directors
Green Global Resources Limited
9th Floor
Wincome Centre
Nos. 39-41 Des Voeux Road Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Green Global Resources Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and North Asia Resources Group Limited ("North Asia") and its subsidiary set out in Appendix IV of the circular dated 23 October 2009 (the "Circular") in connection with the proposed acquisition of entire interest in North Asia (the "Proposed Acquisition"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purpose only, to provide information about how the Proposed Acquisition might have affected the financial information presented. The basis of preparation of the unaudited pro forma financial information is set out on pages IV-3 to IV-14 to the Circular.

Respective responsibilities of the Directors and reporting accountants

It is the responsibility solely of the Directors 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 (the "HKICPA").

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 HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors. 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 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 judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group, North Asia and its subsidiary as at 30 June 2009 or any future date; and
- the results and cash flows of the Group, North Asia and its subsidiary for the six months ended 30 June 2009 or any future periods.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the Directors 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.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044
Hong Kong

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The accompanying unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated income statement and unaudited pro forma consolidated statement of cash flow of the Enlarged Group (the "Unaudited Pro Forma Financial Information") have been prepared to illustrate the effect of the proposed acquisition of the entire equity interests in the Target Company might affect the financial information of the Group.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group has been prepared based on (1) the condensed consolidated statement of financial position of the Group as at 30 June 2009, which has been extracted from the published interim report of the Group for the period ended 30 June 2009 as set out in Appendix I to this Circular and (2) the audited consolidated statement of financial position of the Target Group as at 30 June 2009 which has been extracted from the accountants' report of the Target Company as set out in Appendix II to this circular, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Acquisition had been completed on 30 June 2009.

The unaudited pro forma consolidated income statement and unaudited pro forma consolidated statement of cash flow of the Enlarged Group have been prepared based on (1) the condensed consolidated income statement and condensed consolidated statement of cash flow of the Group for the period ended 30 June 2009 which has been extracted from the published interim report of the Company for the six months ended 30 June 2009 as set out in Appendix I to this circular and (2) the audited consolidated statement of comprehensive income and consolidated statement of cash flow of the Target Group for the period from 29 May 2009 (date of incorporation) to 30 June 2009 which has been extracted from the accountants' report of the Target Company as set out in Appendix II to this circular, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Acquisition had been completed on 1 January 2009.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, results of operations or cash flows of the Enlarged Group had the Acquisition been completed as at the respective dates to which it is made up to or at any future dates.

3. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	Unaudited consolidated statement of financial position of the Group as at 30 June 2009	Audited consolidated statement of financial position of the Target Group as at 30 June 2009		Pro forma adjustment		Unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 30 June 2009
	HK$'000	*US$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		Note (8)				
Non-current assets						
Plant and equipment	11,879	–	–	–		11,879
Exploration and evaluation assets	–	174	1,357	(1,357)	*1(g)*	–
Mining rights	–	–	–	2,271,565	*1(g)*	2,271,565
Deferred plantation expenditure	111,672	–	–	–		111,672
Deposit for plantation expenditure	30,230	–	–	–		30,230
Biological assets	53,504	–	–	–		53,504
Intangible assets	74,120	–	–	–		74,120
Goodwill	7,800	–	–	2,719,900	*1(f)*	2,727,700
Interest in a jointly controlled entity	1,996	–	–	–		1,996
Loan advanced to a minority shareholder	651	–	–	–		651
	291,852	174	1,357	4,990,108		5,283,317
Current assets						
Inventories	1,729	–	–	–		1,729
Trade and other receivables	71,788	54	421	–		72,209
Deposit paid for acquisition of a company	6,000	–	–	(6,000)	*1(b)*	–
Amount due from a minority shareholder	–	10	78	–		78
Bank balances and cash	19,878	36	281	(6,800)	*1(b)*	9,370
				(3,989)	*(6)*	
	99,395	100	780	(16,789)		83,386

	Unaudited consolidated statement of financial position of the Group as at 30 June 2009	Audited consolidated statement of financial position of the Target Group as at 30 June 2009		Pro forma adjustment		Unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 30 June 2009
	HK$'000	*US$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		Note (8)				
Current liabilities						
Trade and other payables	57,429	83	647	–		58,076
Amount due to a immediate holding company	–	1,786	13,931	(13,931)	*1(h)*	–
Income tax liabilities	14,778	–	–	–		14,778
	72,207	1,869	14,578	(13,931)		72,854
Net current assets (liabilities)	27,188	(1,769)	(13,798)	(2,858)		10,532
	319,040	(1,595)	(12,441)	4,987,250		5,293,849
Equity attributable to equity holders of the Company						
Issued capital	2,535	50	390	630	*1(c)*	3,165
				78	*1(h)*	
				(468)	*(4)*	
Convertible preference shares	–	–	–	4,275,946	*1(d)*	4,275,946
Reserves	289,208	(1,682)	(13,120)	108,360	*1(c)*	393,579
				13,853	*1(h)*	
				(733)	*(3)*	
				(3,989)	*(6)*	
	291,743	(1,632)	(12,730)	4,393,677		4,672,690
Minority interests	1,686	21	164	–		1,850
Total equity	293,429	(1,611)	(12,566)	4,393,677		4,674,540
Non–current liabilities						
Convertible loan notes	22,033	–	–	–		22,033
Promissory notes	–	–	–	366,552	*1(e)*	366,552
Deferred tax liability	3,578	16	125	227,021	*1(g)*	230,724
	25,611	16	125	593,573		619,309
	319,040	(1,595)	(12,441)	4,987,250		5,293,849

4. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE ENLARGED GROUP

	Unaudited consolidated income statement of the Group for the six months ended 30 June 2009	Audited consolidated statement of comprehensive income of the Target Group for the period from 29 May 2009 (date of incorporation) to 30 June 2009		Pro forma adjustment		Unaudited pro forma consolidated income statement of the Enlarged Group for the six months ended 30 June 2009
	HK$'000	*US$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
			Note (8)			
Continuing operations						
Revenue	17,936	–	–	–		17,936
Cost of sales and service rendered	(13,958)	–	–	–		(13,958)
Gross profit	3,978	–	–	–		3,978
Other income	7,003	–	–	–		7,003
Gain arising from changes in fair value less estimated point–of–sale costs of biological assets	3,054	–	–	–		3,054
Selling and distribution expenses	(1,705)	–	–	–		(1,705)
Administrative expenses	(32,191)	(91)	(710)	(3,989)	*(6)*	(36,890)
Other expenses	(897)	–	–	–		(897)
Loss from operations	(20,758)	(91)	(710)	(3,989)		(25,457)
Share of loss of a jointly controlled entity	(4)	–	–	–		(4)
Impairment loss recognised in respect of intangible assets	(6,269)	–	–	–		(6,269)
Impairment loss recognised in respect of goodwill	–	(1,591)	(12,410)	–		(12,410)
Finance costs	(2,738)	–	–	(22,268)	*(5)*	(25,006)
Loss before taxation	(29,769)	(1,682)	(13,120)	(26,257)		(69,146)
Income tax expense	(228)	–	–	–		(228)
Loss for the period from continuing operations	(29,997)	(1,682)	(13,120)	(26,257)		(69,374)

	Unaudited consolidated income statement of the Group for the six months ended 30 June 2009	Audited consolidated statement of comprehensive income of the Target Group for the period from 29 May 2009 (date of incorporation) to 30 June 2009		Pro forma adjustment		Unaudited pro forma consolidated income statement of the Enlarged Group for the six months ended 30 June 2009
	HK$'000	*US$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
			Note (8)			
Discontinuing operation						
Profit for the period from discontinued operation – IT management and support	89	–	–	–		89
Loss for the period	(29,908)	(1,682)	(13,120)	(26,257)		(69,285)
Attributable to:						
Equity holders of the Company	(28,739)	(1,682)	(13,120)	(26,257)		(68,116)
Minority interests	(1,169)	–	–	–		(1,169)
	(29,908)	(1,682)	(13,120)	(26,257)		(69,285)

5. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOW OF THE ENLARGED GROUP

	Unaudited consolidated statement of cash flows of the Group for the six months ended 30 June 2009	Audited consolidated statement of cash flows of the Target Group for the period from 29 May 2009 (date of incorporation) to 30 June 2009		Pro forma adjustment		Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the six months ended 30 June 2009
	HK$'000	*US$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		Note (8)				
OPERATING ACTIVITIES						
Loss before taxation	(29,769)	(1,682)	(13,120)	(22,268)	*(5)*	(69,146)
				(3,989)	*(6)*	
Profit before tax for discontinued operation	89	–	–	–		89
	(29,680)	(1,682)	(13,120)	(26,257)		(69,057)
Adjustment for:						
Amortisation of intangible assets	909	–	–	–		909
Share of loss of a jointly controlled entity	4	–	–	–		4
Depreciation	1,966	–	–	–		1,966
Finance costs	2,738	–	–	22,268	*(5)*	25,006
Gain arising from changes in fair value less estimated point–of–sale costs of biological assets	(3,054)	–	–	–		(3,054)
Net gain on deregistration of subsidiaries	703	–	–	–		703
Gain on disposal of plant and equipment	(93)	–	–	–		(93)
Income from setting off convertible bond	(6,633)	–	–	–		(6,633)
Impairment loss recognised in respect of goodwill	–	1,591	12,410	–		12,410
Impairment loss recognised in respect of intangible assets	6,269	–	–	–		6,269
Impairment loss recognised in respect of other receivables	92	–	–	–		92
Interest income	(236)	–	–	–		(236)

	Unaudited consolidated statement of cash flows of the Group for the six months ended 30 June 2009	Audited consolidated statement of cash flows of the Target Group for the period from 29 May 2009 (date of incorporation) to 30 June 2009		Pro forma adjustment		Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the six months ended 30 June 2009
	HK$'000	*US$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		Note (8)				
Operating cash flows before movements in working capital	(27,015)	(91)	(710)	(3,989)		(31,714)
Increase in inventories	(1,470)	–	–	–		(1,470)
Decrease (increase) in trade and other receivables	19,173	(48)	(375)	–		18,798
(Decrease) increase in trade and other payables	(12,320)	68	531	–		(11,789)
Cash used in operations	(21,632)	(71)	(554)	(3,989)		(26,175)
PRC enterprises income tax paid	(243)	–	–	–		(243)
NET CASH USED IN OPERATING ACTIVITIES	(21,875)	(71)	(554)	(3,989)		(26,418)
INVESTING ACTIVITIES						
Payment for deferred plantation expenditure	(34,590)	–	–	–		(34,590)
Advance to a jointly controlled entity	(1,995)	–	–	–		(1,995)
Investment in a jointly controlled entity	(5)	–	–	–		(5)
Acquisition of intangible assets	(7,970)	–	–	–		(7,970)
Deposit paid for acquisition of a company	(6,000)	–	–	6,000	*1(b)*	–
Acquisition of plant and equipment	(1,475)	–	–	–		(1,475)
Interest received	165	–	–			165
Proceeds from disposal of plant and equipment	94	–	–	–		94
Acquisition of a subsidiary (net of cash and cash equivalents)	–	(1,729)	(13,486)	(12,800)	*1(b)*	(26,286)
Decrease in time deposits	24,747	–	–	–		24,747

	Unaudited consolidated statement of cash flows of the Group for the six months ended 30 June 2009	Audited consolidated statement of cash flows of the Target Group for the period from 29 May 2009 (date of incorporation) to 30 June 2009		Pro forma adjustment		Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the six months ended 30 June 2009
	HK$'000	*US$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		Note (8)				
NET CASH USED IN INVESTING ACTIVITIES	(27,029)	(1,729)	(13,486)	(6,800)		(47,315)
FINANCING ACTIVITIES						
Issue of shares	–	50	390	–		390
Advance from immediate holding company	–	1,786	13,931	–		13,931
Interest paid	(225)	–	–	(4,423)	*(5)*	(4,648)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(225)	1,836	14,321	(4,423)		9,673
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(49,129)	36	281	(15,212)		(64,060)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	58,790	–	–	–		58,790
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD,	9,661	36	281	(15,212)		(5,270)
Represented by:						
Bank balances and cash	19,878	36	281	(15,212)		4,947
Less: Other time deposit with a maturing of more than three months when acquired	(10,217)	–	–	–		(10,217)
Cash and cash equivalents	9,661	36	281	(15,212)		(5,270)

Notes:

Pursuant to the sale and purchase agreement dated 22 June 2009 and the supplementary agreements dated 26 June 2009 and 8 July 2009, the Company has conditionally agreed to acquire the entire interests in the Target Company at a consideration of HK$1,760,220,000 (subject to adjustment) from independent third parties.

According to the Acquisition Agreement, the consideration is to be satisfied by (i) HK$12,800,000 by way of a refundable deposit; (ii) HK$31,500,000 by the allotment and issue of 63,000,000 ordinary shares of HK$0.01 each of the Company; (iii) HK$1,273,650,000 by the allotment and issue of 2,547,300,000 convertible preference shares and (iv) HK$442,270,000 by the issue of the promissory notes.

(1) (a) The fair value of cost of investment at the Completion as if the Acquisition was completed on 30 June 2009 which is to be satisfied in the following manners, is:

	Notes	*HK$'000*
Consideration settled by cash	*1(b)*	12,800
Consideration settled by Consideration Shares	*1(c)*	108,990
Consideration settled by Convertible Preference Shares	*1(d)*	4,275,946
Consideration settled by Promissory Notes	*1(e)*	366,552
The fair value of cost of investments at Completion		4,764,288

(b) Pursuant to the Acquisition Agreement, the consideration of HK$12,800,000 will be settled by cash. The Group has paid a deposit of HK$6,000,000 before 30 June 2009 and the remaining HK$6,800,000 was paid subsequently.

(c) Pursuant to the Acquisition Agreement, the 63,000,000 Consideration Shares will be issued at an issue price of HK$0.50 per Consideration Share, credited as fully paid. The estimated fair value per share is approximately HK$1.73 as at 30 June 2009 based on published market price. The issue of the Consideration Shares is a non–cash transaction. Upon Completion, the fair value of the Consideration Shares issued as at that date will be used to determine the cost of the Acquisition.

Upon Completion, the share capital and share premium of the Company will increase by approximately HK$630,000 and HK$108,360,000, respectively.

(d) Pursuant to the Acquisition Agreement, the 2,547,300,000 Convertible Preference Shares in the aggregate principal amount of HK$1,273,650,000 at an issue price of HK$0.5 per Convertible Preference Share will be issued to the Vendors by the Company. The conversion period of Convertible Preference Shares is perpetual as from the date of issue of the Convertible Preference Shares. The Convertible Preference Shares are non–redeemable and the holders of the Convertible Preference Shares shall not be entitled to any dividend. In addition, pursuant to the Acquisition Agreement, the aggregate number of Consideration Shares and Convertible Preference Shares held by the Vendors and parties acting in concert with it shall not be more than 29.99% of the then issued ordinary share capital of the Company on a fully diluted basis. The issue of the Convertible Preference Share is a non-cash transaction.

The valuation of the Convertible Preference Shares was carried out by Greater China Appraisal Limited, an independent professional qualified valuer not connected to the Group. The fair value of the Convertible Preference Shares as at 30 June 2009 amounted to approximately to HK$4,275,946,000 is to be recognised in equity. Upon Completion, the fair value of the Convertible Preference Shares issued as at that date will be used to determine the cost of the Acquisition.

(e) Pursuant to the Acquisition Agreement, the Promissory Notes with a principal sum of HK$442,270,000 will be issued to the Vendors at an interest rate of 2% per annum on the principal amount and will be matured in 24 months after the date of Completion. The Promissory Note is classified as non–current liabilities. The issue of the Promissory Notes is a non–cash transaction.

The valuation of the Promissory Notes was carried out by Greater China. The estimated fair value, using a discounted rate of 12.15% is approximately HK$366,552,000 as at 30 June 2009. Upon Completion, the fair value of the Promissory Notes issued as at that date will be used to determine the cost of the Acquisition.

(f) The adjustment is to reflect the effect of the Acquisition on the consolidated statement of financial positions of the Group as if the Acquisition had completed on 30 June 2009.

Details of net identifiable assets to be acquired and the goodwill arising on the Acquisition are as follows:

	Notes	*HK$'000*
Fair value of cost of investment at Completion	*1(a)*	4,764,288
Less: Fair value of net identifiable assets to be acquired	*1(g)*	(2,044,388)
Goodwill		2,719,900

(g) The fair value of net identifiable assets to be acquired in the Acquisition are as follows:

The Target Group's net assets as at 30 June 2009

	Carrying amount	Pro forma adjustment *(Note 1(h))*	Reclassification adjustment	Fair value adjustment	Fair Value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The Target Group					
Exploration and evaluation assets	1,357	–	(1,357)	–	–
Mining rights	–	–	1,357	2,270,208	2,271,565
Trade and other receivables	421	–	–	–	421
Amount due from a minority shareholder	78	–	–		78
Bank balances	281	–	–	–	281
Trade and other payables	(647)	–	–	–	(647)
Amount due to immediate holding company *(Note 1(h))*	(13,931)	13,931	–	–	–
Minority interests	(164)	–	–	–	(164)
Deferred tax liability	(125)	–	–	(227,021)	(227,146)
Fair value of net assets of the Target Group acquired					2,044,388

The carrying amount of the net identifiable assets to be acquired represents the audited consolidated statement of financial position of the Target Group as at 30 June 2009 which has been extracted from the accountants' report of the Target Company as set out in Appendix II to this circular.

Pursuant to the Acquisition Agreement, one of the conditions required for Completion is that, the Target Group has to obtain the Mining Rights License for the mining of iron ore and/or related mineral ores at the Mine located in the Oyut Ovoo property, which is an iron mine located in Dondgobi aimag (province) approximately 270 km southwest of Ulaan Baatar, capital of Mongolia and 75 km west of Mandalgobi, having an area of approximately 1,201 hectares. The fair value of the Mining Rights Licence as at 30 June 2009 of approximately HK$2,271,565,000 was determined with reference to valuation of the mining area of approximately 100 hectares (equivalent to approximately 1 km^2 with geographical co-ordinates of: (1) N45° 44′ 08″ E105° 18′ 56″; (2) N45° 44′ 08″ E105° 19′ 36″; (3) N45° 43′ 44″ E105° 19′ 36″; and (4) N45° 43′ 44″ E105° 18′ 56″ as at 31 August 2009 carried out by Greater China on the First Area, assuming there was no significant difference in the valuation of the First Area between the date of 30 June 2009 to 31 August 2009. Details of the valuation report on the First Area are set out in Appendix VI to this circular.

Assumed that the exploration and evaluation assets becomes demonstrable and is reclassified as Mining Rights Licence as at 30 June 2009.

The fair value adjustment represented the fair value of Mining Rights Licence owned by the Target Group of approximately HK$2,270,208,000 and the corresponding deferred tax liability of approximately HK$227,021,000.

The goodwill was determined assuming the fair value of the consideration of HK$4,764,288,000 less the fair values of identifiable assets and liabilities of the Target Group.

(h) As at 30 June 2009, there were amount due to immediate holding company by the Target Group with carrying amounts of approximately HK$13,931,000. Pursuant to the Acquisition Agreement, the amounts will be capitalised (the "Capitalisation") at the date of Completion. Upon the completion of the Capitalisation, the issued share capital and share premium of the Target Company will be increased by HK$78,000 and approximately HK$13,853,000 respectively.

(2) Under Hong Kong Financial Reporting Standard 3 "Business Combinations", the Group applied purchase method to account for the acquisition of the Target Company as subsidiary if the Group has the power, directly or indirectly, to govern the financial and operating policies of the Target Company, so as to obtain benefits from its activities after the Completion. As of the date of this report, the Directors consider that the Group will have control over the Target Company after the Completion.

In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of the the Target Group will be recorded on the consolidated statement of financial position of the Group at their fair values at the date of the Completion.

On Completion, the fair value of net identifiable assets, liabilities and contingent liabilities of the Target Group, Consideration Shares, Convertible Preference Shares and Promissory Notes will have to be reassessed. As a result of the assessment, the goodwill may be different from that estimated as stated above for the purpose of preparation of the Unaudited Pro Forma Financial Information. Accordingly, the actual goodwill at the completion date of the transaction may be different from that presented above.

(3) The adjustment reflects the elimination of the pre–acquisition reserves of the Target Group of approximately HK$733,000 upon consolidation into the Group as if the Acquisition had been completed on 30 June 2009.

(4) The adjustments represent the elimination of the share capital of the Target Company of approximately HK$468,000 upon consolidation into the Group.

(5) As detailed in Note 1(e), the issue of Promissory Note is subject to an interest rate of 2% per annum assuming the Promissory Notes were issued on 1 January 2009, the adjustment of finance costs in the unaudited pro forma consolidated income statement represents the imputed interest expense of approximately HK$22,268,046 for the Promissory Note assuming the effective interest rate of 12.15% per annum which was extracted from the valuation report issued by Greater China. The adjustment of cash outflow of approximately HK$4,423,000 in the unaudited pro forma consolidated statement of cash flow represents the actual interest expense paid to the note holder. This adjustment has continuing effect on the Enlarged Group's financial statements in subsequent years.

(6) The adjustment represents the estimated transaction costs of approximately HK$3,989,000 incurred in relation to the Acquisition assuming that such transaction costs were paid upon Completion. This adjustment does not have a continuing effect on the Enlarged Group's financial statements in subsequent years.

(7) No adjustment has been made to reflect any trading results and other transactions of the Group and the Target Group entered into subsequent to 30 June 2009.

(8) The figures are extracted from the accountants' report as set out in Appendix II to this circular and translated from US$ to HK$ at the exchange rate of US$1.00 = HK$7.80.

The following is the text of the Technical Report prepared by the independent qualified technical adviser, SRK Consulting China Limited in accordance with the requirements of Chapter 18 of the Listing Rules for the purpose of inclusion in this circular.

Technical Review of Oyut Ovoo Iron-Copper Project in Dundgobi Province, Mongolia

---

Report prepared for
Green Global Resources Limited

Prepared by

SRK Consulting
Engineers and Scientists

SRK Project Number SHK060

Technical Review of Oyut Ovoo Iron-Copper Project in Dundgobi Province, Mongolia

For

Green Global Resources Limited
9th Floor, Wincome Centre,
39-41 Des Voeux Road Central,
Hong Kong

SRK Project Number SHK060

SRK Consulting China Limited
B1205, COFCO Plaza, 8 Jianguomennei Dajie
Dongcheng District, Beijing 100005

Contact: Dr. Yiefei Jia
Telephone No.: +86 10 8512 0365
Email: yjia@srk.cn
URL: www.srk.cn

23 October 2009

Compiled by:
Dr. Yiefei Jia, *MAusIMM*
Principal Consultant
(Geology)

Peer reviewed by:
Dr Anson Xu, *MAusIMM*
Principal Consultant
(Geology)

Authors: Mr Pengfei Xiao and Dr Yiefei Jia

Peer Reviewer: Dr Anson Xu

EXECUTIVE SUMMARY

Green Global Resources Limited ("Green Global" or "the Company") commissioned SRK Consulting China Limited ("SRK") to review the Oyut Ovoo iron and copper prospect and related exploration program located in Dundgobi Province of Mongolia. The exploration permit is wholly owned by Golden Pogada LLC ("GPL"), a joint venture company of North Asia Resources Group Limited ("North Asia") and China Railway Mongolia Investment LLC ("CRMI"). The principal objective of the Report is to provide Green Global shareholders and the Stock Exchange of Hong Kong Limited ("HKEx") with an independent expert report ("Report") suitable for inclusion in the circular in relation to a proposed acquisition of North Asia.

SUMMARY OF PRINCIPAL OBJECTIVES

The purpose is to provide potential equity investors and potential shareholders of the Company and the HKEx with the Report. The Company will include this Report in the circular in relation to a proposed acquisition of Oyut Ovoo iron-copper property, which is wholly owned by GPL.

OUTLINE OF WORK PROGRAM

The work program involved two phases:

- **Phase 1:** review of information provided, site visit to GPL's Ulaanbaatar office and Oyut Ovoo project area located in Dundgobi, Mongolia, then visit the potential laboratories for sample preparation and assaying, and discussions with GPL personnel and collect and review documents provided to SRK.

- **Phase 2:** analyse the provided data, preparing a draft report and provide it to the Company for comments. Review additional data and finalise this Report.

RESULTS

Overall

Oyut Ovoo iron (Fe)-copper (Cu) exploration tenement is located approximately 270 kilometers (km) Southwest (SW) of Ulaanbaatar, the capital city of Mongolia. Administratively it belongs to the Dundgobi Province, Mongolia. The Oyut Ovoo iron-copper exploration tenement (No. 3629X) covers an area of 12.01 square kilometres (km^2) (the "Exploration Tenement"). It was extensively explored previously by the former Soviet Union, Mongolian and Australian exploration companies. In the exploration tenement area, the skarn-typed iron and copper mineralization is well defined.

In about 1.0 km^2 exploration area, with geographical co-ordination of: (1) N45°44′08″, E105°18′56″; (2) N45°44′08″, E105°19′36″; (3) N45°43′44″, E105°19′36″; and (4) N45°43′44″, E105°18′56″, within the exploration tenement, four iron and/or copper mineralized bodies 1#, 2#, 3# and 4# were delineated recently by surface geological and high-precision magnetic surveys, and trenching and drilling exploration. China

Nonferrous Metals Resource Geological Survey ("CNGS") estimated the mineral resources of the four mineralized bodies as 331 category of 6.29 million tonnes (Mt) at average grades of 40.20% total iron (Tfe) and 29.10% magnetic iron (mFe), 332 category of 77.71 Mt at average grade of 40.67% TFe and 29.37% mFe, and 333 category of 64.86Mt with average grades of 40.68% TFe and 28.84% mFe, respectively.

The mineral resources of associated metal copper were estimated as well. A total of category 331+332+333 resources are 34.58Mt with an average grade of 0.50%.

Geology and Mineralogy

Tectonically the Exploration Tenement is located in the transition zone between Siberian Plate, China-Korean and Tarim Plate. The oldest strata are the Paleoproterozoic basement, namely biotite gneiss and granite gneiss, overlaid by Neoproterozoic carbonate and schist, the upper part of which is covered by carbonate from shallow sea or shore sediments. Two groups of the northeast and northwest orientated major faults developed in this region. The magmatic rock types are mainly intermediate rocks to acidic variety. The major intrusive rocks are diorite and granite.

Abundant mineral resources and various types of deposits are discovered in Dundgobi Province in Central Mongolia. The iron and copper deposits and occurrences are widely discovered as skarn type as mostly related to magmatic hydrothermal activities. Non-metal deposits such as coal, kaolinite, fluorite and oil shale are found or developed as well. The property number 435 is for the Oyut Ovoo mine, which has been described in the mineral resources map compiled by Mongolian geology authorities.

In the Exploration Tenement area, the lithologies discovered by drilling and trenching program are mainly sedimentary rocks of limestone, argillaceous sandstone and siltstone. Tectonic and intrusive rocks are represented by hornfels, diorite and granite.

Oyut Ovoo mineralized iron deposit is a large type skarn iron-copper zone; it trends north-easterly (N55˚E), about 1,200m long and 900m wide with an area of nearly 1.0 km^2. Four iron-copper mineralized bodies of 1# to 4# were defined within the mineralized zone by the high-precision magnetic survey and trenching and drilling exploration programs. Of them, the mineralized bodies 2#, 3#, and 4# are mainly iron bodies, and the 1# mineralized body is iron and copper body. All the mineralized bodies are hosted in garnet skarn rocks. The main characters of mineralized bodies are described below.

Mineralized body 1#

Mineralized body 1#, controlled by trenches and drill holes, extends nearly north-westerly (N325˚W) for 200m long to down-depths of 290m dipping toward the southwest at angle of 85˚ with thicknesses ranging from 20m to 60m. The average total iron (TFe) and magnetic iron (mFe) grades of mineralized body 1# are 40.83% and 28.98%, respectively.

Mineralized body 2#

Mineralized body 2#, controlled by trenches and drill holes, extends nearly north-easterly (N55°E) for 760m long to down-depths of 260m dipping toward the southeast at angle of 85° with thicknesses ranging from 40m to 200m. The average TFe and mFe grades of mineralized body 2# are 41.28% and 29.73%, respectively.

Mineralized body 3#

Mineralized body 3#, controlled by trenches and drill holes, extends nearly north-westerly (N325°W) for 760m long to down-depths of 280m dipping toward the southwest at angle of 85° with thicknesses ranging from 40m to 100m. The average TFe and mFe grades of mineralized body 3# are 40.95% and 29.84%, respectively.

Mineralized body 4#

Mineralized body 4#, controlled by trenches and drill holes, extends nearly north-westerly (N325°W) for 210m long to down-depths of 280m dipping toward the southwest at angle of 85° with thicknesses ranging from 70m to 100m. The average TFe and mFe grades of mineralized body 4# are 38.57% and 28.43%, respectively.

The ore is characterized by the euhedral-semi-euhedral granular textures and semi-massive to massive, disseminated and brecciform structures. The ore minerals are mainly magnetite, hematite, chalcopyrite, bornite and pyrite. The gangue minerals are Ca-Fe garnet, quartz, sericite, biotite, epidote, chlorite and carbonate minerals.

Resource/Reserve Estimation

SRK inspected a number of outcrops, trenches and drill cores showing the mineralized body's exposure. SRK visited two internationally recognized analytical laboratories, of which all samples were assayed following standard analytical procedures, and reviewed methods used by the Company to estimate resources and is satisfied that the Company and China Nonferrous Metals Resource Geological Survey ("CNGS"), who are qualified and approved Chinese independent geological consultants, have used methods and procedures complying with Chinese National standards for resource estimation.

SRK completed a high-level review of resources and reserves as estimated by CNGS for the Oyut Ovoo iron deposit in September 2009. SRK notes that the Resource and Reserve Estimation Report has been recognised by the relevant Chinese authority. SRK held discussions with representatives of the Company and CNGS. Iron and copper resources and reserves of the four mineralized bodies were estimated by CNGS using the Surpac Software program based on the drill core sample assay data. The potential iron and copper resources of 30m below surface between the four mineralized bodies were also estimated based on the trench sample analytical data. Resources are estimated based on the following technical parameters for the Oyut Ovoo deposit:

	Fe Ore		Cu Ore	Harmful Elements	
Item	**TFe (%)**	**mFe (%)**	**Cu (%)**	**S (%)**	**P (%)**
Cut-off's	15	12	0.2	≤0.30	≤0.25
Minimum mineable thickness		1.0 m			
Maximum band allowed		2.0 m			

CNGS has estimated and reported the mineral resources at the Exploration Tenement at 6.29 million tonnes (Mt) of 331 category averaging 29.10% mFe, 77.71Mt of 332 category averaging 29.37% mFe, and 64.86Mt of 333 category with averaging 28.84% mFe, respectively, as shown in the following summary table.

	Resource Category								
	331			332			333		
Mineralized Body	**Resource (x1000t)**	**TFe (%)**	**mFe (%)**	**Resource (x1000t)**	**TFe (%)**	**mFe (%)**	**Resource (x1000t)**	**TFe (%)**	**mFe (%)**
1#	2,722.1	41.26	29.26	14,022.1	41.97	29.83	1,116.3	46.44	33.28
2#	548.3	42.81	30.62	30,688.1	39.46	28.41	23,716.2	38.52	27.57
3#	1,390.4	39.40	28.72	27,378.4	41.77	30.48	17,096.8	41.69	30.79
4#	1,625.4	38.22	28.64	5,620.6	38.69	28.03	900.9	37.77	27.26
Shallow Ore							*22,032*	*42.06*	*28.56*
Total	**6,286.2**	**40.20**	**29.10**	**77,709.2**	**40.67**	**29.37**	**64,862.2**	**40.68**	**28.84**

The associated copper resources were also estimated and reported at 34.58Mt of 331+332+333 categories with 174,160t contained metal Cu grading 0.50%, as showing in the following summary table.

Mineralized Body	**Resource Category**	**Resource ('1000t)**	**Average Grade (%)**	**Contained Metal (t)**
1#+2#+3#+4#	331+332+333	12,549	0.51	64,000
Shallow Ore	333	22,032	0.50	110,160
Total	**331+332+333**	**34,581**	**0.50**	**174,160**

The Company's resources and reserves estimates were reported in accordance with requirements of the Chinese system and are one of the input parameters used to prepare this Report. SRK is satisfied that the resources have been estimated in adherence to requirements prescribed by the governing state committee for resources at particular stages of project development. It is SRK's opinion that current individual estimates are reliable and represent a reasonable global estimate of the relevant mineral resources, although they may not be in full compliance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) standard.

The comparison of the Chinese and JORC systems is provided in Appendix I. In general, Category 331 is equivalent to a Measured Resource, Category 332 is equivalent to an Indicated Resource, and Category 333 is equivalent to an Inferred Resource.

In JORC, only Measured category and Indicated category resources can be converted into ore reserves after consideration of some technical, economic and other factors. Although the Oyut Ovoo iron copper deposit will become an open-pit mine with low strip ratio and the majority of 331 category and 332 category resources can be economically mined out, SRK cannot convert them into JORC ore reserve due to lack of detailed mining design and feasibility study on the deposit.

SRK has been informed by the client that the Mine Development Plan and Feasibility Study are currently under preparation by a qualified Mine Development and Design Institute in Beijing.

Exploration Potential

Based on exploration work conducted in an area of about $1.0km^2$ in 2009, CNGS estimated and reported a total of iron mineral resources of 148.86Mt, where the categories 331, 332 and 333 resources take up 4.22%, 52.20% and 43.58%, respectively. It implies that more drilling exploration programs are needed to update more 332 category resource to 331 category resource and more 333 category resources to 332 category resource.

In addition, most of the boreholes do not cut through the mineralized bodies in depth. It is of SRK's opinion that deep drill holes are needed to not only test if the four mineralized bodies become one in depth but also upgrade resource categories and increase mineral resources.

It is also possible to define more mineralized bodies in the $12.01km^2$ Exploration Tenement through further exploration programs.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

DISCLAIMER

The opinions expressed in this report have been based on information supplied to SRK Consulting China Limited ("SRK") by Golden Pogada LLC ("GPL"). The opinions in this Report are provided in response to a specific request from Green Global Resources Limited ("Green Global" or "the Company"). SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

Opinions presented in this Report apply to the site's conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK have had no prior knowledge nor had the opportunity to evaluate.

LIST OF ABBREVIATIONS

%	Percent
°	Degrees, either of temperature or angle of inclination
ASL	Above sea level
AusIMM	Australasian Institute of Mining and Metallurgy
CNGS	China Non-ferrous Metals Resource Geological Survey, a China domestic organisation
Cu	The chemical symbol for copper
E	East
EP's	Exploration Permits
Fe	The chemical symbol of iron
g	gram
g/t	gram per tonne
HKEx	Stock Exchange of Hong Kong Limited
Indicated Mineral Resource	That part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	That part of a resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes which may be limited or of uncertain quality and reliability
IP (Induced Polarisation)	An exploration technique whereby an electrical current is pulsed through the ground and the response from the sub surface measured in order to identify minerals of interest. Strong IP responses may be a result of sulphide which may be associated with gold mineralisation
JORC Code	Joint Ore Reserves Committee Code
JORC Committee	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
kg	kilogram, equivalent to 1,000 grams
km	kilometres, equivalent to 1,000 metres

km^2	square kilometres
kV	kilovolts – equivalent 1,000 volts
kW	Kilowatt, equivalent to 1,000 watt
Late Triassic	a time period of approximately 18 million years from 228 million to 210 million years ago
m	metre/s
m^2	square metre
m^3	cube metre
M	Million
Measured Mineral Resource	That part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
Micron	1/1,000 of a millimetre
Middle Triassic	A time period of approximately 14 million years from 242 million to 228 million years ago
MLR	Ministry of Land and Resources
mm	Millimetre/s
Mt	Million tonne(s)
Mtpa	Million tonnes per annum
MW	Megawatt, equivalent to 1,000,000 watt
N	North, also the chemical symbol for Nitrogen
NE	North East
NEE	North East East
NE-NNE	North East-North North East
NQ size core	47.6mm diameter, approximately 70% of the core taken
NW	North West
oz	troy ounce, equivalent to 31.1035 grams
pH	A measure of the acidity or alkalinity of a solution, numerically equal to 7 for neutral solutions, increasing with increasing alkalinity and decreasing with increasing acidity. The pH scale commonly in use ranges from 0 to 14
PPE	personal protective equipment

ppm	parts per million, equivalent to grams per tonne (g/t)
PQ size core	85mm diameter
PRC	People's Republic of China
Probable Ore Reserve	The economically mineable part of an indicated, and in some circumstances measured, resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proved Ore Reserves	The economically mineable part of a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Also referred to as recoverable proved reserve.
QA/QC	Quality Assurance/Quality Control
RC (Reverse Circulation)	A percussion-drilling technique in which the cuttings are recovered
RL	see mRL
S	South, also the chemical symbol for sulphur
SE	South East
t	Tonne
Te	tellurium
tpa	tonnes per annum
tpd	tonnes per day
Triassic	A time period, approximately 250 million to 210 million years ago
Valmin Code	Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports

1 INTRODUCTION AND SCOPE OF REPORT

Green Global Resources Limited ("Green Global" or "the Company") is a public company listed in the Stock Exchange of Hong Kong Limited ("HKEx"). Green Global plans to acquire the Oyut Ovoo iron-copper exploration property, located in Dundgobi Province, Mongolia. The Oyut Ovoo iron-copper exploration tenement (No. 3629X) covers an area of 12.01 square kilometres (km^2), which is now wholly owned by Golden Pogada LLC ("GPL"), a joint venture company, established in Mongolia, between North Asia Resources Group Limited ("North Asia") and China Railway Mongolia Investment LLC ("CRMI").

Currently GPL is 90% owned by North Asia, a Hong Kong based resources investment holding company, and the other 10% shares are held by CRMI by taking over from the former local shareholder. CRMI is a subsidiary of China Railway Resources Holding Group, which is a state owned enterprise of People's Republic of China ("PRC").

Green Global commissioned SRK Consulting China Limited ("SRK") to undertake an independent review of all the relevant technical aspects of geology, mineral resources and resource potential of the Oyut Ovoo iron-copper project. SRK was required to provide the Company with an independent expert report ("Report") suitable for inclusion in the circular in relation to a proposed acquisition.

2 BACKGROUND AND BRIEF

2.1 Background of the Project

Green Global commissioned SRK to review and report the Oyut Ovoo iron and copper exploration tenement in Dundgobi Province, Mongolia. The exploration permit (No. 3629X), registered under GPL covering an area of 12.01 km^2, is currently owned by GPL. The exploration permit will expire on 23 August 2010.

2.2 Scope of Work

The scope of work included SRK travelling to Ulaanbaatar and visiting the Oyut Ovoo iron and copper property; reviewed the sampling and assaying methods which will be adopted, checked the original borehole logs; collected a few samples for data verification during site observation; evaluated the resource estimation model; and preparing the Report summarizing the findings to assist for the Company's acquisition of the iron-copper project and the transaction in the HKEx.

3 PROGRAM OBJECTIVES AND WORK PROGRAM

3.1 Program Objectives

The objectives of the program were to review the data available, participate in a site visit and provide the Company with both verbal feedback and a written report.

3.2 Purpose of the Report

The purpose of the Report is to provide potential equity investors, potential shareholders and the HKEx with the Report which:

- provides potential investors with an unbiased views on the risks and opportunities associated with the project, and
- is suitable to be included in the circular that the Company plans to submit to HKEx in relation to a proposed acquisition of Oyut Ovoo property.

3.3 Reporting Standard

This Report has been prepared to the standard of and is considered by SRK to be a Technical Assessment Report under the guidelines of the Valmin Code. The Valmin Code is the code adopted by the Australasian Institute of Mining and Metallurgy and incorporates the Joint Ore Reserves Committee ("JORC") Code for the reporting of Mineral Resources and Ore Reserves. The standard is binding upon all and is binding upon all Australasian Institute of Mining and Metallurgy ("AusIMM") members.

This Report is not a valuation report and does not express an opinion as to the value of mineral asset. SRK does not express an opinion regarding the specific value of asset and tenement involved.

3.4 Limitations Statement

SRK is not professionally qualified to opine upon and/or confirm that GPL, a joint venture company between North Asia and CRMI, has 100% control of the underlying tenement and/or has any unresolved legal matters relating to any transfer of ownership or associated fees and royalties. SRK has therefore assumed that no legal impediments regarding the relevant tenements exist and that GPL has legal rights to all underlying tenements as purported. Assessing the legal tenure and right to prospects of GPL is the responsibility of legal due diligence conducted by entities other than SRK.

3.5 Work Program

The work program consisted of a review of data provided by GPL, travel to GPL's office and site of the Exploration Tenement from August 24, 2009 to August 28, 2009 in Mongolia; inspection of the exploration property and proposed laboratories in Ulaanbaatar, and collections of related documents and checking samples; review of the sampling and assaying methods being adopted and related QA/QC; discussions with both the Company and GPL staff, analysis of the data provided, evaluation of the resource estimation model; and preparation of this Report, which was provided to the Company as a draft for review of factual content. SRK will finalise the report after feedbacks and comments have been considered.

3.6 Project Team

The SRK project team, title and responsibility within this Report are shown in Table 3-1 below.

Table 3-1: SRK Project Team

Consultant	Title and Responsibility
Dr Yiefei Jia	Principal Consultant/geology and resource estimates, project manager, report compilation
Pengfei Xiao	Senior Geologist/assisting geological data collection
Dr Anson Xu	Principal Consultant/peer review and quality control

Dr Yiefei Jia, ***PhD, MAusIMM,*** is a principal consultant (geology) with a specialty of exploration of mineral deposits. He has more than 18 years experience in the field of exploration, development, and resources estimate of precious (gold, sliver, and PGE) and base metal (lead, zinc, copper, vanadium, titanium, and iron as well as other metal ore deposits in different geological settings in China, Australia, and North America. He also has essential skills including exploration project management and design; petrological and geochemical analysis; lithological and geotechnical logging; and scientific research. He has recently completed several technical review projects including HKEx technical reports. Dr Jia is the project manager.

Pengfei Xiao, MSc, (Geophysics) of Chinese Academy of Sciences, is a Geologist of SRK. In the past years, Pengfei has joined a number of training on Petrology, Tectonics, and Geophysical exploration; also he has taken part in geological mapping. As a main participant, he has worked on Geophysical exploration and Geological survey in some metal minerals and coal projects, including a key project sponsored by National Nature Science Foundation of China. Mr Xiao will assist Dr Jia to collect data and review geology and resource.

Dr Anson Xu, ***PhD, MAusIMM,*** is a principal consultant with a specialty in exploration of mineral deposits. He has more than 20 years experience in exploration and development of various types of mineral deposits including copper-nickel sulphide deposits related to ultrabasic rocks, tungsten and tin deposits, diamond deposits, and in particular, various types of gold deposits, vein-type, fracture-breccia zone type, alteration type, Carlin type. He was responsible for resource estimations of several diamond deposits, and review of resource estimations of several gold deposits. He has recently completed several due diligence jobs for clients in China, including gold, silver, lead-zinc, iron, bauxite, and copper projects, and several technical review projects, as well as HKEx technical reports. Dr Xu provided peer review to ensure the quality control of the report.

3.7 Statement of SRK Independence

Neither SRK nor any of the authors of this Report, have any material, present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. Payment of that professional fee is not contingent upon the outcome of the Report.

None of SRK or any authors of this report have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Company or any of its subsidiaries, or was proposed to be acquired, or disposed of by, or leased to any member of the Company or any of its subsidiaries within the two years immediately proceeding the issue of the circular.

None of SRK or any authors of this report has any shareholding, directly or indirectly in any member of the Company and its subsidiaries (the "Group") or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

3.8 Warranties

GPL has represented to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true. SRK has no reason to doubt this representation.

3.9 Consent

SRK consents to this Report being included in full in Green Global's application for the acquisition of Oyut Ovoo deposit on the HKEx, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical reviews expressed in the summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the cover letter.

3.10 SRK Experience

SRK Consulting is an independent, international consulting group with extensive experience in preparing independent technical reports for various stock exchanges around the world (see www.srk.com for a review). SRK is a one-stop consultancy offering specialist services to mining and exploration companies for the entire life cycle of a mining project, from exploration through to mine closure. Among SRK's more than 1,500 clients are most of the world's major and medium-sized metal and industrial mineral mining houses, exploration companies, banks, petroleum exploration companies, agribusiness companies, construction firms and government departments.

Formed in Johannesburg, South Africa, in 1974 SRK now employs more than 900 professionals internationally in 35 permanent offices on six continents. A broad range of internationally recognized associate consultants complements the core staff.

SRK Consulting employs leading specialists in each field of science and engineering. Its seamless integration of services, and global base, has made the company a world's leading practice in due diligence, feasibility studies and confidential internal reviews.

The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgment issues.

SRK was established in early 2005, and is mainly working on Chinese mining projects independently or together with SRK's other offices, mainly SRK Australasia (see www.srk.cn and www.srk.com.au for review). We have prepared dozens of independent technical reports on mining projects for various companies who acquired Chinese projects or went public listings on overseas stock exchanges with a summary list as showing in Table 3-2.

Table 3-2: Recent Reports by SRK for Chinese Companies

Company	Year	Nature of Transaction
Yanzhou Coal Limited (company listed on the Stock Exchange of Hong Kong Limited)	2000	Sale of Jining III coal mine by parent company to the listed operating company
Chalco (Aluminium Corporation of China)	2001	Listing on the Stock Exchange of Hong Kong Limited and New York Stock Exchange
Fujian Zijin Gold Mining Company	2004	Listing on the Stock Exchange of Hong Kong Limited
Lingbao Gold Limited	2005	Listing on the Stock Exchange of Hong Kong Limited
Yue Da Holdings Limited (company listed on the Stock Exchange of Hong Kong Limited)	2006	Proposed acquisition of shareholding in mining projects in PRC
China Coal Energy Company Limited (China Coal)	2006	Listing on the Stock Exchange of Hong Kong Limited
Sino Gold Mining Limited	2007	Dual listing on the Stock Exchange of Hong Kong Limited
Xinjiang Xinxin Mining Industry Company Limited	2007	Listing on the Stock Exchange of Hong Kong Limited
Espco Technology Holdings Limited	2008	An acquisition of shareholding in Tongguan Taizhou Gold-Lead projects in PRC
Hong Kong Nation Resources Limited	2008	Proposed acquisition of shareholding in iron projects Chengde, PRC
Kiu Hung International Holdings Limited	2008	An acquisition of shareholding in coal projects in inner Mongolia, PRC
China Shenzhou Mining and Resources Inc	2008	Listing (SHZ) on the American Stock Exchange

3.11 Forward-looking Statements

Estimates of mineral resources are inherently forward looking statements. Being projections of future performance, they will differ from actual performance. The errors in such projections result from inherent uncertainties in interpretation of geologic data, variations in the execution of mining and processing plans, the ability to meet construction and production schedules, availability of necessary equipment and supplies, fluctuating prices and changes in regulations.

Possible sources of error in the forward looking statements are addressed in more detail in the appropriate sections of this Report.

4 LOCATION, ACCESS, CLIMATE AND PHYSIOGRAPHY

4.1 Location and Access

Oyut Ovoo property is located at Dundgobi Provinvce of central Mongolia. It is about 270 kilometres (km) southwest (SW) of Ulaanbaatar, the capital city of Mongolia (Figure 4-1). Ulaanbaatar is an international airport in Mongolia with daily flights available between Beijing and Ulaanbaatar.

The coordinates of exploration permit scope are between E105°18′00″ and E105°20′30″ in longitude, and from N45°43′00″ to N45°45′00″ in latitude (No. 3629X) registered under GPL with an area of 12.01 km^2. The detailed coordinates of vertices for the exploration permit that belongs to GPL are listed in Table 4-1.

Table 4-1: Coordinates of Vertices for Exploration Permit

Vertex ID	Longitude	Latitude
1	105°18′00″	45°45′00″
2	105°20′30″	45°45′00″
3	105°20′30″	45°43′00″
4	105°18′00″	45°43′00″

Accessibility to the property site is excellent with driveable roads in the grassland terrain. It takes about 4 hours' drive from the site to Ulaanbaatar. About 265 km to the east of the project area there is a railway extends to China, and there is access leading to the nearest rail station.

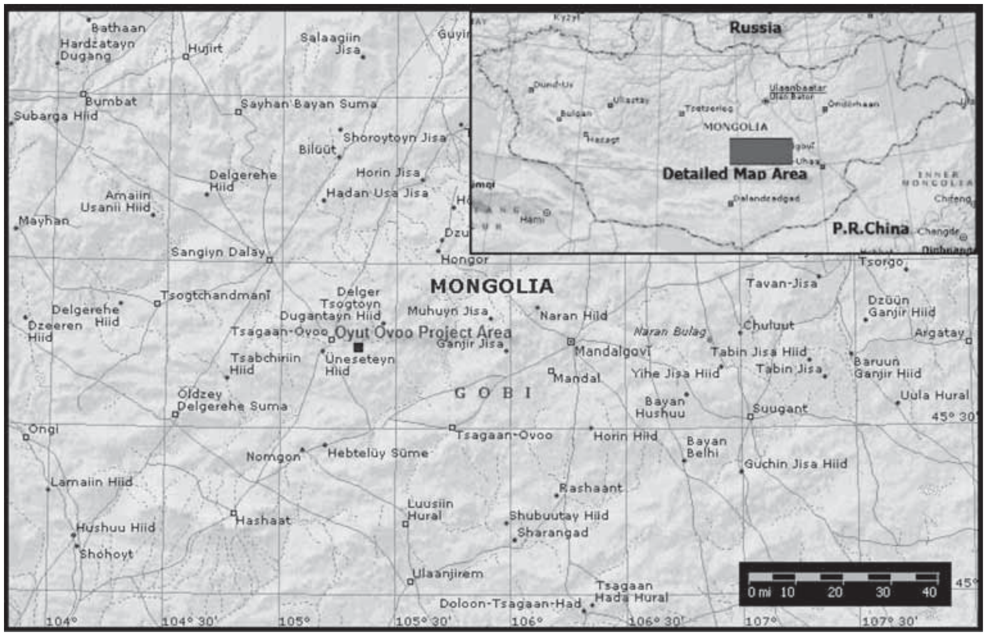


Figure 4-1: Location Map of Oyut Ovoo Property in Mongolia

4.2 Climate and Physiography

Oyut Ovoo property is located in the central part of Mongolia Plateau, where it represented by typical inner continental climate. The highest temperature can exceed 35°C and the lowest is about minus 40°C. The frozen period is from mid-November to March of the following year. The regional landscape is characterized by semi desert vegetation and low hills with the elevation varying from 1,300 m to 1,400 m above sea level (A.S.L.).

4.3 Local Economy and Infrastructure

Local economy is heavily based on shepherd and mining industries. Oyut Ovoo is basically serviced by local infrastructure related to goods transportation and mobile communication. The centre of Ovoo County is about 7 km to the northwest (NW), where the simple commerce is developed. The county-level 110 volt (V) power line can be utilised in the property area. There is an open pit for coal deposit located at 4 km to the west, where abundant water was discovered from 20 m depth; therefore the requirements for industrial use could be satisfied.

5 GEOLOGICAL AND MINERAL INVENTORY ASSESSMENT

5.1 Data Collection and Methods

SRK assessed Oyut Ovoo iron project by reviewing sampling, analytical procedures and quality control methods, showing the amount of sampling of drill holes, trenching, mapping and geochemical sampling. In SRK's opinion, general exploration techniques which have been used for sampling of the mineralisation are acceptable under industry standards. These techniques include drilling, trenching, and geological surveying of the exploration project. Samples of mineralisation collected from the deposit site are assayed internally and sent to other laboratories for external analysis.

5.2 Resource Categories and Resource/Reserve Estimates

The resources of Oyut Ovoo iron deposit reported in the section was estimated by a Chinese company using Chinese resource classification according to the Chinese National Standard for Solid Mineral Resources/Reserves Classification (GB/T17766-1999). This is a three-digit system, where the last digit indicates the geological certainty, 1 stands for measured mineral resource, 2 for indicated mineral resource, 3 for inferred resource and 4 for predicted resource. However, this system is different from the criteria used in defining a resource under the JORC code. Comparison between different systems is provided in Appendix I.

SRK reviewed methods used by the Company to estimate resources of Oyut Ovoo iron deposit and is satisfied that China Non-ferrous Metals Resource Geological Survey ("CNGS"), who is qualified and approved Chinese independent geological consultant, has used methods and procedures complying with Chinese standards for resource estimation. SRK notes that the resources and reserves estimation report has been recognised by the relevant Chinese authority.

Resources and reserves estimates are one of the input parameters used in the preparation of this Report. The Company's resources and reserves estimates were reported in accordance with the requirements of the Chinese system. SRK is satisfied that the resources and reserves have been estimated in adherence to requirements as prescribed by the governing state committee for resources at particular stages of project development. These conventional methods have generally been applied conservatively and to the required standard of diligence. It is SRK's opinion that current individual estimates are reliable and represent a reasonable global estimate of relevant mineral resources, although they may not in full compliance with the JORC code.

SRK reviewed resources and reserves estimates provided by the Company and, wherever possible, reassigned the resources and reserves estimates to compare them with categories similar to those used by the JORC code. This was conducted in order to standardise the categorisation.

5.3 Sampling, Analytical Method and Quality Control

China/Mongolia/Russia has its own system and requirements for quality assurance and quality control (QA/QC) for different stages of exploration of various types of mineral deposits. The Geological Brigade, which has the qualifications for conducting exploration, followed the prescribed procedures for QA/QC, complying with Chinese regulations. However as current Chinese/Mongolian/Russian mineral reserve codes or regulations are not fully recognised in Western countries, the QA/QC procedures used at the Company's projects are not necessarily compliant with the JORC code. The main differences between Chinese resource standards and the JORC code are in the areas of sampling and assaying. The JORC code is stricter on drill core recovery, the qualification of the assaying laboratory and insertions of control samples into assaying programs.

5.4 Regional Geology

The area of exploration prospect of GPL is located in the transition zone between Siberian Plate, China-Korean and Tarim Plate. Figure 5-1 presents the regional geological settings with the location of mineral deposits and occurrences. Stratigraphy and tectonics as well as other details in this map will be discussed in the following four sub sections.

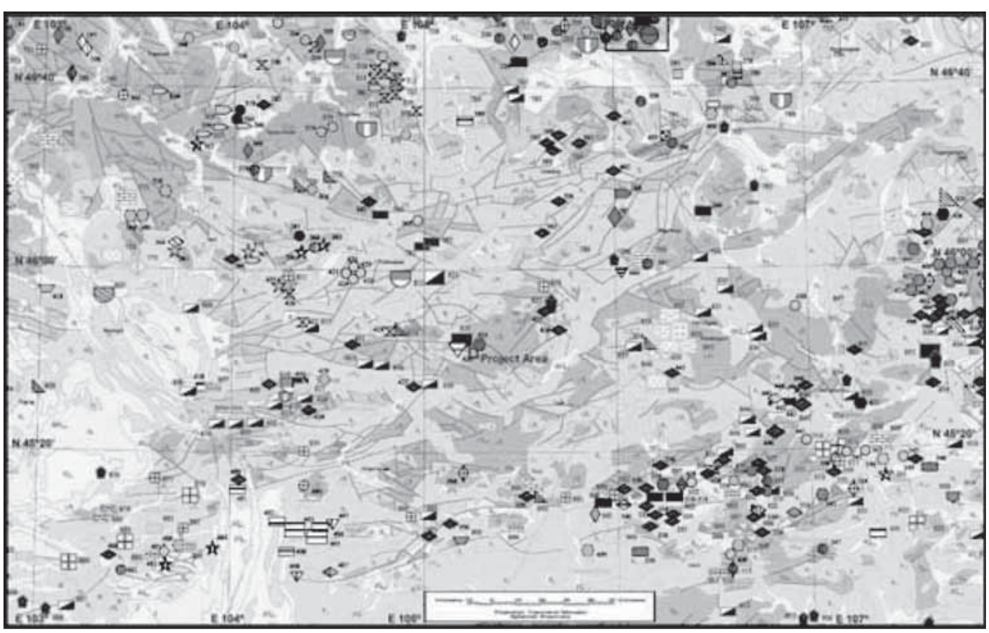


Figure 5-1: Regional Geology and Mineral Deposits/Occurrences Location

5.4.1 Stratigraphy

In the regional scale the oldest strata are represented by lower Proterozoic basement, namely biotite gneiss and granite gneiss, overlaid by Neoproterozoic carbonate and schist, the upper part of which is covered by carbonate from shallow sea or shore sediments.

Brief descriptions of the strata (from lower to upper), as well as related map units in Figure 5-1 are presented below:

- **S:** Silurian, sandy slate and carbonate, formed by sediments in shallow sea environment;
- **D:** Devonian, carbonate, continental sedimentary rock, and reef limestone;
- **P:** Permian, clastic rocks and carbonate;
- **J:** Jurassic, coarse clastic rocks;
- **K:** Cretaceous, continental clastic sediments, including argillaceous limestone and organic shale;
- **Q:** Quaternary system, valley alluvial, loess and clay.

5.4.2 Magmatism

In the region, the magmatic rock types are mainly intermediate rocks to acidic variety. The major intrusive rocks are diorite and granite.

5.4.3 Structure

Regionally the project area is located in the Idermeg tectonic zone (Figure 5-2), where two groups of the northeast and northwest orientated major faults developed. In Idemeg Terrane these faults incised the Permian intrusive rocks and strata formed in Cretaceous and Permian period.

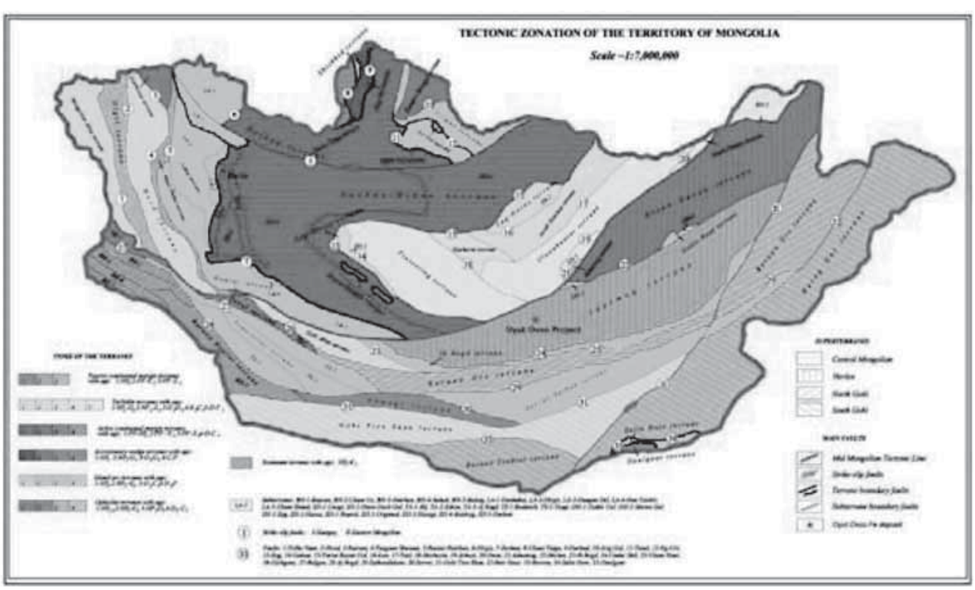


Figure 5-2: Major Tectonic Zones in Mongolia and Project Location

This map is based on "tectonic zonation of the territory of Mongolia".

5.4.4 Regional Mineral Deposits and Occurrences

Abundant mineral resources and various types of deposits are discovered in Dundgobi Province in Central Mongolia (refer to Figure 5-1). In this region, iron and copper deposits and occurrences are widely discovered as skarn type as mostly related to magmatic hydrothermal activities. Non-metal properties such as coal, kaolinite, fluorite and oil shale are found or developed as well.

As shown in Figure 5-1, the property number 435 is for the Oyut Ovoo mine, which has been described in the mineral resources map compiled by Mongolian geology authorities. The nearby deposits, No.436 and No.828 are represented for kaolin and coal respectively.

5.5 Property Geology

The description of property and ore body geology includes stratigraphy, tectonics, plutonic and intrusive rocks, and ore body characteristics. Figure 5-3 shows the deposit's geological settings discovered in the central part of the exploration permit area.

5.5.1 Stratigraphy

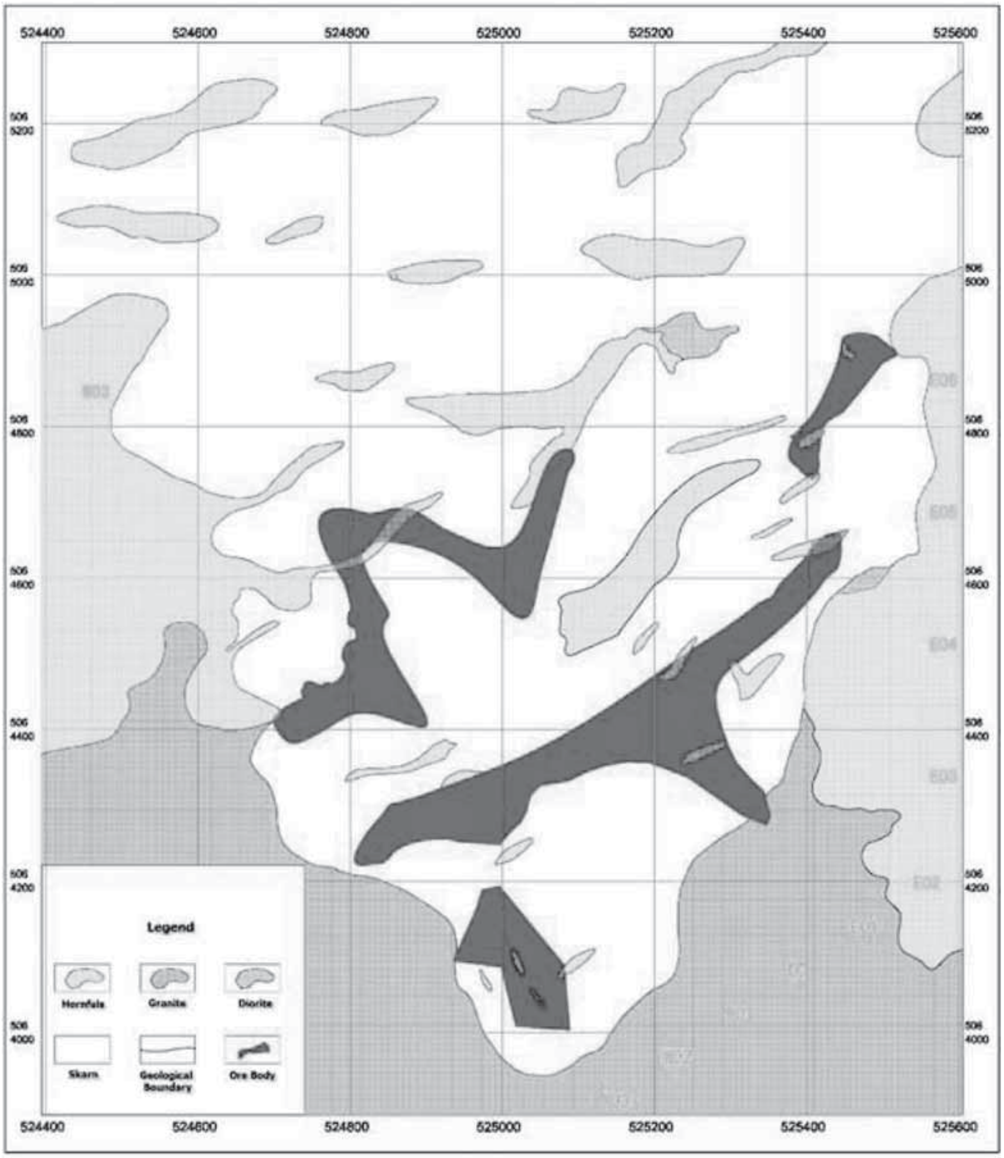
The lithology discovered by drilling and trenching program in the central deposit zone is mainly represented by Silurian and Devonian sedimentary rocks, which are limestone, argillaceous sandstone and siltstone. Tectonic and intrusive rocks are marked by hornfels, diorite and granite (Figure 5-3). The outcropped strata in the property area are:

- **Q – Quaternary System:**

  The Quaternary system is characterised by valley alluvial, glacial deposit or outwash in high mountain area, with loess and placer gold.

- **Silurian and Devonian System:**

  The strata are represented by limestone, limestone-siltstone and argillaceous sandstone.



Scale 1:5,000

Figure 5-3: Geology of Oyut Ovoo Exploration Area

5.5.2 Intrusive Rocks

The main intrusion in the deposit area was emplaced in Permian Period, and the intrusive rocks can be classified as three types of facies:

- The first facies series are characterised by black green pyroxene diorite and diorite.
- The second facies series are mainly consists of grey intermediate-coarse grained biotite-hornblende granite.
- The third facies series are represented by grey fine grained granite porphyry.

5.5.3 Tectonics

There are few major folds or faults developing in the property area, however the north-west trend faults incised intermediate-acid Permian intrusive rocks, and the similar incisions happened on Silurian and Devonian strata by the faults.

5.6 Mineralized Body Geology

5.6.1 Characters of Mineralized Bodies

Oyut Ovoo mineralized iron deposit is a large type skarn iron-copper zone; it trends north-easterly (N55°E), about 1,200m long and 900m wide with an area of nearly 1.0 km^2. Four iron-copper mineralized bodies of 1# to 4# were discovered within the mineralized zone by geological and high-precision magnetic survey and trenching and drilling exploration programs (see Figure 5-3). Of them, the mineralized bodies 2#, 3#, and 4# are mainly iron bodies, and the 1# mineralized body is iron and copper body. All the mineralized bodies are hosted in garnet skarn rocks. The main characters of mineralized bodies are described below.

Mineralized body 1#

Mineralized body 1#, controlled by trenches and drill holes, extends nearly north-westerly (N325°W) for 200m long to down-depths of 290m dipping toward the southwest at angle of 85° with thicknesses ranging from 20m to 60m. The average total iron (TFe) and magnetic iron (mFe) grades of mineralized body 1# are 40.83% and 28.98%, respectively.

Mineralized body 2#

Mineralized body 2#, controlled by trenches and drill holes, extends nearly north-easterly (N55°E) for 760m long to down-depths of 260m dipping toward the southeast at angle of 85° with thicknesses ranging from 40m to 200m. The average TFe and mFe grades of mineralized body 2# are 41.28% and 29.73%, respectively.

Mineralized body 3#

Mineralized body 3#, controlled by trenches and drill holes, extends nearly north-westerly (N325°W) for 760m long to down-depths of 280m dipping toward the southwest at angle of 85° with thicknesses ranging from 40m to 100m. The average TFe and mFe grades of mineralized body 3# are 40.95% and 29.84%, respectively.

Mineralized body 4#

Mineralized body 4#, controlled by trenches and drill holes, extends nearly north-westerly (N325°W) for 210m long to down-depths of 280m dipping toward the southwest at angle of 85° with thicknesses ranging from 70m to 100m. The average TFe and mFe grades of mineralized body 4# are 38.57% and 28.43%, respectively.

5.6.2 Ore Mineralogy

According to the ore texture and combination of ore mineral compositions and metal contents, the ore can be classified into semi-massive to massive magnetic ore, disseminated copper-bearing magnetic ore and brecciform copper bearing magnetic ore. The ore minerals are mainly magnetite, hematite, chalcopyrite, bornite and pyrite. The gangue minerals are Ca-Fe garnet, quartz, sericite, biotite, epidote, chlorite and carbonate minerals.

Semi-massive – massive magnetic ore: contents more than 80% magnetite showing as euhedral-semi-euhedral granular with sizes of 0.5 to 1.0mm in diameter and 10-15% quartz and/or feldspar filled in the gaps of magnetite minerals, and a small amount of garnet, chlorite, calcite and hematite.

Disseminated copper-bearing magnetic ore: consists of about 50% magnetite showing as semi-euhedral to euhedral granular with sizes of 0.05 to 0.06mm in diameter and 40% quartz, and a small amount of chalcopyrite, garnet, epidote, chlorite, hematite and hornblende.

Brecciform copper-bearing magnetic ore: is dominated by 50-55% skarn breccias with sizes of 2 to 20mm in diameter, which contents mainly magnetite (15-30%), Ca-Fe garnet and secondary quartz, and a small amount of chalcopyrite, garnet, epidote, chlorite, hematite and hornblende.

Assay results from the mineralized drill cores and trenches show that iron and associated copper are mainly economic metals. The harmful elements, such as sulphur (S) and phosphorus (P), are relatively low with contents of ≤0.30% S from 86.2% of 306 drill core samples and 99% of 100 trench samples, and ≤0.25% P from100% of 306 drill core samples and 100% of 89 trench samples.

5.7 Exploration Programs and Quality Control

5.7.1 Geomorphic and Geological Survey

The GARMIN eTrex Venture Hand GPS at 100m x 100m exploration grid was adopted to do the topographic survey at the Oyut Ovoo exploration tenement. The collected data were estimated using the Surfer 8.0 Software (provided by Golden Software Company, USA). The geophysical exploration, trenches and boreholes were surveyed using the same instrument brought in from differential GPS control points to reported instrument accuracy of ±3m (X-Y-Z).

5.7.2 High Precision Magnetic Survey

The high precision magnetic survey at 100m x 100m, locally 50m x 50m exploration grid, was conducted by Geo-Oron Co., Ltd using DGPS GPS Proton Magnetometer (Canada) between July 31 and August 4, 2009. The survey outlined four anomalous zones (Figure 5-4), among which there are there magnetite zones (mineralized bodies) and one zone for copper-iron mineralisation (mineralized body). The survey is in compliance with the Decree from China Geological Survey, *Geophysical and Geochemical Exploration and Engineering Survey Criterion (DZ/T0153-95)* and *Ground High Precision Magnetic Measurement Method Rules (DZ/T0071-93)*. The magnetic survey has met the exploration requirements for the Oyut Ovoo iron-copper project.

5.7.3 Trenching Exploration

Trenches were conducted between August 2 and September 5, 2009 using dig machine Cobelco SK200-8 (Japan) by Mongolian Brown Bear Drilling LLC at 100m, and locally 50m, exploration line spacing. For mineralized bodies 2#, 3# and 4#, trenched were oriented with approximately northwest-west (NWW) or almost perpendicular to mineralized bodies, while the trenches were oriented northeast (N50˚E) for the mineralized body 1#. The section size of trenches is ≥1.0m wide x 0.5-2.0m deep to fresh base rocks (see Figure 5-5). Each trench has been photo recorded with detailed original log including location measurements of channeling samples. The trenching exploration complies with the Decree of China Geological Survey, *Iron, Manganese and Chromium Mine Geological Exploration Criterion (DZ/T0200-2002)* and *Initial Geological Log Rules for Solid Mineral Deposit Exploration (DZ/T0078-93)*.

Forty-one trenches were conducted with a total excavated length of 9,253.1m. Figure 5-6 below shows a general view for the trenches layout. Figure 5-7 shows more accurate summary and layout projection of trenches at Oyut Ovoo exploration property. Appendix II lists the details of the entire trenches. The trenching exploration has met the exploration requirements for the Oyut Ovoo iron- copper project.

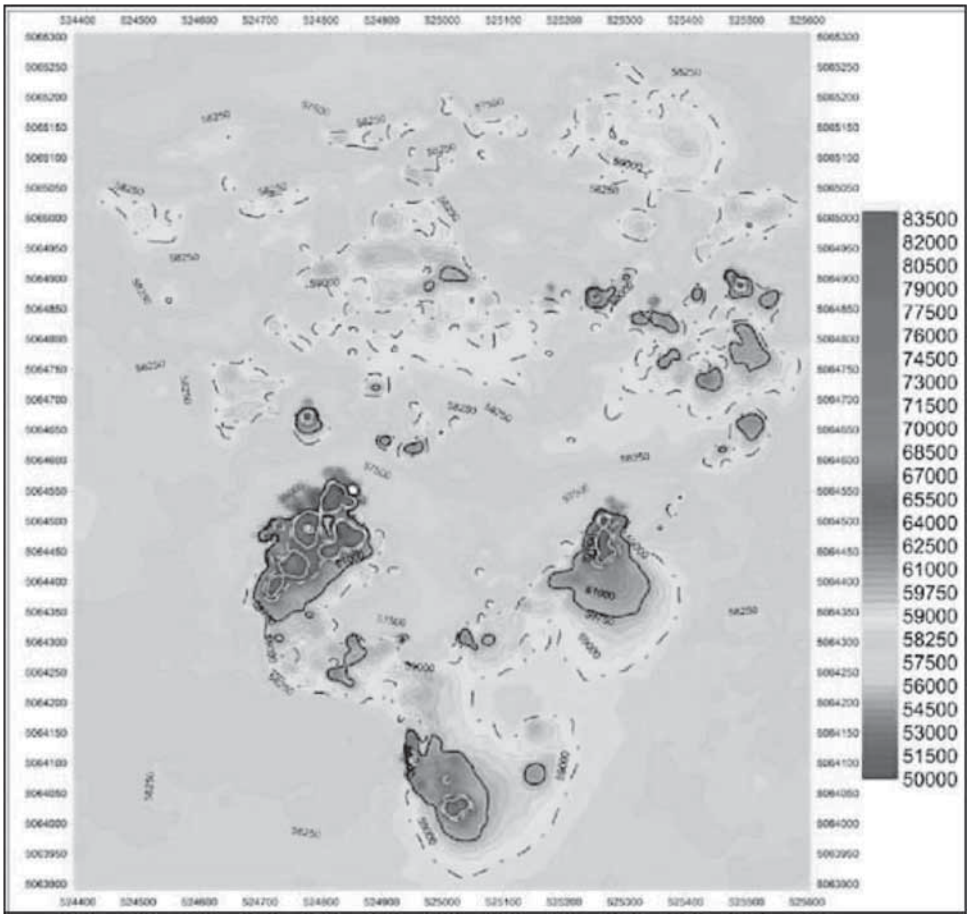


Figure 5-4: Results of High Precision Magnetic Survey

Figure 5-5: One Example of Trench TC11 at Oyut Ovoo

Figure 5-6: Trenches Excavated at Oyut Ovoo

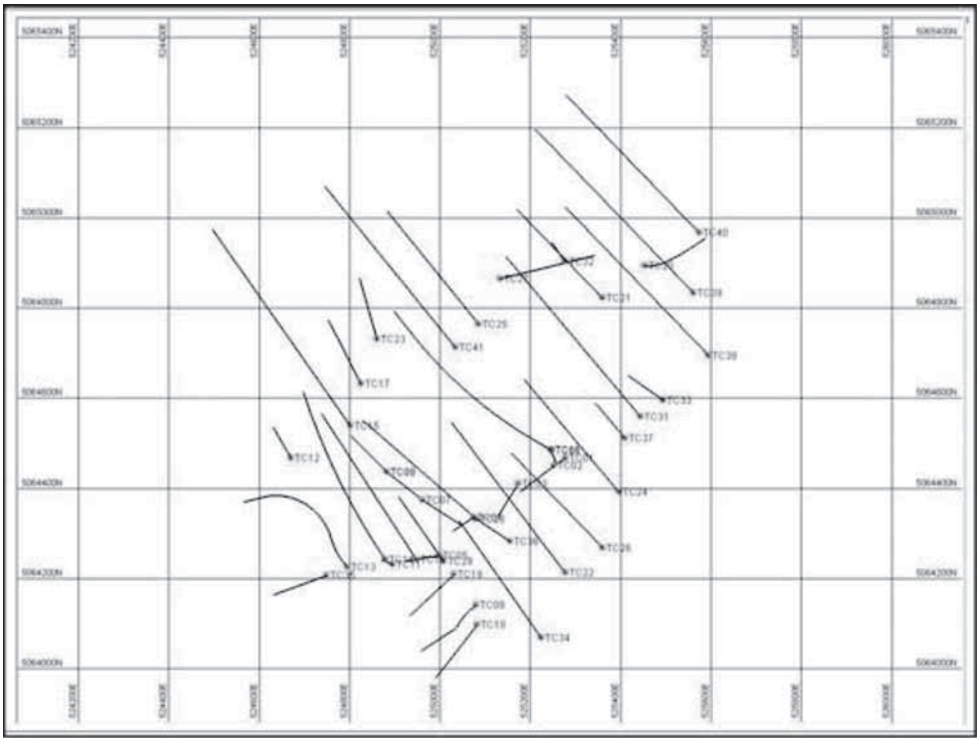


Figure 5-7: Layout of Trenches Conducted at Oyut Ovoo

5.7.4 Drilling Exploration

Boreholes were conducted between June 30 and August 25, 2009 using drilling machine Discovery II, Longyear 44 (Canada) by Mongolian Brown Bear Drilling LLC at 100m, and locally 50m, exploration line spacing. All drill cores have been photographed with detailed original log including core recovery rate of each borehole, drill-hole collar survey, core sampling method, and core management. The drilling program complies with the Decree of China Geological Survey, *Drill Core and Drilling Exploration Rules and Iron, Manganese and Chromium Mine Geological Exploration Criterion (DZ/T0200-2002)* and *Initial Geological Log Rules for Solid Mineral Deposit Exploration (DZ/T0078-93)*.

The drilling program was just completed before SRK's site visit, and the sealed boreholes with cement near surface were sighted (see Figure 5-8). Thirty-five boreholes wither either perpendicular or inclined holes were conducted with a total footage of 5,853.5m. Figure 5-9 shows the general layout of all boreholes at Oyut Ovoo exploration property. Appendix II lists the details of the drilling program.

SRK checked a number of drill cores during site visit and found that most of the boreholes have not drilled through the mineralized bodies at Oyut Ovoo. Figure 5-10 shows that all drill cores were kept in wooden boxes ready for sampling. Figure 5-11 shows different types of iron mineralization.

The drilling exploration conducted has met the exploration requirements for the Oyut Ovoo iron-copper project.

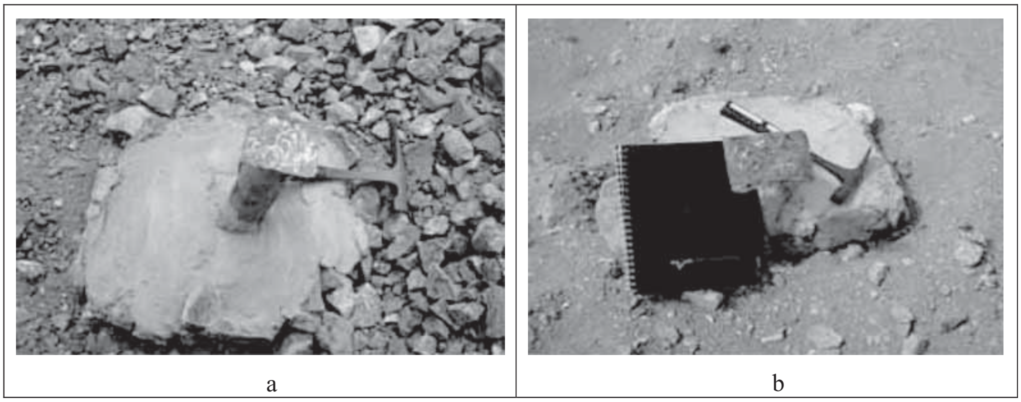


Figure 5-8: Sealed Boreholes (a: ZK04 and b: ZK05)

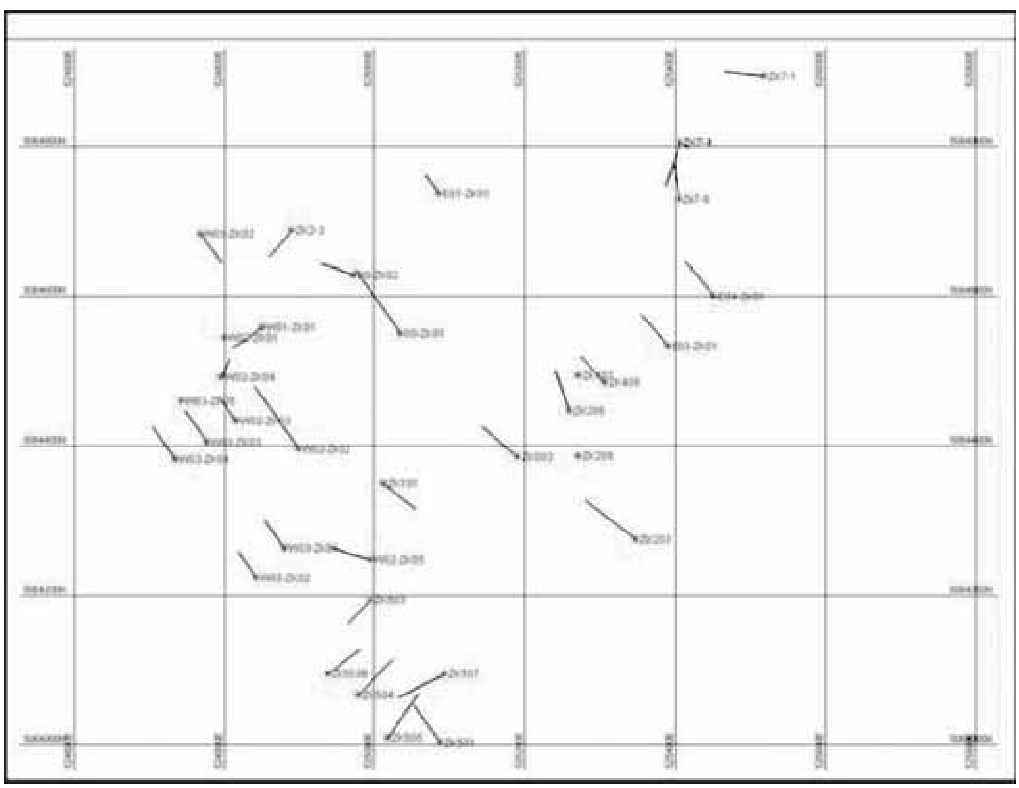


Figure 5-9: Layout of Drill Holes Conducted at Oyut Ovoo

Figure 5-10: Drill Core Stored in Wooden Boxes for Inspection and Sampling

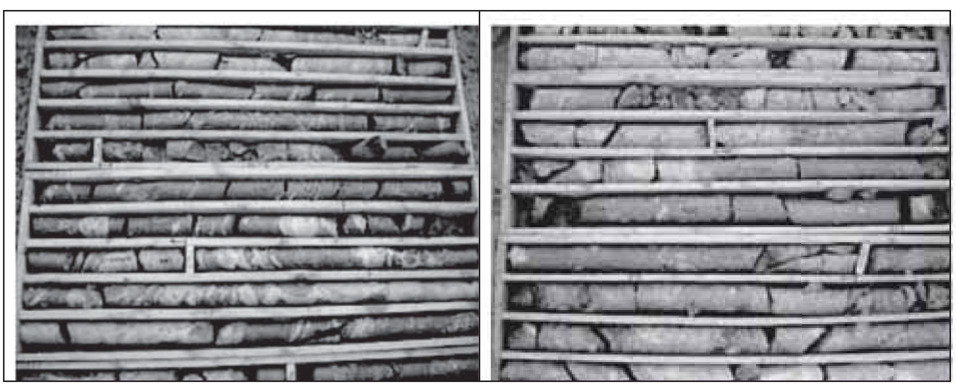


Figure 5-11: Drill Cores Showing Different Types of Mineralization

5.8 Sampling, Analytical Procedures and Quality Control

5.8.1 Sampling

➢ Trenching

Trenching was used to reveal the mineralized bodies on the surface and distributed perpendicular in general to the mineralized body's strike. The width of each trench is about 1.0m on the bottom. The trenches were dug from 0.5m to 2.0m deep to the fresh rocks or mineralized bodies. Channel sampling method was used to take samples from trenches with a channel section size of 10cm wide by 3cm deep along a bottom of the trench. Each sample length is 4.0m and sample weight is more than 1.0kg. Samples were packed with plastic bags and numbered, then loaded onto trucks and delivered to the storage room in Ulaanbaatar office. A total of 9,253.1m of trenches were completed.

➢ Drilling

A total of 5,853.5m of diamond drillings were carried out by Mongolian Brown Bear Drilling LLC. Drill holes were designed either as vertical holes or tilted holes. Core recovery is very good for this type of deposit, and averages about 98% overall for Oyut Ovoo exploration tenement. In the mineralized bodies, recovery is close to 100%. The down-hole surveys, depth verification and the logging were also carried out by the site geologists.

Core is stored in wooden boxes each holding ten meters of core. All the core box lids were secured and the boxes are packed out on foot by workers to the field camp, then loaded into trucks and delivered to the storage rooms in Ulaanbaatar office. Samples were taken from drilling cores by splitting using a diamond saw along the core axis. One half of the core as samples packed with plastic bags was sent to the laboratory for assaying and another was kept in the core box. The sample length is usually about 2.0m.

5.8.2 Sample Preparation and Analysis

All the samples were prepared at the Actlabs Asia LLC, Mongolia and the Alex Stewart Assayers Mongolia LLC laboratories in Mongolia by laboratory personnel. Both laboratories are located in Ulaanbaatar, and are internationally recognized chain analytical laboratories, and are independent from Green Global and its Mongolian subsidiary company.

The sample preparation consists of the following procedures:

All the samples will be registered by the laboratory staff after receiving them from the GPL. Samples are dried first, and crushed to -80 mesh (1mm size in diameter) by Jaw crusher "Terminator" (TM Engineering Canada Ltd made), and then a one-kilogram (kg) sub-sample ("split") was pulverized to -200 mesh (75μm) by Pulverizer "LM2" (Labtech Essa Pty made). A 100 gram

(g) split ("pulp sample") was taken from the 1.0kg pulverized sample for digestion and assaying. Figure 5-12 shows the procedure of sample preparation.

Figure 5-12: Sample Preparation
(a: Registered Samples for Drying and b: Weighting after Crushing)

Here the pulp samples were assayed for TFe, Cu, S and P using four-acid digestion/atomic absorption spectroscopy "Varian AA 2800 FS" "AAS" method (using a 30g aliquot). The mFe was analysed using a relatively complicate procedure: firstly extract magnetic iron, put it into a taper flask, add 1:1 HCl to fully dissolve sample on hot plate, and then assay using AAS method.

SRK visited the two laboratories and discussed with laboratory personnel on the procedures of sample preparation and analysis. SRK believes that the procedures for five items of TFe, Cu, mFe, S and P analyses are in compliance with the international standard procedures.

5.8.3 Quality Assurance/Quality Control Protocol

A total of 4,680 samples were collected trenches (1830 samples from 41 trenches) and drill cores (2850 samples from 35 drill cores) at the Oyut 0voo iron-copper deposit. All samples were assayed for TFe and Cu and 518 drill core samples and 569 trench samples were analysed for mFe. Only drill core samples were adopted for resource estimation using Surpac program by CNGS. Trench samples were used to estimate the potential resources between the four mineralized bodies.

For quality assurance and internal quality control purposes, standard samples and blanks were also added for analyses at both laboratories. More than 10% of total samples were internally checked as well. The returned qualified rate of the internal duplicates was above 92%. However, no samples were selected and sent out for external checking. The analytical procedure and quality control comply with Chinese National Analytical Standards (DZ0130.3-94). However, SRK noticed that SRK has not reviewed the internal assay data.

5.8.4 Data Verification

During the mine site visit SRK collected 2 'grab samples', one from the outcropped rocks and the other from a trench. Another 8 samples from half of drill cores were also taken with SRK and assayed in a Chinese known laboratory located in Langfang City, Heibei Province.

The samples were packed and numbered by SRK and then submitted to the proposed laboratory, Central Lab of Regional Investigation, Langfang, for assaying to determine the content of total iron, magnetic iron, copper sulphur, and phosphor. All rock samples were prepared in the laboratory including drying, crushing, splitting, fine pulverising and screening. The SRK check sample location and details are listed in Table 5-1.

Table 5-1: SRK's Check Samples

SRK ID	Original ID	Borehole	From	To	Length	Coordinates
SRK001						E105°19′16.9″,N45°43′47.2″
SRK002						E105°19′14.9″,N45°43′52.2″
SRK003	W03-ZK03-1	W03-ZK03	56.0	57.5	1.5	
SRK004	W03-ZK03-2	W03-ZK03	57.5	59.0	1.5	
SRK005	ZK505-1	ZK505	43.0	44.5	1.5	
SRK006	ZK505-2	ZK505	44.5	46.0	1.5	
SRK007	ZK408-1	ZK408	23.0	24.5	1.5	
SRK008	ZK408-2	ZK408	24.5	26.0	1.5	
SRK009	W03-ZK05-1	W03-ZK05	53.0	54.5	1.5	
SRK010	W03-ZK05-2	W03-ZK05	54.5	56.0	1.5	

5.9 Resource/Reserve Estimates

5.9.1 Cut-off's

Based on the geological and mineralization characters of the Skarn-Typed Oyut Ovoo iron-copper deposit and the Decree of China Geological Survey, Iron, Manganese and Chromium Mine Geological Exploration Criterion (DZ/T0200-2002), the 15% TFe and 12% mFe are defined as cut- off's of mineralized bodies by the CNGS. Other industrial index, such as the associated Cu and the harmful elements S and P are considered as well (see Table 5-2).

Table 5-2: General Industrial Index for Oyut Ovoo Iron-Copper Deposit

	Fe Ore		Cu Ore	Harmful Elements	
Item	**TFe (%)**	**mFe (%)**	**Cu (%)**	**S (%)**	**P (%)**
Cut-off's	15	12	0.2	≤0.30	≤0.25
Minimum mineable thickness	1.0 m				
Maximum band allowed	2.0 m				

Note: "TFe" is for "total iron", "mFe" is for "magnetite iron".

5.9.2 Method of Estimation

CNGS conducted the resource estimate for the Oyut Ovoo iron-copper deposit using Surpac Software. The evidences are the tabular shaped mineralized bodies with steep dipping angles, the relatively even iron and copper mineralization along both strike and down-dip of the mineralized bodies, and the reasonable distributions of trenches and boreholes along exploration lines.

The mineral resources of the mineralized bodies 2# and 3# were estimated using the Kriging method, because the two mineralized bodies have more available sample data. Due to the relatively small mineralized bodies 1# and 4# with less available sample data, an inverse-distance squared method was used to estimate the mineral resources of the mineralized bodies of 1# and 4#.

5.9.3 Resource Model

The database of the Oyut Ovoo iron-copper deposit consists of the borehole orientation table, measured inclination table, and sample assay table. The locations of boreholes are controlled using WGS84 N48° zone coordinate. The following Table 5-3a lists the detailed database information. The entire database has been imported to the Surpac program for validation and verification. Based on the cut-off grade of 15%TFe and 12%mFe and combination of the exploration grid and the stability of TFe and mFe grades, four iron mineralized body models were delineated (see Figure 5-13).

Table 5-3a: Assay Database of Drill Cores

Data Type	**No. of Columns**
Orientations	35
Sample Assay Results	2,847
Measured Inclinations	70

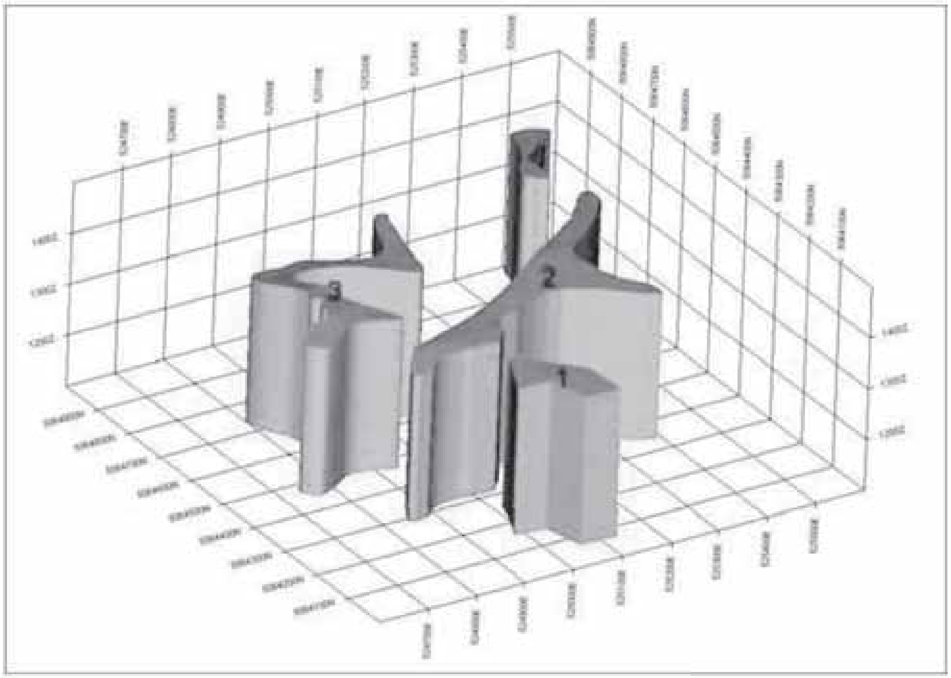


Figure 5-13: Three-Dimension Model of Four Mineralized Bodies

5.9.4 Resource Estimation

Sample Statistics and Assemblage: According to the statistic analysis of samples, an adoption of 2.0m long samples is satisfactory for resource estimation.

Sample Density: To determine the appropriate bulk sample densities to use in the resource model, CNGS assessed the specific gravity (SG) measurements of 20 different types of ore samples made by Actlabs Asia LLC. The measurement results of SG are between 3.25t/m^3 and 4.80t/m^3 (Table 5-3). The average SG of 4.08t/m^3 is adopted for resource estimation.

Table 5-3: Results of Ore Density Samples

Sample ID	Result t/m^3
ZK2-1-R1	4.68
ZK203-R1	4.78
ZK206-R1	3.54
ZK206-R2	4.80
ZK408-R1	4.02
ZK408-R2	4.54
ZK501-R1	4.29
ZK507-R1	3.55
W01-ZK02-R1	3.25
W03-ZK02-R1	3.80
W03-ZK02-R2	3.99
W03-ZK03-R1	3.87
W03-ZK03-R2	4.53
W03-ZK05-R1	4.51
W03-ZK05-R2	4.62
TR1	3.90
TR2	3.82
TR3	3.60
TR4	3.89
TR5	3.68

Block Body Model: The Oyut Ovoo block body models are produced based on the resource model using Surpac program. The block body model is used to estimate the grades and tonnes of ore. The parameters used to estimate the block body models are shown in Table 5-4.

Table 5-4: Parameters for Block Body at Oyut Ovoo

Coordinate	Minimum Value	Maximum Value	Size of Block Body
Y	5,064,000	5,064,910	20
X	524,710	525,520	20
Z	1,140	1,140	12

Estimation Parameters: CNGS used the Kriged method to estimate the mineral resources of the mineralized bodies 2# and 3# and an inverse-distance squared method to estimate the mineral resources of the mineralized bodies of 1# and 4#. The estimation parameters used the four mineralized bodies are given in Table 5-5.

Table 5-5: Estimation Parameters for Mineralized Bodies at Oyut Ovoo

Method	Parameter	Mineralized Bodies 1#	2#	3#	4#
Kriged	Horizontal Search (m)	–	200	200	–
	Vertical Search (m)	–	300	300	–
	Maximum Samples	–	15	15	–
	Minimum Samples	–	2	2	–
	Parameter C1	–	1.19	0	–
	Parameter (C1+C0)	–	102.56	299.108	–
	Rotation	–	50.11	45.2	–
	Dip	–	30.075	28.873	–
	Tilt	–	0	0	–
	Obliquity	–	-90	-90	–
	Major/Semi-major	–	2.01	1.56	–
	Major/Minor	–	3	3.41	–
Inverse-distance squared	Horizontal Search (m)	200	–	–	200
	Vertical Search (m)	300	–	–	300
	Maximum Samples	15	–	–	15
	Minimum Samples	2	–	–	2
	Major/Semi-major	1	–	–	1
	Major/Minor	1	–	–	1

Resource Category and Estimation: According to the Decree of China Geological Survey, *Iron, Manganese and Chromium Mine Geological Exploration Criterion (DZ/T0200-2002)*, an average searched distance was adopted to classify the resource categories. The average searched distances of <20m, between 20m and 50m, 50m and 100m, and 100m and 200m, were used to estimate the 331, 332, 333, and 334 category resources. According to CNGS's statement in Section 7.9 of original report, the 334 category can be regarded as the 333 category resource considering the exploration line grid and SRK accepted the statement based on review and observation of exploration programs conducted. The distributions of resource categories and TFe and mFe grades are shown on the Figure 5-14 and Figure 5-15, respectively. Figure 5-16, Figure 5-17 and Figure 5-18 are the projection maps of mineralized bodies at different levels.

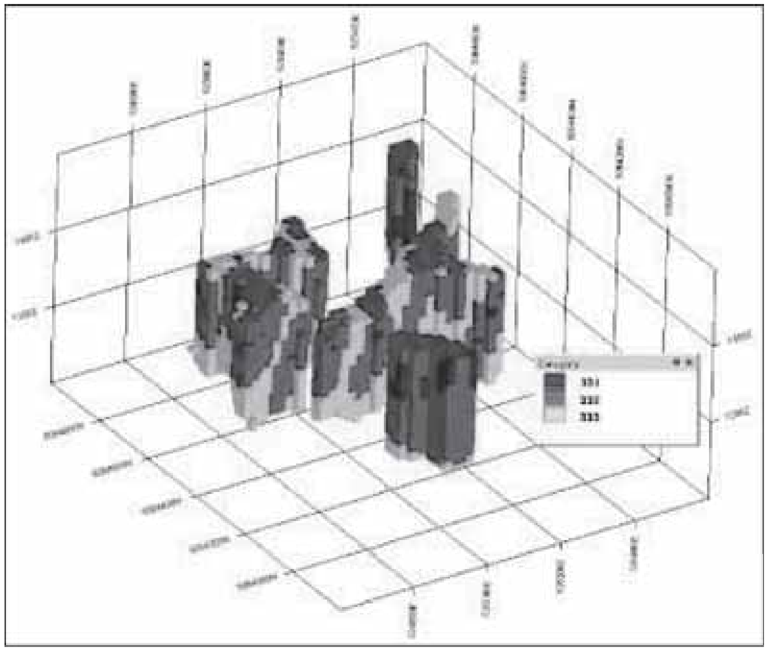


Figure 5-14: Distribution of Resource Categories

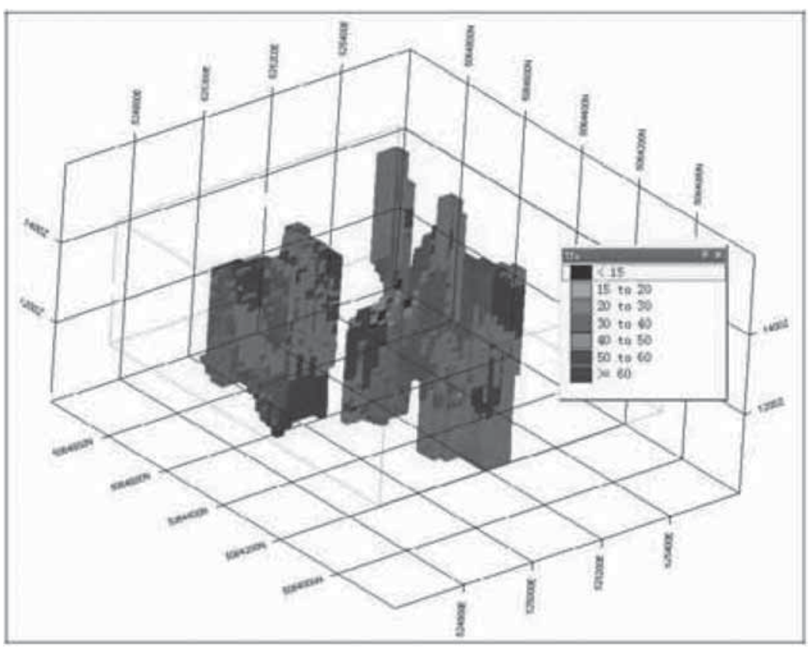


Figure 5-15: Distribution of TFe Grades

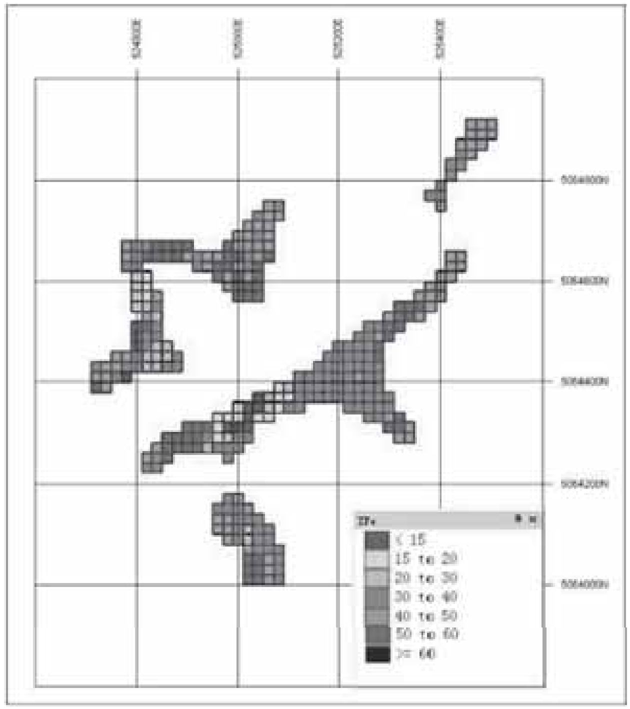


Figure 5-16: Projection Map of Mineralized Bodies at 1,400m Level

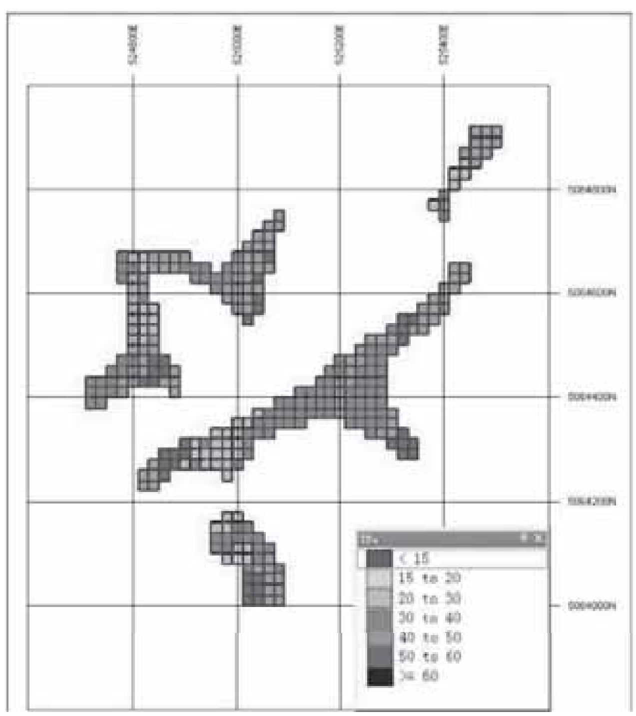


Figure 5-17: Projection Map of Mineralized Bodies at 1,300m Level

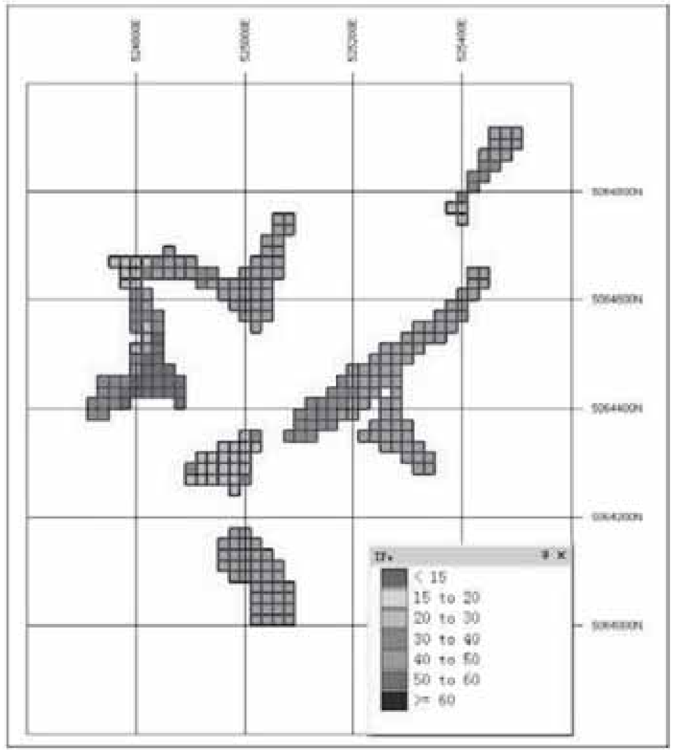


Figure 5-18: Projection Map of Mineralized Bodies at 1,200m Level

The iron ore resources of the four mineralized bodies have a 331 category resource of 6.29 Mt with average grades of 40.20% TFe and 29.10% mFe, a 332 category resource of 77.71Mt at average grade of 40.67% TFe and 29.37% mFe, a 333 category resource of 42.83Mt with average grades of 39.97% TFe and 28.99% mFe, respectively. Table 5-6 shows the details of resources of the four mineralized bodies.

Table 5-6: Summary of Estimated Resources of Four Mineralized Bodies*

Mineralized Body	Resource Category								
	331			332			333		
	Resource (x1000t)	TFe (%)	mFe (%)	Resource (x1000t)	TFe (%)	mFe (%)	Resource (x1000t)	TFe (%)	mFe (%)
1#	2,722.1	41.26	29.26	14,022.1	41.97	29.83	1,116.3	46.44	33.28
2#	548.3	42.81	30.62	30,688.1	39.46	28.41	23,716.2	38.52	27.57
3#	1,390.4	39.40	28.72	27,378.4	41.77	30.48	17,096.8	41.69	30.79
4#	1,625.4	38.22	28.64	5,620.6	38.69	28.03	900.9	37.77	27.26
Total	**6,286.2**	**40.20**	**29.10**	**77,709.2**	**40.67**	**29.37**	**42,830.2**	**39.97**	**28.99**

* If comparison of the Chinese and JORC generally, 331 category resource is equivalent to Measured Resource, 332 category resource is equivalent to Indicated Resource, and 333 category resource is equivalent to Inferred Resource. In China, the 331 and 332 category resources can convert to reserves.

The copper (as an associated metal) ore resources in 331+332+333 categories were estimated at 12,549,020t with 64,000t contained metal Cu averaging of 0.51%.

Based on the trench sample data, CNGS also estimated the mineral resources, which distributed between the four mineralized bodies. The resources were evidenced by trenches and outcrops at surface (see Figure 5-19 and Figure 5-20). They are likely the eroded products of enriched primary mineralized iron-copper ore after weathering, erosion and deposition. The resources, regarded as the 333 category resource, were estimated at 22.03Mt at average grades of 42.06% TFe, 28.56% mFe and 0.50% Cu (see Table 5-7).

Table 5-7: Perspective Resources at Oyut Ovoo

Resource Category	Resource	Average Grade (%)			Contained Metal (x1000t)	
	(x1000t)	TFe	mFe	Cu	mFe	Cu
333	22032	42.06	28.56	0.50	6292	110.16

The Company's resources and reserves estimates were reported in accordance with requirements of the Chinese system and are one of the input parameters used to prepare this Report. SRK is satisfied that the resources have been estimated in adherence to requirements prescribed by the governing state committee for resources at particular stages of project development. These conventional methods have been applied conservatively and to the required standard of diligence. It is SRK's opinion that current individual estimates are reliable and represent a reasonable global estimate of the relevant mineral resources, although they are not in full compliance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) standard.

In JORC, only Measured category and Indicated category resources can be converted into ore reserves after consideration of some technical, economic and other factors. Although the Oyut Ovoo iron copper deposit will become an open-pit mine with low stripe ratio and the majority of 331 category and 332 category resources can be economically mined out, SRK cannot convert them into JORC ore reserve due to lack of detailed mining design and feasibility study on the deposit.

SRK has been informed by the client that the Mine Development Plan and Feasibility Study are currently under preparation by a qualified Mine Development and Design Institute in Beijing.

Figure 5-19: Distribution of Enriched Mineralized Iron Ore at Oyut Ovoo

Figure 5-20: Distribution of Enriched Mineralized Iron-Copper Ore at Oyut Ovoo

5.10 Exploration History and Potential

5.10.1 Exploration History

Reportedly the initial exploration work on Oyut Ovoo deposit area could be retrospected in 19th century conducted by Chinese worker, and there still a pit for mining copper remained at the south part of the license area.

Before 1961, a geological team from the former Union of Soviet Socialist Republics ("USSR") had done some geological survey in this area. Later, a Mongolian geological brigade took over and investigated the same property area in 1961.

In 2004, five drill holes were drilled by Asia Gold Mining Corporation Limited for the purpose of copper deposit prospecting in the deposit area. In 2008, Geo-Oron Co., Ltd. conducted the magnetic survey and shallow drilling.

The previous work could be partially traced with some remained documents and maps.

5.10.2 Recommendations for Further Exploration

In 2009, as documented in the previous sections, GPL conducted exploration including mapping, geophysics, trenching and drilling, and the work is mainly concentrated in the central part of whole licensed area. Table 5-8 shows the workload completed by GPL in the central part of the license area.

Based on these exploration programs, CNGS estimated and reported a total of iron ore resources of 148.86Mt, where the categories 331, 332 and 333 resources take up 4.22%, 52.20% and 43.58%, respectively. It implies that more drilling exploration programs are needed to update the 332 category and 333 category resources to 331 and 332 category resources.

In addition, most of boreholes do not cut through the mineralized bodies in depth. It is of SRK's opinion that deep drill holes are needed to not only test if the four mineralized bodies become one in depth but also upgrade resource categories and increase mineral resources.

During and following further exploration program suggested above, SRK also recommends that (1) the updated resource estimation should be made based on all samples' assay data of TFe, mFe and Cu; (2) a mining design and an examination test report of ore processing technology should be completed; and (3) the feasibility study report should be carried out before mining operation begins.

The Company has already adopted the recommendation made by SRK above. Also SRK has been informed by the client that the Mine Development Plan and Feasibility Study are currently under preparation by a qualified Mine Development and Design Institute in Beijing. The Company will conduct one to five year mining plan based on the mining design of the mine. With reference to the mining schedules of the Company, GPL proposed production policy is to use its own mine resources to engage in mining, concentrating, and sales of iron (and/or copper). The Company also has a policy to mine and process economically exploitable ore according to application of mining licence.

Table 5-8: Workload Conducted by GPL in the Central License Part

Assignment	Unit	Workload
Topographic survey – 1:10,000	km^2	1
Geological mapping – 1:10,000	km^2	2
Geological mapping-profiling 1:2,000	km	20.5
High precision magnetic survey-area	km^2	1
High precision magnetic survey-profile	km	10
Trenching	m	9,253.1
Drilling	m	5,853.5
Basic assaying samples	piece	4,690
Rocks samples for spectroscopic analysis	piece	4
Ore identification	piece	15
Design and exploration reports	piece	2

REFERENCES

China Non-ferrous Metals Resource Geological Survey, *Geological Exploration Report on the Oyut Ovoo Iron Deposit in Dundgobi Province, Mongolia*, September 2009.

APPENDICES

Appendix I: Chinese Resource and Reserve Standards

Categorization of Mineral Resources and Ore Reserves

The system for the categorisation of mineral resources and ore reserves in China is in a period of transition which commenced in 1999. The traditional system, which is derived from the former Soviet system, uses five categories based on decreasing levels of geological confidence – Categories A, B, C, D and E. The new system (Rule 66) promulgated by the Ministry of Land and Resources (MLR) in 1999 uses three-dimensional matrices, based on economic, feasibility/mine design and geological degrees of confidence. These are categorised by a three number code of the form "123". This new system is derived from the UN Framework Classification proposed for international use. All new projects in China must comply with the new system, however, estimates and feasibility studies carried out before 1999 will have used the old system.

Wherever possible, the Chinese Resource and Reserve estimates have been reassigned by SRK to categories similar to those used by the JORC Code to standardise categorisation. Although similar terms have been used, SRK does not mean to imply that in their present format they are necessarily classified as 'Mineral Resources' as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").

A broad comparison guide between the Chinese classification scheme and the JORC Code is presented in the following table.

JORC Code	Chinese Reserve Category	
Resource Category	Previous system	Current system
Measured	A, B	111, 111b, 121, 121b, 2M11, 2M21, 2S11, 2S21, 331
Indicated	C	122, 122b, 2M22, 2S22, 332
Inferred	D	333
Non-equivalent	E	334

Relationship between JORC Code and the Chinese Reserves System

In China, the methods used to estimate the resources and reserves are generally prescribed by the relevant Government authority, and are based on the level of knowledge for that particular geological style of deposit. The parameters and computational methods prescribed by the relevant authority include cut-off grades, minimum thickness of mineralisation, maximum thickness of internal waste, and average minimum 'industrial' or 'economic' grades required. The resource classification categories are assigned largely on the basis of the spacing of sampling, trenching, underground tunnels and drill holes.

In the pre-1999 system, Category A generally included the highest level of detail possible, such as grade control information. However, the content of each category B, C and D may vary from deposit to deposit in China, and therefore must be carefully reviewed before assigning to an equivalent "JORC Code type" category. The traditional Categories B, C and D are broadly equivalent to the 'Measured', 'Indicated', and 'Inferred' categories that are provided by the JORC Code and USBM/USGS systems used widely elsewhere in the world. In the JORC Code system the 'Measured Resource' category has the most confidence and the 'Inferred' category has the least confidence, based on the increasing levels of geological knowledge and continuity of mineralisation.

Category	Denoted	Comments
Economic	1	Full feasibility study considering economic factors has been conducted
	2	Pre-feasibility to scoping study which generally considers economic factors has been conducted
	3	No pre-feasibility or scoping study conducted to consider economic analysis
Feasibility	1	Further analysis of data collected in "2" by an external technical department
	2	More detailed feasibility work including more trenches, tunnels, drilling, detailed mapping
	3	Preliminary evaluation of feasibility with some mapping and trenches
Geologically controlled	1	Strong geological control
	2	Moderate geological control via closely-spaced data points (e.g. small scale mapping)
	3	Minor work which is projected throughout the area
	4	Review stage

Appendix II: Details of Trenches and Boreholes at Oyut Ovoo

All Trenches Conducted at Oyut Ovoo

Trench ID	Coordinates of Start Point Northing	Easting	Elevation (m)	Length (m)	Azimuth (°)
TC01	525278	5064468	1435	21.3	234
TC02	525253	5064451	1434	95.2	232
TC03	525173	5064410	1435	81.5	212
TC04	525074	5064336	1432	55.3	236
TC05	524997	5064251	1429	75	261
TC06	525246	5064483	1438	34.5	157
TC07	524962	5064374	1425	102.5	123
TC08	524883	5064436	1426	92	128
TC09	525080	5064141	1426	160	235
TC10	525082	5064097	1428	150	218
TC11	524896	5064231	1425	28	294
TC12	524670	5064468	1416	78	330
TC13	524795	5064226	1424	318	317
TC14	524879	5064242	1427	416	326
TC15	524802	5064538	1440	534	325
TC16	524948	5064242	1431	388	327
TC17	524825	5064632	1426	160	333
TC18	525246	5064486	1440	472.5	298
TC19	525031	5064209	1424	133.3	227
TC20	525454	5064894	1412	150.8	97
TC21	525360	5064822	1422	273	316
TC22	525277	5064213	1422	417	323
TC23	524861	5064730	1413	143	344
TC24	525396	5064392	1417	326	320
TC25	525086	5064764	1416	323	321
TC26	525361	5064268	1422	292.5	316
TC27	525134	5064865	1406	214.3	76
TC28	525081	5064332	1431	334	311
TC29	525008	5064239	1426	175	325
TC30	524883	5064436	1426	114	315
TC31	525444	5064559	1420	465.3	320
TC32	525277	5064902	1410	52.5	326
TC33	525494	5064596	1419	94.3	305
TC34	525224	5064069	1423	318.6	325
TC35	524749	5064207	1422	125.7	250
TC36	525156	5064282	1432	90.5	304
TC37	525409	5064512	1422	99.3	320
TC38	525595	5064695	1412	458.2	316
TC39	525562	5064833	1410	505	316
TC40	525574	5064967	1405	426	316
TC41	525034	5064713	1420	460	321

Collar Summary of DrillHoles Conducted at Oyut Ovoo

Hole_ID	Northing	Easting	Elevation (m)	Depth (m)	Dip (°)	Azimuth (°)
ZK7-3	5064806	525408	1417	171.25	–85	125
ZK7-4	5064806	525408	1417	181.2	–70	200
E01-ZK01	5064738	525086	1418	178	–80	325
ZK2-2	5064688	524888	1414	134	–70	220
00-ZK01	5064550	525035	1422	300	–70	325
W02-ZK01	5064544	524800	1438	120	–90	0
W02-ZK02	5064396	524898	1428	298	–70	325
ZK203	5064275	525348	1418	253	–70	308
ZK501	5064003	525088	1426	182	–70	325
ZK503	5064193	524996	1426	125	–70	225
ZK407	5064494	525271	1435	121	–90	0
ZK206	5064447	525260	1431	167	–70	340
ZK205	5064387	525271	1430	101	–90	0
ZK504	5064067	524980	1430	190	–70	43
ZK408	5064484	525306	1432	140	–70	318
ZK505	5064009	525018	1426	212	–70	34
ZK101	5064350	525012	1426	161	–70	128
ZK507	5064095	525094	1427	201	–70	243
W03-ZK01	5064263	524879	1433	137	–70	325
W03-ZK02	5064224	524842	1428	128	–70	325
ZK503B	5064095	524936	1424	162.6	–70	55
W03-ZK03	5064405	524777	1429	150	–70	325
W03-ZK04	5064382	524735	1425	155.15	–70	325
W02-ZK03	5064433	524815	1428	116	–70	325
W01-ZK01	5064558	524850	1438	140	–70	235
W01-ZK02	5064684	524768	1413	145.15	–70	145
ZK003	5064385	525191	1431	189	–70	310
00-ZK02	5064627	524974	1425	147	–70	289
ZK7-1	5064894	525519	1408	156	–70	277
ZK7-6	5064729	525407	1420	152	–70	349
W03-ZK05	5064460	524743	1436	161	–90	0
W02-ZK04	5064491	524795	1441	159.6	–80	25
W02-ZK05	5064248	524995	1428	172.55	–70	287
E03-ZK01	5064532	525391	1424	165	–70	320
E04-ZK01	5064599	525454	1419	182	–70	321

The following is the text of the valuation report prepared by the independent qualified valuer, Greater China in respect of the First Area for the purpose of inclusion in this circular.

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

23 October 2009

The Directors
Green Global Resources Limited
9th Floor, Wincome Centre
39-41 Des Voeux Road Central
Hong Kong

Dear Sirs/Madams,

In accordance with your instructions, we were engaged to assist Green Global Resources Limited (the "Company") in a valuation of the fair value of a 100% interest of an exploration right (No. 3629X) of iron mine situated in Mongolia held by Golden Pogada LLC, assuming that such exploration right has been converted into a mining right (referred as the "Mineral Properties"). This valuation of the Mineral Properties is limiting to the iron mineralized bodies in the First Area, as defined in the circular of the Company to the Shareholders dated 23 October 2009 (the "Circular"), which this report forms part and described in the Technical Review of Oyut Ovoo Iron-Copper Project in Dundgobi Province Mongolia issued by SRK Consulting China Limited dated 23 October 2009 (the "Technical Report"), as at 31 August 2009 (the "Valuation Date").

It is our understanding that our analysis will be used by as a reference for your investment purpose, details of which are set out in the Circular. Our analysis was conducted for the above mentioned purpose only and this report should be used for no other purposes. Unless otherwise stated, terms used in this valuation report shall have the same meanings as those defined in the Circular.

We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the Technical Report, financial and other information provided to us are accurate and complete, and we have relied upon this information in performing our valuation.

INTRODUCTION

The Mineral Properties are located approximately 270 kilometres southwest of Ulaanbaatar, and administrately belongs to the Dundgobi Province, Mongolia, which is referred as the Oyut Ovoo Iron-Copper Project in the "Technical Report". According to the Technical Report, the estimated iron resources of the Mineral Properties are amounted to 148,857,600 tonnes and are classified as follows:

	Resource Category								
	331			332			333		
Mineralised Body	**Resource (x1000t)**	**TFe(%)**	**mFe(%)**	**Resource (x1000t)**	**TFe(%)**	**mFe(%)**	**Resource (x1000t)**	**TFe(%)**	**mFe(%)**
1#	2,722.1	41.26	29.26	14,022.1	41.97	29.83	1,116.3	46.44	33.28
2#	548.3	42.81	30.62	30,688.1	39.46	28.41	23,716.2	38.52	27.57
3#	1,390.4	39.40	28.72	27,378.4	41.77	30.48	17,096.8	41.69	30.79
4#	1,625.4	38.22	28.64	5,620.6	38.69	28.03	900.9	37.77	27.26
Shallow Ore							22,032.0	42.06	28.56
Total	**6,286.2**	**40.20**	**29.10**	**77,709.2**	**40.67**	**29.37**	**64,862.2**	**40.68**	**28.84**

As instructed by the Company, this valuation will be limited to the four iron mineralised bodies located in about 1km^2 exploration area within the exploration tenement.

The above identified resources were concluded in accordance with the Chinese resource reporting standards. As indicated in the Technical Report, the 331, 332 and 333 resources category are comparable to the Australasian Code for Mineral Resources and Ore Reserves Reporting of Exploration Results (the "JORC Code") resource category of Measured, Indicated and Inferred respectively.

Iron and Its Applications

Iron is the least expensive, most abundant and widely used metal, and it is extracted mainly from the iron ore hematite. Most of the iron in the crust is combined with oxygen as iron oxide minerals in the likes of hematite and magnetite. To obtain pure iron, oxygen and other impurities must be removed by chemical reduction. In addition, the properties of iron can be modified by alloying it with other metals and non-metals, mainly carbon and silicon to form steels.[1]

Iron is the most widely used metal in the world, accounting for nearly 95% of the worldwide metal production.[2] Its low cost and high strength make it an essential component in engineering applications such as the construction of machineries, tools, automobile and buildings. Pure iron by itself is relatively soft, thus it is common practice to apply it in the form of steel.

Mining Methods

Iron ore is extracted by open pit (surface) mining. Open pit mining can be used for which iron ore is extracted from below the surface of the earth. Miners use giant machines to remove the top-soil and layers of rock, large beds of ore will then be exposed. Once the mining is finished, the dirt and rock are returned to the pit, the topsoil is replaced and the area is replanted. The land can then be used for croplands, wildlife habitats, or recreation, etc.

Law and Regulation

The Mineral Properties are under the administration of the Dundgobi Aimag (Province), approximately 270km southwest of Ulaanbaatar, the capital of Mongolia, and hence subject to Mongolia law and regulations.

BASIS OF VALUATION

We have valued the Mineral Properties on the basis of fair value.

---

1 *Iron: geological information.* Retrieved on 2009-01-23, from *http://www.webelements.com/iron/geology.html*

2 *Iron and Nickel Abundances in H~II Regions and Supernova Remnants.* Retrieved on 2009-01-23, from *http://www.aas.org/publications/baas/v27n2/aas186/abs/S3707.html*

Fair Value

According to Hong Kong Financial Reporting Standard, fair value is the amount for which an asset could be exchanged, or a fair value liability settled, between knowledgeable and willing parties in an arm's length transaction.

For the purpose of this valuation, the term fair value is similar and/or interchangeable with the valuation standards or definitions below and will be used throughout this valuation report.

Market Value

According to The Hong Kong Business Valuation Forum – Business Valuation Standards, market value is defined as the estimated amount for which an asset (a property) should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Fair Market Value

The International Valuation Glossary defines fair market value as the amount at which property would change hands between a willing buyer and a willing seller, when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Trade-related Business Assets and Business Enterprise (First Edition 2004) published by the Hong Kong Institute of Surveyors and the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum. Both are generally accepted valuation standards followed by relevant professional practitioners in Hong Kong. These standards contain detailed guidelines on the basis and valuation approaches in valuing assets used in the operation of a trade or business and business enterprises.

What is Mineral Property?

Mineral Property is defined in Canadian Institute of Mining, Metallurgy and Petroleum on Valuation of Mineral Properties (CIMVAL) – Standard and Guidelines for Valuation of Mineral Property as below:

"Mineral property refers to any right, title or interest to property held or acquired in connection with the exploration, development, extraction or processing of minerals which may be located on or under the surface of such property, together with all fixed plant, equipment, and infrastructure owned or acquired for the exploration, development, extraction and processing of minerals in connection with such properties. Such properties shall include, but not be limited to, real property, unpatented mining claims,prospectingpermits,prospectinglicenses,reconnaissancepermits, reconnaissance licenses, exploration permits, exploration licenses, development permits, development licenses, mining licenses, mining leases, leasehold patents, crown grants, licenses of occupation, patented mining claims, and royalty interests."

Definitions of Mineral Resources[3]

According to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the "JORC Code"), Mineral Resources is defined as a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Furthermore, Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories:

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

---

3 Definitions extracted from *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~The JORC Code~, 2004 Edition,* Prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

PRINCIPAL SOURCES OF INFORMATION

In completing this valuation, we have relied heavily on (i) the Technical Report issued by SRK Consulting China Limited; and (ii) other information provided by the management of Company. We assumed that information and documents we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company and its management, were issued by the relevant experts/specialists to the Company independently without bias to any parties involved. Also, we assumed that the aforesaid data and financial analysis provided to us are genuine and correct.

ECONOMIC OUTLOOK

In conjunction with the preparation of this valuation opinion, we have reviewed and analyzed the current economic conditions in China and how the value of the Mineral Properties may be impacted as China is the major market for the Company.

China's Economic Outlook

The Chinese economy attained double digit growth rates of 10.7% and 11.9% in 2006 and 2007 respectively. Entering 2008, real GDP growth has been hampered by the global financial crisis but remained impressive at 9.1%. However, growth is expected to slow down further in 2009 and beyond mainly due to weakening export. According to the *Economist*, growth is expected to average at a healthy 8.0% heading into year 2011, contributed rapid growth in domestic demand, private consumption and increases in government spending.

	2008 Actual	**2009 Forecast**	**2010 Forecast**	**2011 Forecast**
Real GDP growth (%)	9.0	8.0	8.0	8.2
Consumer price inflation (%)	5.9	–0.6	1.4	2.4
Current-account balance (% GDP)	9.6	6.5	4.7	4.0
Commercial bank prime rate (%)	5.3	5.6	6.6	7.0
Exchange rate RMB:US$ (average)	6.95	6.81	6.59	6.41

Figure extracted from the Economist and Bloomberg

It is expected that the government will continue to boost the contribution of private consumption to overall growth in the near future. Service industries have been boosted in 2008 by the Olympic Games in Beijing and will be further enhanced in the future by the 2010 Shanghai World Expo. Since October 2008, the government has continued to maintain loose monetary policy and low interest rate to support the economy which has created incentive for private investments. As part of the global effort to counter the effects of the financial crisis, the Chinese government has announced an enormous stimulus plan worth more than RMB4,000 billion through 2010, with a focus on infrastructures and social welfare. Inflation, which was one of the Chinese government's main concerns before the financial crisis, is no longer an issue as worldwide commodities prices had dropped significantly over the past year.

It has been rough for China both economically and socially in recent years. A series of setbacks have taken place such as the Chinese Government's decrease of money supply to prevent the economy from over-expanding; the appreciation of the Renminbi which is slowing down the export industries; the volatility in prices of major commodities; the weakening stock markets as a result of the global financial crisis and weakening investor confidence; and the catastrophic earthquake that took place in Sichuan province. Amidst all the negative events, China's economy still managed to boost a 9.1% growth of GDP for 2008 and 7.9% in the second quarter of 2009. Despite the global economic slowdown, average GDP growth of above 8.0% is still expected in the next couple of years.

INDUSTRY OUTLOOK

Worldwide Iron Industry

The majority of iron ore are used in steelmaking. Iron ore is mined in about 50 countries, and the seven largest of these producing countries account for about 75% of total world production. Although China is the top producer of iron, Australia and Braziltogether dominate the world's iron ore exports, each having about one-third of total exports.[4]

Following an nearly 20% increase in worldwide price for lump and fines in 2006 and almost 10% in 2007, the 2008 iron ore price showed an even steeper increase of greater than 65% for lump and fines and almost 87% for pellets from the Americas.[5]

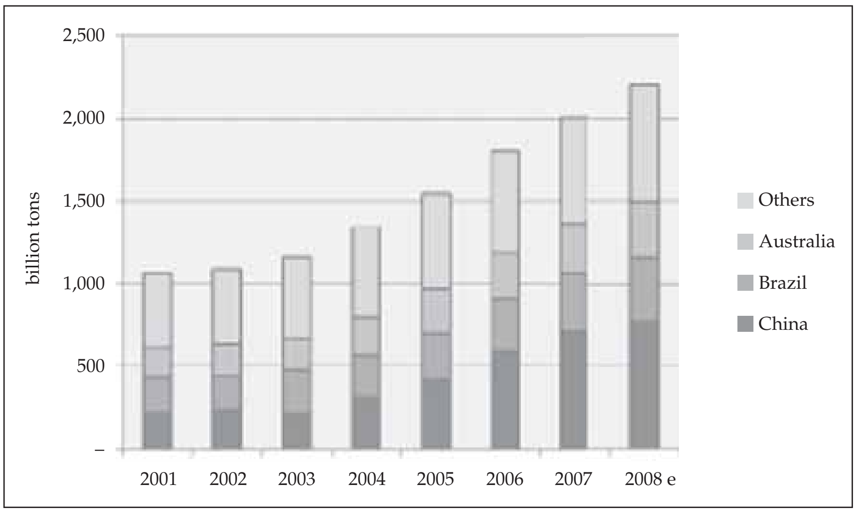
---

4 *Australian Mines Atlas (2008). Iron Ore – AIMR 2008 Preliminary.* Retrieved on 2009-01-18, from *http://www.australianminesatlas.gov.au/aimr/commodity/iron_ore.jsp*

5 *John D. Jorgenson (Jan 2009). Event, Trends, and Issues – Iron Ore.* Retrieved on 2009-01-21, from *http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/*

Major iron mining companies continue to reinvest profits in mine development, but increases in capacity will likely outpace consumption in 2009, as growth dominated by China weakens. In 2007, it was estimated that China increased production of mostly lower grade ores by about 20% from that of the previous year, significantly lower than the 40% increase in 2005-06. Estimates of Chinese imports of higher grade ores in 2007, mostly from Australia and Brazil, showed an increase of about 18% compared with those of 2006.[6]

Figure 1 – World Iron Production[7]



Sounce: United States Geological Survey (USGS)

GDP growth is widely considered a predictor of the performance of the iron ore and steel manufacturing industries worldwide. The World Bank forecasts world GDP growth in 2008 to be 2.7%, down from its earlier forecast of 3.3%, and down from 3.7% in 2007.[8] GDP forecasts for 2009 and 2010 are 3.0% and 3.4%, respectively. For 2009, the International Monetary Fund predicted GDP growth for Canada, Japan, the United Kingdom, and the United States to be 1.2%, 0.5%, 0.1%, and 0.1%, respectively.[9]

---

6 *John D. Jorgenson (Jan 2009). Event, Trends, and Issues – Iron Ore.* Retrieved on 2009-01-21, from *http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/*

7 Figures for 2008 are estimated amount only.

8 *The World Bank, Data & Research – World Economy.* Retrieved on 2009-02-01, from *http://econ.worldbank.org*

9 *International Monetary Fund, World Economic Outlook Database – World Economic and Financial Surveys.* Retrieved on 2009-02-02, from *http://www.imf.org/external/pubs/ft/weo/2008/02/weodata/index.aspx*

Soaring demand for steel products and ferrous raw materials in China and other countries caused record price increases and profits for steelmakers and raw material suppliers during 2008. The global economy, which may have entered a recession by the end of 2008 and which has been characterized by major problems in the commodity, credit, and financial sectors, adversely affected customers of steel used in construction, industrial equipment, and vehicles. Reduced consumption of steel led to rapidly declining steel and iron prices in the latter part of 2008, prompting steelmakers in Asia, Europe, and North America to slash output, delay mill-expansion plans, and lay off workers.

Demand and Supply of Iron in China

As a result of rapid expansions during the past decade or so, there is currently overcapacity in China's iron and steel industry as demand has sharply declined amidst the global financial crisis, resulting in steep decline in ore prices in late 2008. Given the fact that almost all iron ore will be turned into steel products for further industrial applications, its demand is therefore highly dependent on the viabilities of other industries.

Data from various industries shows, that construction industry accounts for 51% of China's consumption of steel. When putting other sectors in to consideration, such as petrochemical, coal, power, railway and others, the steel used for construction sector accounts for 60-70% of the country's total consumption. The market share of steel for construction purpose is expected to reduce to 49% by 2010, which would be devastating for the iron ore market. However, the demand of auto- and ship-making for steel will continue to increase in China in the next few years, preventing the iron ore industry from further declining[10].

China's increase in demand for steel is forecast to plateau during 2010-12[11], and the steel consumption of the country would likely maintain its high level, instead of falling after reaching the peak level because the Chinese government is dedicated to build infrastructure including railways and highways, in addition to the demand of manufacturing for steel.

---

10 *China Industry Research and Investment Analysis: Mining Industry 2008* (Aug 2008). Retrieved on 2009-02-02, from *http://www.researchandmarkets.com/reports/588147/china_industry_research_and_investment*

11 *China Industry Research and Investment Analysis: Mining Industry 2008* (Aug 2008). Retrieved on 2009-02-02, from *http://www.researchandmarkets.com/reports/588147/china_industry_research_and_investment*

METHODOLOGIES CONSIDERED AND REJECTED

In formulating an opinion of fair value of the Mineral Properties, we have considered and rejected and the following valuation methodologies:

The Asset Approach

The asset approach is based on the so-called economic principle of substitution; it essentially measures what is the net value of the assets today and how much it would cost to replace those assets. One of the replacement value, liquidation value or book value is used to estimate the fair value of the business enterprise or its assets.

We consider the asset approach to be inappropriate because it is very unlikely that the Mineral Properties can be replaced by one alike, containing exact ore specifications and transactions terms. After taking into account of the sufficient market information from similar market transactions could be adopted in the market approach, we rejected the asset approach.

The Income Approach

The income approach is the most generally accepted way of determining a value indication of a business/project, business ownership interest, security, or intangible asset using one or more methods that convert anticipated economic benefits into a present single amount.

We have considered but decided against the income approach because this involves more assumptions and estimates while not all of the assumptions and estimates can be easily quantified or obtained. Since there is no sufficient information to allow detailed planning for reliable cashflow projections, we have considered that the income approach is not appropriate to value the Mineral Properties.

METHOD APPLIED

The Market Approach

The market approach develops a value using the principle of substitution. This simply means that if one thing is similar to another and could be used for the other, then they must be equal. Furthermore, the price of two alike and similar items should approximate one another. For the market approach to be used, a sufficient number of arm's length transactions in an open market are required for establishing a realistic and unbiased value for relevant asset.

In light of the above, we have made reference to the market value of price of ton of resource for transactions of similar type. We studied 12 iron market transactions of iron mines and selected 4 of these transactions as our comparable transactions based on four major criteria: (i) dominance of iron in the transaction; (ii) grading of iron mine (being the total iron grade); (iii) stage of development of mine; and (iv) the date of the transaction. In our selection, we have excluded transactions that are over one year old or contain mixed mineral properties because it is difficult the accurately separate the price of one mineral with respect of others and our valuation only limited to the four iron mineralised bodies as studied in the Technical Report.

We have reviewed the following transactions and summarized our findings of the industry's iron value per ton as follows:

Comparable Transaction 1

Acquirer:	Great World Company Holdings Limited
Ticker:	08003.HK
Completion Date:	20 January 2009
Consideration:	HKD11,333,000
Amount of Mineral Resources:	3,823,200 tonnes
% of Iron Mine Acquired:	51%
Mine Name and Location:	Long Da Ping Iron Mine in Guangxi Province, the PRC

Comparable Transaction 2

Acquirers:	London Mining Plc and China Global Mining Resources (BVI) Limited
Ticker:	LOND.NO
Completion Date:	23 March 2009
Consideration:	HKD745,550,000
Amount of Mineral Resources:	31,200,000 tonnes
% of Iron Mine Acquired:	100%
Mine Name and Location:	Iron Mine in Anhui Province, the PRC

Comparable Transaction 3

Acquirer:	Shandong Jinling Mining Co Ltd
Ticker:	000655.CH
Completion Date:	19 December 2008
Consideration:	HKD 923,780,800
Amount of Mineral Resources:	26,085,200 tonnes
% of Iron Mine Acquired:	100%
Mine Name and Location:	Iron Mine in Jinling, Shangdong Province, the PRC

Comparable Transaction 4

Acquirer:	Sinosteel Corporation
Ticker:	N/A (private company)
Completion Date:	30 January 2009
Consideration:	HKD 5,287,460,000
Amount of Mineral Resources:	600,900,000 tonnes
% of Iron Mine Acquired:	60%
Mine Name and Location:	Various iron mines and installed capacities in Australia

Based on the comparable transactions mentioned above, we calculated the value of iron per ton after adjusting for grading and development stage of these iron mines using the following formula:

$$AV = \frac{C_n \text{ X} \left(\frac{G_s}{G_n}\right) \text{X} \left(\frac{D_s}{D_n}\right)}{R_n}$$

Where:

AV	=	Adjusted price per tonne of resource
C_n	=	Consideration of the comparable transactions
G_s	=	Grading of the Mineral Properties
G_n	=	Grading of the comparable transactions
D_s	=	Factor regarding the stage of development of the Mineral Properties
D_n	=	Factor regarding the stage of development of the comparable transactions
Rn	=	Acquired amount of mineral resources of the comparable transactions

The below table indicated the results of the adjusted value of the four comparable transactions:

Transaction No.	**Company Name/Ticker Symbol**	**Adjusted price per tonne of resource** *(HKD/tonne)*
1	08003.HK	6.49
2	LOND.NO	24.70
3	000655.CH	16.24
4	Sinosteel Corporation	14.28
Market median of adjusted value per tonne of resource		**15.26**

As previously mentioned in the introductory section, according to the Technical Report, the iron resources in the Mineral Properties are estimated to be 148.9 million tons. As such, the valuation of the Mineral Properties is set out below:

Valuation of the Mineral Properties

Estimated total iron resources (in tonnes)		148,857,600
Market median of adjusted price per tonne of resource	HKD	15.26
Estimated value of the Mineral Properties *(Amount may not foot due to rounding)*	HKD	2,272,000,000

VALUATION ASSUMPTIONS

A number of assumptions have to be established in order to sufficiently support our concluded value of the Mineral Properties. The major assumptions adopted in this valuation are:

– there will be no material change in the existing political, legal, fiscal, foreign trade and economic conditions in Mongolia;

– there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;

– there will be no material changes in market prices of iron;

– all relevant legal approvals, land use rights and business certificates or mining licenses related to the Mineral Properties are formally obtained and that no additional costs or fees are needed to procure such during the application; and

– the Company will retain competent management, key personnel, and technical staff to support the ongoing operation of the Mineral Properties.

LIMITING CONDITIONS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Mineral Properties.

The opinions expressed in this report have been based on the information supplied to us by the Company and its staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the Company management, reader of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information. Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

The reserves we stated are wholly based on the reserve consultant that we substantially relied on for the business valuation. Fair value is subject to recovery rate of reserve and exploration/production technology which may vary significantly in accordance to any professional technical/exploration consultation.

This valuation reflects facts and conditions existing at the valuation date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

SYNTHESIS AND RECONCILIATION

Because valuations cannot be made on the basis of a prescribed formula, there is no means whereby the various applicable factors in a particular case can be assigned mathematical weights in deriving the fair value. For this reason, no useful purpose is served by taking an average of several factors (for example, book value, capitalized earnings and capitalized dividends) and basing the valuation on the result. Such a process excludes active consideration of other pertinent factors, and the end result cannot be supported by a realistic application of the significant facts in the case except by mere chance.

The following comparative data summarizes and the various methods that we have accepted or considered and rejected, along with their respective final values. Each method is rated relative to the applicability of the method relative to the Company's facts and circumstances, and strengths/weaknesses were previously discussed.

Asset Approach

Replacement, Liquidation or Book Value Method . . . . .N/A

Application . . . . .Rejected

Market Approach

Comparable Transactions Method HKD2,272,000,000

Application . . . . .Accepted

Income Approach

Discounted Cash Flow Method . . . . .N/A

Application . . . . .Rejected

Since the market approach is the only valid and applicable approach in this valuation, we conclude the fair value of our valuation is HKD2,272,000,000 using comparable transaction method.

CONCLUSION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, in our opinion, the fair value of the Mineral Properties as of the Valuation Date is:

HONG KONG DOLLAR TWO BILLION TWO HUNDRED AND SEVENTY-TWO MILLION ONLY (HKD2,272,000,000)

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the company and have neither personal interest nor bias with respect to the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED

K. K. Ip
Registered Business Valuer of HKBVF
MRICS, MHKIS and RPS (GP)
Managing Director

Samuel Y.C. Chan
MBA, CVA, CM&AA
Associate Member, American Institute of Minerals Appraisers
Director
Head of Business Valuation

Analysed and reported by:
Andrew Wong
Carol Tso

Note:

Mr. K.K. Ip, a Chartered Valuation Surveyor of The Royal Institution of Chartered Surveyors (RICS), Member of Surveyors Registration Board of Hong Kong, Member (General Practice Division) of The Hong Kong Institute of Surveyors (HKIS) and Registered Business Valuer of The Hong Kong Business Valuation Forum (HKBVF), has substantial experience in property, plant and machinery, business enterprise and intellectual property valuations for various purposes in Greater China Region since 1992.

Mr. Samuel Y.C. Chan, MBA, Certified Valuation Analyst of The International Association of Consultants, Valuators and Analysts (IACVA), Associate Member of The American Institute of Minerals Appraisers and Certified Merger & Acquisition Advisor, has been conducting business enterprise and intellectual property valuations for various purposes since 2004. He also spends a significant portion of his time in valuation of financial instruments including convertible bonds, preference shares, swaps, corporate guarantees and employee share options for private and public companies in China, Hong Kong, Taiwan, Japan, Singapore and the United States.

Mr. Andrew Y.H. Wong, CPA (US), FRM, a member of CFA Institute who has passed 3 levels of CFA examination. He has a wide array of experience in valuation of common equity, preferred equity, employees stock ownership plan shares, and other financial instruments.

Ms. Carol K.L. Tso, CPA, MComm, has extensive experience in conducting business and intangible assets valuation for private and public companies in various industries, including financial services, mining, manufacturing, retail and healthcare.

The following is the text of the valuation report prepared by the independent qualified valuer, Greater China Appraisal Limited in respect of the property interests of the Enlarged Group for the purpose of inclusion in this circular.

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

23 October 2009

The Directors
Green Global Resources Limited
9/F, Wincome Centre
39-41 Des Voeux Road Central
Hong Kong

Dear Sirs,

In accordance with the instructions from Green Global Resources Limited ("the Company") to value the property interests of the Company and its subsidiaries (together referred to as "the Group") and North Asia Resources Group Limited ("the Target Company") and the its subsidiary (together referred to as "the Target Group") in the People's Republic of China ("the PRC"), Hong Kong, Lao People's Democratic Republic ("Lao PDR") and Mongolia, we confirm that we have carried out inspections, made relevant enquires and obtained such further information as we consider necessary for the purpose of providing the capital values of such properties as at 31 August 2009 (referred to as the "Valuation date").

It is our understanding that this valuation is being used for the purpose of the acquisition of the Target Company which constitutes a very substantial acquisition under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This letter, which forms part of our valuation report explains the basis and methodology of our valuation, and clarifies our assumptions made, titleship of properties and any limiting conditions.

BASIS OF VALUATION

The valuation of such properties is our opinion of the market value which we would define as intended to mean: "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

VALUATION METHODOLOGY

The properties are valued by the comparison method whereby comparisons are based on the prices realised or the market prices of comparable properties. Comparable properties of similar sizes, characters and locations are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the properties on the open market in their existing states without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to increase the value of the properties.

We have assumed that all consents, approvals and licenses from relevant government authorities for the buildings and structures erected thereon have been granted. Also, we have assumed that all buildings and structures fall within the site are held by the owner or permitted to be occupied by the owner.

It is assumed that all applicable zoning, regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the appraisal report. Moreover, it is assumed that the utilization of the land and improvements is within the boundaries of the site held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exists, unless otherwise noted in the report.

Other special assumptions of each property, if any, are stated in the footnotes of the valuation certificate of the respective properties.

TITLESHIP INVESTIGATION

For the properties leased to the Group or the Target Group, we have been provided with copies of tenancy agreements. However, we have not inspected the originals of these documents to ascertain if there are any amendments on the copies handed to us.

In our course of valuation, we have relied upon the legal opinions given by Grandall Legal Group (Shenzhen) (the "PRC Legal Adviser"), Lao Law and Consultancy Group (the "Lao PDR Legal Adviser") and Bona Lex LLC (the "Mongolian Legal Adviser") in relation to the legal titles to the properties under valuation.

Any legal documents disclosed in this report are for reference only and no responsibility is assumed for any legal matters concerning the legal titles to the properties set out in this report.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the properties included in the attached valuation certificates. However, no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or any other structural defects. Also, no tests were carried out on any of the building services.

We have not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the relevant properties but have assumed that the areas shown on the legal documents provided to us are correct. Based on out experience in valuation of similar properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided and have accepted advice given to us by the Group or the Target Group on such matters as planning approvals, statutory notices, easements, tenure, occupation, lettings, construction costs, rentals, site and floor areas and in the identification of those properties in which the Group or the Target Group has valid interests. Floor areas of the property stated herein are ascertained by us by scaling off the registered floor plans of the subject development.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group or the Target Group. We were also advised by the Group or the Target Group that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that all the properties are free of encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Since some of the properties are located in a relatively under-developed market, such as the PRC, Lao PDR and Mongolia, the assumptions are often based on imperfect market evidence. A range of values may be attributable to the properties depending upon the assumptions made. While the valuer has exercised his professional judgment in arriving at the fair market values, readers are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

OPINION OF VALUE

The valuation figures of the properties are shown in the attached summary of valuation and in their respective valuation certificates.

The properties that are rented by the Group or the Target Group from independent third parties under tenancy agreements have no commercial values due to the inclusion of non-alienation clauses or otherwise due to the lack of substantial profit rent or short term nature.

REMARKS

Our valuation has been prepared in accordance with the generally accepted valuation procedures and in compliance with Chapter 5 and Practice Note 12 of the Listing Rules. In valuing the properties, we have complied with the requirements contained in the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors and effective from 1 January 2005.

All property values are stated in Hong Kong Dollars (HK$).

We enclose herewith the summary of valuation and valuation certificates.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED
K. K. Ip *BLE, LLD*
Chartered Valuation Surveyor
Registered Professional Surveyor
Managing Director

Note: Mr. K. K. Ip, who is a Chartered Valuation Surveyor and a Registered Professional Surveyor, has substantial experience in valuation of properties in the Asia Pacific region since 1992.

SUMMARY OF VALUATION

No.	Property	Market Value as at 31 August 2009 *(HK$)*
Group I – Property Interests Rented By the Group		
1.	9th Floor, Wincome Centre Nos. 39-41 Des Voeux Road Central Hong Kong	No Commercial Value
2.	Flat H, 7th Floor, Tower A Hollywood Terrace 268 Queen's Road Central Hong Kong	No Commercial Value
3.	Unit B7 of Dongpasak Village Ban Nakham Sikhottabong District Vientiane Capital Lao PDR	No Commercial Value
4.	Room E, 12th Floor Haiya Building Guomao Road Longhua District Haikou Hainan Province The PRC	No Commercial Value
5.	Room 1904-05 Ruijin Office Building No. 205 Maoming Nan Road Shanghai The PRC	No Commercial Value
6.	Room 1505-1506 No. 81 Zhongshan Road Gulou District Nanjing Jiangsu Province The PRC	No Commercial Value

No.	Property	Market Value as at 31 August 2009 *(HK$)*
7.	Room 809 and storeroom on 8th Floor Nanda Building No. 63 Xinhuaxia Road Jianghan District Wuhan Hubei Province The PRC	No Commercial Value
8.	Room 4032 on 4th Floor Zifeng Building No. 1 Dayabao Hutong Dongcheng District Beijing The PRC	No Commercial Value
Group II – Property Interests Rented By the Target Group		
9.	Golomt-D-71 Sukhbaatar Distreect 5th Khoroo Undsen Huuli Street Mongolia	No Commercial Value
10.	Unit 33, Floor 3, Block C Golomt 5th Khoroo Sukhbaatar District Mongolia	No Commercial Value
11.	Apt #38 and 29 Building #60 4th Khoroo Sukhbaatar District Mongolia	No Commercial Value
12.	Room 403, 4th Floor Rokmon Building Undsen Khuuliyn Gudamj 24 II Khoroo Bayangol Duureg Ulaanbaatar Mongolia	No Commercial Value
	Total:	**No Commercial Value**

VALUATION CERTIFICATES

Group I – Property Interests Rented By the Group

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
1.	9th Floor Wincome Centre Nos. 39-41 Des Voeux Road Central Hong Kong	The property comprises an entire floor within a 17-storey commercial building and was completed in 1963. The gross floor area of the property is approximately 248.98 square metres (approximately 2,680 square feet). The property is held under a tenancy agreement dated 27 April 2009 between Richermen International Investments Limited as lessor and the Company as lessee for a term of 1 year from 1 May 2009 to 30 April 2010 at a rent of HK$64,320 per month exclusive of management fee, government rates and rents and other service charges. The tenancy is not assignable. The property is currently occupied by the Group as office.	No commercial value

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
2.	Flat H, 7th Floor, Tower A Hollywood Terrace 268 Queen's Road Central Hong Kong	The property comprises a unit within a 35-storey residential building and was completed in 1999. The gross floor area of the property is approximately 86.31 square metres (approximately 929 square feet). The property is held under a tenancy agreement dated 9 June 2009 between Cheung Fong Wa as lessor and the Company as lessee for a term of 2 years from 15 June 2009 to 14 June 2011 at a rent of HK$23,000 per month inclusive of management fee, government rates and rents and exclusive of other service charges. The tenancy is not assignable. The property is currently occupied by the Group as dormitory.	No commercial value

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
3.	Unit B7 of Dongpasak Village Ban Nakham Sikhottabong District Vientiane Capital Lao PDR	The property comprises a 2-storey residential building and was completed in 2004. The gross floor area of the property is approximately 417 square metres (approximately 4,489 square feet). The property is held under a tenancy agreement dated 1 February 2008 between Bess Wide Holdings Limited as lessor and the Company as lessee for a term of 3 years from 1 February 2008 to 1 February 2011 at a rent of US$3,500 per month exclusive of management fee. The tenancy is not assignable. The property is currently occupied by the Group as office and dormitory.	No commercial value

Note:

(i) Opinions of the Lao PDR Legal Adviser are summarized as follows:

(a) According to the purchase agreement provided to the Lao PDR Legal Adviser, the lessor has the right to sell or rent the property until the expiration of the agreement, 28 October 2054.

(b) The tenancy agreement in its current form does not contain any provision inconsistent with the laws of Lao PDR.

(c) The lessee is entitled to occupy the property as stated in the tenancy agreement.

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 (HK$)
4.	Room E, 12th Floor Haiya Building Guomao Road Longhua District Haikou Hainan Province The PRC	The property comprises a unit within a 29-storey commercial building and was completed in 2003. The gross floor area of the property is approximately 215 square metres (approximately 2,314 square feet). The property is held under a tenancy agreement dated 20 October 2007 between 雒海咏 (Luo Haiyong) as lessor and 海南宏昌正科生物能源發展有限公司 (Hainan Venture Zhengke Bioenergy Development Company Limited, a 90-% owned subsidiary of the Company) as lessee for a term of 2 years from 1 November 2007 to 31 October 2009 at a rent of RMB5,800 per month exclusive of management fee and other service charges. The tenancy is not assignable. The property is currently occupied by the Group as office.	No commercial value

Note:

(i) Opinions of the PRC Legal Adviser are summarized as follows:

(a) The PRC Legal Adviser has been provided with a Real Property Ownership Certificate. However, the address as stated on the Real Property Ownership Certificate is different from that on the tenancy agreement.

(b) The PRC Legal Adviser is unable to ascertain the ownership of the property and the validity of the tenancy agreement.

(ii) Based on the opinions of the PRC Legal Adviser, there is a potential risk that the lessee may not have the right to continue to use the property if the lessor is proved not to be the property owner or not to have the right to lease the property.

(iii) The Directors have confirmed that similar premises are readily available in the area and a relocation to another property will not be difficult should the Company be required to relocate.

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
5.	Room 1904-05 Ruijin Office Building No. 205 Maoming Nan Road Shanghai The PRC	The property comprise 2 units within a 27-storey commercial building and was completed in 1988. The gross floor area of the property is approximately 191.50 square metres (approximately 2,061 square feet). The property is held under a tenancy agreement dated 20 June 2008 between 上海瑞金大廈有限公司 (Shanghai Ruijin Building Company Limited) as lessor and 冠亞科技(上海)有限公司 (Topasia Tech (Shanghai) Limited, a wholly-owned subsidiary of the Company) as lessee for a term of 3 years from 15 September 2008 to 14 September 2011 at a rent of RMB1,455.40 per day exclusive of management fee and other service charges. The tenancy is not assignable. The property is currently occupied by the Group as office.	No commercial value

Note:

(i) Opinions of the PRC Legal Adviser are summarized as follows:

(a) The PRC Legal Adviser has been provided with a Real Property Ownership Certificate which shows no detailed address.

(b) The PRC Legal Adviser is unable to ascertain the ownership of the property and the validity of the tenancy agreement.

(ii) Based on the opinions of the PRC Legal Adviser, there is a potential risk that the lessee may not have the right to continue to use the property if the lessor is proved not to be the property owner or not to have the right to lease the property.

(iii) The Directors have confirmed that similar premises are readily available in the area and a relocation to another property will not be difficult should the Company be required to relocate.

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
6.	Room 1505-1506 No. 81 Zhongshan Road Gulou District Nanjing Jiangsu Province The PRC	The property comprise 2 units within a 32-storey commercial building and was completed in 1997. The gross floor area of the property is approximately 289 square metres (approximately 3,111 square feet). The property is held under a tenancy agreement dated 22 December 2008 between 包榮仙 (Bao Rongxian) and 包荷仙 (Bao Hexian) as lessor and 冠亞信息科技服務（上海）有限公司南京辦事處 (Topasia IT (Shanghai) Limited Nanjing Office, a wholly-owned subsidiary of the Company) as lessee for a term of 2 years from 1 December 2008 to 30 November 2010 at a rent of RMB120,000 per year inclusive of property tax and exclusive of management fee and other service charges. The tenancy is not assignable without lessor's consent. The property is currently occupied by the Group as office.	No commercial value

Note:

(i) Opinions of the PRC Legal Adviser are summarized as follows:

(a) The property is held by four co-owners under two sets of Real Property Ownership Certificate.

(b) The tenancy agreement was signed between two of the four co-owners and Topasia IT (Shanghai) Limited Nanjing Office. It is valid if the other two co-owners agree to lease the property to the lessee.

(ii) Based on the opinions of the PRC Legal Adviser, there is a potential risk that the lessee may not have the right to continue to use the property if the other two co-owners do not agree to lease the property to the lessee.

(iii) The Directors have confirmed that similar premises are readily available in the area and a relocation to another property will not be difficult should the Company be required to relocate.

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
7.	Room 809 and storeroom on 8th Floor Nanda Building No. 63 Xinhuaxia Road Jianghan District Wuhan Hubei Province The PRC	The property comprises 2 units within a 20-storey commercial building and was completed in 1999. The gross floor area of the property is approximately 121.56 square metres (approximately 1,308 square feet). The property is held under an undated tenancy agreement between 湖北南達房地產開發有限公司 (Hubei Nanda Property Development Company Limited)) as lessor and 冠亞信息科技服務(上海)有限公司駐武漢辦事處 (Topasia IT (Shanghai) Limited Wuhan Office, a wholly-owned subsidiary of the Company) as lessee for a term of 1 year from 15 April 2009 to 14 April 2010 at a rent of RMB2,366.50 per month. The tenancy is not assignable. The property is currently occupied by the Group as office and warehouse.	No commercial value

Note:

(i) Opinions of the PRC Legal Adviser are summarized as follows:

(a) The PRC Legal Adviser has been provided with a Real Property Ownership Certificate. However, the address as stated on the Real Property Ownership Certificate is different from that on the tenancy agreement.

(b) The PRC Legal Adviser is unable to ascertain the ownership of the property and the validity of the tenancy agreement.

(ii) Based on the opinions of the PRC Legal Adviser, there is a potential risk that the lessee may not have the right to continue to use the property if the lessor is proved not to be the property owner or not to have the right to lease the property.

(iii) The Directors have confirmed that similar premises are readily available in the area and a relocation to another property will not be difficult should the Company be required to relocate.

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 (HK$)
8.	Room 4032 on 4th Floor Zifeng Building No. 1 Dayabao Hutong Dongcheng District Beijing The PRC	The property comprises a unit within a 7-storey commercial building and was completed in the 1970s. The gross floor area of the property is approximately 80 square metres (approximately 861 square feet). The property is held under a tenancy agreement dated 10 September 2008 between 北京鵬安梓峰物業管理有限公司 (Beijing Pengan Zifeng Property Management Company Limited) as lessor and 冠亞信息科技服務(上海)有限公司北京辦事處 (Topasia IT (Shanghai) Limited Beijing Office, a wholly-owned subsidiary of the Company) as lessee for a term of 1 year from 29 September 2008 to 28 September 2009 at a rent of RMB6,900 per month exclusive of other service charges. The tenancy is not assignable. The property is currently occupied by the Group as office.	No commercial value

Note:

(i) Opinions of the PRC Legal Adviser are summarized as follows:

(a) According to a Building Ownership Certificate, the property is held by 中國人民解放解總後勤部. The property is under management of 中國人民解放軍空軍司令部招待所.

(b) Since no lease authorizations from the property owner to the lessor have been provided, the PRC Legal Adviser is unable to ascertain the validity of the tenancy agreement.

(ii) Based on the opinions of the PRC Legal Adviser, there is a potential risk that the lessee may not have the right to continue to use the property if the lessor is proved not to have the right to lease the property.

(iii) The Directors have confirmed that similar premises are readily available in the area and a relocation to another property will not be difficult should the Company be required to relocate.

Group II – Property Interests Rented By the Target Group

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
9.	Golomt-D-71 Sukhbaatar distreect 5th Khoroo Undsen Huuli Street Mongolia	The property comprises a unit within a 15-storey residential building erected on 2-storey basement and was completed in 2003. The gross floor area of the property is approximately 86.52 square metres (approximately 931 square feet). The property is held under a tenancy agreement dated 6 June 2009 between Maamuu Battulga Bayrkhuu as lessor and Golden Pogada LLC (a 90%-owned subsidiary of the Target Company) as lessee for a term of 6 months from 6 June 2009 to 6 December 2009 at a rent of US$900 per month exclusive of other service charges. The tenancy is not assignable. The property is currently occupied by the Target Group as dormitory.	No commercial value

Note:

(i) Opinions of the Mongolian Legal Adviser are summarized as follows:

(a) The lessor is lawful co-owner and beneficiary of the property. The lessor is authorized and has full power to lease the property.

(b) The tenancy agreement is legal, valid and binding.

(c) The property is free from all encumbrances.

(d) The lessee has a legal right to occupy and use the property with the terms stated in the tenancy agreement.

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
10.	Unit 33, Floor 3, Block C Golomt 5th Khoroo Sukhbaatar District Mongolia	The property comprises a unit within a 15-storey residential building erected on 2-storey basement and was completed in 2003. The gross floor area of the property is approximately 50.28 square metres (approximately 541 square feet). The property is held under a tenancy agreement dated 10 July 2009 between Mongolia Leasing Co., Ltd as lessor and Golden Pogada LLC (a 90%-owned subsidiary of the Target Company) as lessee for a term of 1 year from 10 July 2009 to 10 July 2010 at a rent of US$400 per month exclusive of other service charges. The tenancy is not assignable. The property is currently occupied by the Target Group as dormitory.	No commercial value

Note:

(i) Opinions of the Mongolian Legal Adviser are summarized as follows:

(a) The lessor is lawful owner and beneficiary of the property. The lessor is authorized and has full power to lease the property.

(b) The tenancy agreement is legal, valid and binding.

(c) The property is free from all encumbrances.

(d) The lessee has a legal right to occupy and use the property with the terms stated in the tenancy agreement.

No.	**Property**	**Description and Occupancy**	**Market Value as at 31 August 2009** *(HK$)*
11.	Apt #38 and 29 Building #60 4th Khoroo Sukhbaatar District Mongolia	The property comprises 2 units within a 4-storey residential building which was completed in or about 1962. The gross floor area of the property is approximately 120 square metres (approximately 1,292 square feet). The property is held under a tenancy agreement dated 9 August 2009 between Byarzana Taznaa as lessor and Yu Gou Dong (an authorized person appointed by Golden Pogada LLC, a 90%-owned subsidiary of the Target Company) as lessee for a term of 6 months from 9 August 2009 to 9 February 2010 at a rent of US$1,000 per month exclusive of other service charges. The tenancy is not assignable. The property is currently occupied by the Target Group as dormitory.	No commercial value

Note:

(i) Opinions of the Mongolian Legal Adviser are summarized as follows:

(a) The lessor is lawful co-owner and beneficiary of the property. The lessor is authorized and has full power to lease the property.

(b) The tenancy agreement is legal, valid and binding.

(c) The property is free from all encumbrances.

(d) The lessee has a legal right to occupy and use the property with the terms stated in the tenancy agreement.

No.	Property	Description and Occupancy	Market Value as at 31 August 2009 *(HK$)*
12.	Room 403, 4th Floor Rokmon Building Undsen Khuuliyn Gudamj 24 II Khoroo Bayangol Duureg Ulaanbaatar Mongolia	The property comprises a unit within a 10-storey office building erected on a single storey basement which was completed in 2005. The gross floor area of the property is approximately 88 square metres (approximately 947 square feet). The property is held under a tenancy agreement dated 4 August 2009 between Rokmon LLC as lessor and Golden Pogada LLC (a 90%-owned subsidiary of the Target Company) as lessee for a term of 1 year from 12 August 2009 to 12 August 2010 at a rent of US$1,320 per month inclusive of other service charges. The tenancy is not assignable. The property is currently occupied by the Target Group as office.	No commercial value

Note:

(i) Opinions of the Mongolian Legal Adviser are summarized as follows:

(a) The lessor is lawful owner and beneficiary of the property. The lessor is authorized and has full power to lease the property.

(b) The tenancy agreement is legal, valid and binding.

(c) The property is free from all encumbrances.

(d) The lessee has a legal right to occupy and use the property with the terms stated in the tenancy agreement.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) for illustration purposes, immediately after the issue of the Consideration Shares and full conversion of the 2,547,300,000 Convertible Preference Shares at the prevailing conversion ratio of one Conversion Share for one Convertible Preference Share (assuming none of the Options has been exercised and no part of the Convertible Bonds has been converted), are set out as follows:

(i) As at the Latest Practicable Date

	Number of Shares	**Par value per Share**	**Total nominal value**
		HK$	*HK$*
Authorised:			
Shares	80,000,000,000	0.01	800,000,000.00
Issued and fully paid:			
Shares	267,020,475	0.01	2,670,204.75

(ii) *For illustration purposes, immediately after the issue of the Consideration Shares and full conversion of the 2,547,300,000 Convertible Preference Shares at the prevailing conversion ratio of one Conversion Share for one Convertible Preference Share (assuming none of the Options has been exercised and no part of the Convertible Bonds has been converted)*

	Number of Shares	**Par value per Share** *HK$*	**Total nominal value** *HK$*
Authorised share capital:			
Shares *(Note)*	80,000,000,000	0.01	800,000,000.00
Issued and fully paid share capital:			
Existing Shares	267,020,475	0.01	2,670,204.75
Consideration Shares	63,000,000	0.01	630,000.00
Number of Conversion Shares to be allotted and issued upon full conversion of 2,547,300,000 Convertible Preference Shares	2,547,300,000	0.01	25,473,000.00
	2,877,320,475	0.01	28,773,204.75

Note: The authorised share capital of the Company has been re-designated and re-classified into (a) 77,452,700,000 ordinary shares of HK$0.01 each; and (b) 2,547,300,000 convertible preference shares of HK$0.01 each.

As at the Latest Practicable Date, there were 17,248,385 outstanding Options entitling the holders thereof to subscribe for, based on the respective prevailing exercise prices of the Options and the prevailing conversion price of the outstanding Convertible Bonds, a total of 17,248,385 new Shares and the Convertible Bonds entitling the holder to convert into 5,380,434 new Shares. Save for the aforesaid, there were no other outstanding securities of the Company. All the Shares in issue, the Consideration Shares, the Conversion Shares and the new shares which will fall to be issued upon the exercise of the Options rank pari passu with each other in all respects, including dividend and voting rights.

3. DIRECTORS' INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

(i) Long position in the Company

Name of Director	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital as at the Latest Practicable Date
Mr. Tse Michael Nam	Beneficial owner	11,531,642	Long	4.32%
Mr. Puongpun Sananikone	Beneficial owner	1,561,648	Long	0.58%
Mr. Lim Yew Kong, John	Beneficial owner	839,178	Long	0.31%
Mr. Pang Seng Tuong	Beneficial owner	778,356	Long	0.29%

(ii) Long position in the underlying shares

Name of Director	Nature of interest	No. of underlying shares	Position	Approximate percentage of issued share capital as at Latest Practicable Date
Mr. Tse Michael Nam	Beneficial owner	1,003,157 *(Note 1)*	Long	0.38%
Mr. Puongpun Sananikone	Beneficial owner	973,152 *(Note 2)*	Long	0.36%
Mr. Albert Theodore Powers	Beneficial owner	1,000,000 *(Note 3)*	Long	0.37%
Mr. Lim Yew Kong, John	Beneficial owner	60,822 *(Note 4)*	Long	0.02%
Mr. Pang Seng Tuong	Beneficial owner	121,644 *(Note 5)*	Long	0.05%

Notes:

1. Mr. Tse Michael Nam, an executive Director, held outstanding Options entitling him to subscribe for 100,964 Shares and 902,193 Shares at a subscription price of HK$6.51 and HK$2.40 per Share respectively.

2. Mr. Puongpun Sananikone, an executive Director, held outstanding Options entitling him to subscribe for 60,822 Shares and 912,330 Shares at a subscription price of HK$6.51 and HK$2.40 per Share respectively.

3. Mr. Albert Theodore Powers, an independent non-executive Director, held outstanding Options entitling him to subscribe for 121,644 Shares, 131,756 Shares and 746,600 Shares at a subscription price of HK$2.40, HK$1.00 and HK$1.00 per Share respectively.

4. Mr. Lim Yew Kong, John, an independent non-executive Director, held outstanding Options entitling him to subscribe for 60,822 Shares at a subscription price of HK$3.55 per Share.

5. Mr. Pang Seng Tuong, an independent non-executive Director, held outstanding Options entitling him to subscribe for 121,644 Shares at a subscription price of HK$2.40 per Share.

In addition to the above, as at the Latest Practicable Date, certain Directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective concert parties or their associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Directors' interests in assets, contracts or arrangement of the Group

There was no contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 December 2008, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Service contract

Mr. Tse Michael Nam, an executive Director, has entered into a service agreement with the Company on 12 February 2007 (as amended by a supplemental service agreement dated 16 July 2007) for a term of three years commencing from 12 February 2007, being the date of appointment, renewable automatically for successive terms of one year each commencing from the date next after the expiry of the then current term of appointment unless terminated by not less than three months' notice in writing served by either party expiring at the end of the initial term or at any time thereafter. Mr. Tse is entitled to a monthly salary of HK$100,000, reimbursement for rental of accommodation in Hong Kong of HK$110,000 per month and a gratuity payment in each financial year of the Company equal to the amount of the then monthly salary of Mr. Tse, subject to such increase as the Board may determine from time to time in its absolute discretion in accordance with his service agreement. Mr. Tse will also be entitled to a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion, subject also to the terms of his service agreement. The emoluments of Mr. Tse were determined with reference to the prevailing market conditions, director's duties and responsibilities, and performance and results of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. OTHER DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Interests in the Shares and underlying Shares

Name of substantial Shareholder	Nature of interest	No. of Shares and/or underlying Shares held	Position	Approximate percentage of issued share capital
Ms. Kung *(Note 1)*	Interest of controlled corporation	1,827,310,000	Long	684.33%
Mountain Sky *(Note 1)*	Beneficial owner	1,827,210,000	Long	684.30%
Mr. Chan *(Note 1)*	Interest of controlled corporation	1,827,210,000	Long	684.30%
Ultra Asset *(Note 2)*	Beneficial owner	783,090,000	Long	293.27%
Mr. Yu *(Note 2)*	Interest of controlled corporation	785,624,800	Long	294.22%
IAM *(Note 3)*	Beneficial owner	114,436,657	Long	42.86%
Mr. Yam *(Note 3)*	Interest of controlled corporation	114,436,657	Long	42.86%

Notes:

1. Mountain Sky is beneficially owned as to 36.57% by Ms. Kung and 36.57% by Mr. Chan.

2. Ultra Asset is beneficially owned as to 60% by Mr. Yu.

3. IAM is wholly and beneficially owned by Mr. Yam.

(ii) **Interests in shares of associated corporations of the Company**

Name of subsidiary	Name of entity	Class and no. of securities	Percentage shareholdings
BMC Software (China) Ltd.	BMC Software (HK) Ltd.	1 ordinary share of HK$1 (L)	10%

L: represents the long position in the securities

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company), including companies of which the Director/proposed director is an employee, who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had or were deemed or taken to have interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors held any directorship or employment in a company which has an interests or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by members of the Enlarged Group within the two years preceding the Latest Practicable Date and are or may be material:

(i) the subscription agreement dated 25 February 2008 entered into between the Company, IAM and Mr. Yam in respect of the subscription of 199,000,000 new Shares at the price of HK$0.25 each by IAM;

(ii) the sale and purchase agreement dated 3 March 2008 entered into between Technology Venture Investments Limited, a wholly-owned subsidiary of the Company, as vendor, 上海星脉計算機科技發展有限公司 (Shanghai XingMai Computer Technology Development Company Ltd.) as purchaser and Wang Zhengpin as guarantor in relation to the disposal of the entire issued share capital of Grand Panorama Limited at a total consideration of RMB4,000,000 (equivalent to approximately HK$4,267,000);

(iii) the cooperation agreement dated 5 March 2008 entered into between the Company and 內蒙古天蘭科技治沙產業有限公司 (Inner Mongolia Tian Lan Technology Sand Control Estate Limited), in relation to a cooperative project for the planting of 5,000,000 Chinese mu of salix psammophila over the next 5 years and 200,000 Chinese mu of licorice roots over the next 3 years in Hang Jin Qi, Ordos, Inner Mongolia, the PRC (內蒙古鄂爾多斯市杭錦旗), under which the Company has the sole discretion to inject up to a maximum of RMB70,000,000 (equivalent to approximately HK$78,400,000) for the implementation of the cooperative project;

(iv) the cooperation agreement dated 25 March 2008 entered into between 海南東方林昌生物能源發展有限公司 (Hainan Oriental Linchang Bioenergy Development Limited) and 海南宏昌正科生物能源發展有限公司 (Hainan Venture Zhengke Bioenergy Development Company Limited), an indirect 90% owned subsidiary, in relation to a cooperation project for the cultivation of Jatropha curcas in Hainan, the PRC, under which the Group would sell Jatropha curcas saplings from its nursery to the other party, and the other party would sell all qualified seeds harvested from the Jatropha curcas trees exclusively to the Group for 30 years;

(v) the cooperation agreement dated 26 March 2008 entered into between The National Authority for Science and Technology and Laos Agro Promotion Co., Ltd, an indirect 80% owned subsidiary of the Company, in relation to their cooperation in the establishment of three fully-equipped centres to carry out in-depth research and development of the Jatropha curcas plant for the production of commercially and environmentally sustainable bioenergy as an alternative and renewable energy source, under which the Group would invest a total of US$3,000,000 in both equipment and cash for the project;

(vi) the underwriting agreement dated 12 June 2008 entered into between the Company, Integrated Capital (Asia) Limited, Mr. Yam, IAM and Mr. Tse Michael Nam in relation to the underwriting and certain other arrangements in respect of the issue by way of rights of one rights Share for every Share held at a price of HK$0.108 per rights Share;

(vii) the loan agreement dated 23 June 2008 entered into between the Company and IntegratedCapital (Asia) Limited, under which Integrated Capital (Asia) Limited would grant a term loan of HK$25,000,000 to the Company;

(viii) the cooperation agreement dated 3 June 2009 entered into between Geneharbor (Hong Kong) Technologies Ltd. and Green Global Licorice China Limited, a wholly owned subsidiary of the Company, in relation to the rights and obligations of Geneharbor (Hong Kong) Technologies Ltd. and Green Global Licorice China Limited as shareholders of Grandbase Technology Development Limited;

(ix) the Acquisition Agreement; and

(x) the JV Agreement.

7. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates were considered to have any interests in businesses which compete or were likely to compete, either directly or indirectly, with the business of the Group, other than those businesses which the Directors were appointed as directors to represent the interests of the Group.

8. EXPERTS' QUALIFICATIONS AND CONSENTS

(a) The following are the qualifications of the expert who has given its opinions which are included in this circular:

Name	Qualifications
Greater China	Independent qualified valuer
SHINEWING (HK) CPA Limited ("SHINEWING")	Certified public accountants
SRK Consulting China Limited ("SRK")	Independent qualified technical adviser
Grandall Legal Group (Shenzhen), Lao Law and Consultancy Group and Bona Lex LLC (the "Legal Advisers")	Legal advisers to the Company in respect of the Laws of the PRC, Laos and Mongolia respectively

(b) As at the Latest Practicable Date, Greater China, SHINEWING, SRK and the Legal Advisers had no shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

(c) Greater China, SHINEWING, SRK and the Legal Advisers have not withdrawn their respective written consents to the issue of this circular, with the inclusion therein of their reports or letters or the references to their names in the form and context in which they respectively appear.

(d) As at the Latest Practicable Date, Greater China, SHINEWING, SRK and the Legal Advisers did not have direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.

(e) Neither SRK nor any Director is interested in the promotion of, or in any assets which have been within the two years immediately preceding the issue of this circular, acquired or disposed of by or leased to any member of the Enlarged Group.

9. MISCELLANEOUS

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business in Hong Kong is situated at 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong.

(b) The secretary of the Company is Ms. Ng Bee Ching, Jenna, who is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia.

(c) The branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) In the event of inconsistence, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except public holidays at the principal place of business of the Company in Hong Kong at 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2008;

(c) the interim report of the Company for the six months ended 30 June 2009;

(d) the accountants' report on the Target Company, the texts of which are set out in Appendix II to this circular;

(e) the accountants' report on Golden Pogada, the texts of which are set out in Appendix III to this circular;

(f) the accountants' report issued by SHINEWING in connection with the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(g) the Technical Report as set out in Appendix V to this circular;

(h) the valuation report of the First Area prepared by Greater China as set out in Appendix VI to this circular;

(i) the valuation report on properties interests of the Enlarged Group prepared by Greater China as set out in Appendix VII to this circular;

(j) the written consents referred to under the paragraph headed "Experts' qualifications and consents" in this appendix;

(k) the service contract as referred to in the paragraph headed "service contract" in this appendix;

(l) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(m) this circular.

GREEN GLOBAL RESOURCES LIMITED
綠色環球資源有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 61)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of Green Global Resources Limited (the "**Company**") will be held at 11:00 a.m. on 10 November 2009 at 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional acquisition agreement (the "**Acquisition Agreement**") dated 22 June 2009 as amended by supplemental agreements dated 26 June 2009 (the "**First Supplemental Agreement**") and 8 July 2009 (the "**Second Supplemental Agreement**") and entered into between the Company as purchaser, Mountain Sky Resources (Mongolia) Limited ("**Mountain Sky**") and Ultra Asset International Ltd. (together with Mountain Sky, the "**Vendors**") as vendors and Chan Kwan-Hung, King Jun Chih, Joseph and Yu Tsung Chin, William as guarantors in relation to the sale and purchase of such shares of US$1.00 each in the share capital of North Asia Resources Group Limited at a consideration of HK$1,760,220,000 (subject to adjustment) (a copy of the Acquisition Agreement, the First Supplemental Agreement and the Second Supplemental Agreement have been produced to the SGM marked "A", "B" and "C" respectively and signed by the chairman of the SGM for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) the creation of 2,547,300,000 convertible preference shares of HK$0.01 each of the Company be and is hereby approved and the authorised share capital of the Company be and is hereby re-designated and re-classified into (a) 77,452,700,000 ordinary shares of HK$0.01 each ("**Ordinary Shares**"); and (b) 2,547,300,000 convertible preference shares of HK$0.01 each ("**Convertible Preference Shares**") having the rights and benefits and subject to the restrictions as set out in the circular dated 23 October 2009 of the Company (a copy of the aforesaid circular has been produced to the SGM marked "D" and signed by the chairman of the SGM for the purpose of identification) under the section headed "Convertible Preference Shares" in the Letter from the Board, and the existing issued shares of the Company shall be designated as Ordinary Shares;

(c) the allotment and issue of an aggregate of 63,000,000 Ordinary Shares (each a "**Consideration Share**") and 2,547,300,000 Convertible Preference Shares

* *for identification purpose only*

credited as fully paid at an issue price of approximately HK$0.50 per Consideration Share or Convertible Preference Share to the Vendors or their respective nominee(s) in accordance with the Acquisition Agreement be and is hereby approved;

(d) the issue of the 2% coupon promissory notes in an aggregate principal amount of HK$442,270,000 to the Vendors or their respective nominee(s) in accordance with the Acquisition Agreement be and is hereby approved;

(e) the allotment and issue of up to an aggregate of 2,547,300,000 new Ordinary Shares (subject to adjustments) upon the exercise of the conversion rights attaching to the Convertible Preference Shares; and

(f) any one or more of the directors (the "**Directors**") of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Acquisition Agreement as amended by the First Supplemental Agreement and the Second Supplemental Agreement and the transactions contemplated thereunder."

By order of the Board
Green Global Resources Limited
Tse Michael Nam
Chairman

Hong Kong, 23 October 2009

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
9th Floor
Wincome Centre
Nos. 39-41 Des Voeux Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.