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.

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 DISPOSAL
AND
CONNECTED TRANSACTION

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

集團 滙富 KingswayGroup

Kingsway Capital Limited

A notice convening a special general meeting of the Company to be held at 9th Floor, Wincome Centre, Nos. 39–41 Des Voeux Road Central, Hong Kong on Wednesday, 20 January 2010 at 11:00 a.m. 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*

31 December 2009

CONTENTS

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

"2008 Rights Issue"	the rights issue of the Company on the basis of one rights share for every Share held on the relevant record date which was completed in August 2008, details of which are set out in the prospectus of the Company dated 21 July 2008
"Acquisition"	the acquisition of the entire issued share capital in North Asia Resources Group Limited by the Company (for details please refer to the circular of the Company dated 23 October 2009), which was completed on 16 December 2009
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day(s) (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"BVI"	British Virgin Islands
"Company"	Green Global Resources Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the proposed disposal of the Sale Shares and the Sale Loans on the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 23 November 2009 entered into between the Company, the Purchaser and the Guarantor in relation to the Disposal
"Disposal Group"	GGA Group and GGB Group

"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"Existing Group"	the Company and its subsidiaries as at the Latest Practicable Date
"GGA"	Green Global Agro-Conservation Resources Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
"GGA Group"	GGA and its subsidiaries
"GGA Sale Share"	the one issued share of US$1.00 of GGA, representing the entire issued share capital of GGA
"GGB"	Green Global Bioenergy Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
"GGB Group"	GGB and its subsidiaries
"GGB Sale Share"	the one issued share of US$1.00 of GGB, representing the entire issued share capital of GGB
"GGL"	Green Global Licorice China Limited, a company incorporated in BVI and a wholly-owned subsidiary of GGA
"GGS"	Green Global Salix China Limited, a company incorporated in BVI and a wholly-owned subsidiary of GGA
"Group"	the Company and its subsidiaries immediately prior to the completion of the Acquisition
"Guarantor"	Mr. Yam Tak Cheung, the beneficial owner of the entire issued share capital of IAM and the Purchaser
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAM"	Integrated Asset Management (Asia) Limited, a company wholly and beneficially owned by the Guarantor and which held 114,436,657 Shares, representing approximately 34.52% of the issued share capital of the Company as at the Latest Practicable Date

"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Lim Yew Kong, John, Mr. Albert Theodore Powers and Mr. Pang Seng Tuong, established to give recommendation to the Independent Shareholders regarding the Disposal
"Independent Financial Adviser" or "Kingsway"	Kingsway Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purposes of the SFO and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Disposal
"Independent Shareholders"	Shareholders other than the Purchaser, the Guarantor and their respective associates
"Laos"	the Lao People's Democratic Republic
"Latest Practicable Date"	28 December 2009, being the latest practicable date for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Group"	the Remaining Group and the North Asia Group
"North Asia Group"	North Asia Resources Group Limited and its subsidiaries
"Options"	the 24,241,535 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
"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administration Region of the PRC and Taiwan
"Purchaser"	Marigold Worldwide Group Limited, a company incorporated in BVI and wholly and beneficially owned by the Guarantor

"Purchaser Warranties"	the representations and warranties given by the Purchaser in the Disposal Agreement
"Remaining Group"	the Group excluding the Disposal Group
"Sale Loans"	the sum of the outstanding loans owed by the Disposal Group to the Remaining Group on Completion and proposed to be acquired by the Purchaser pursuant to the Disposal Agreement
"Sale Shares"	the GGA Sale Share and the GGB Sale Share
"SFO"	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and, if thought appropriate, to approve the Disposal Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor Warranties"	the representations and warranties given by the Company in the Disposal Agreement
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"US$"	United States dollar, the lawful currency of the United States of America
"%" or "per cent."	percentage or per centum

For the purpose of illustration only, translations of RMB into HK$ are made in this circular at the rate of RMB1=HK$1.1352. No representation is made that any amounts in HK$ and RMB have been or could be converted at the above rate or at any other rate 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 translations 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

31 December 2009

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 10 December 2009 in relation to, among other things, the proposed disposal of the entire equity interests in GGA and GGB and the Sale Loans.

On 23 November 2009, the Company, the Purchaser and the Guarantor entered into the Disposal Agreement pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loans for an aggregate consideration of HK$180.0 million in cash. The Guarantor has been joined as a party to the Disposal Agreement to guarantee in favour of the Company the performance of the obligations of the Purchaser under the Disposal Agreement. The Sale Shares represent the entire issued share capital of GGA and GGB and the Sale Loans represent the amounts due by the Disposal Group to the Remaining Group as at

* *for identification purpose only*

Completion, which amounted to approximately HK$467.8 million as at 30 June 2009. Details of the Disposal Agreement and information of the Disposal Group are set out below.

The purpose of this circular is to provide you with, among other things, (i) further information on the Disposal; (ii) the letter of recommendation from the Independent Board Committee on the terms of the Disposal; (iii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders regarding the terms of the Disposal; (iv) financial information of the Existing Group; (v) unaudited pro forma financial information of the Remaining Group; and (vi) the notice of SGM.

THE DISPOSAL AGREEMENT DATED 23 NOVEMBER 2009

Vendor: The Company

Purchaser: Marigold Worldwide Group Limited

Guarantor: Mr. Yam Tak Cheung

The principal activity of the Purchaser is investment holding. The entire issued share capital of the Purchaser is wholly and beneficially owned by the Guarantor who is also the beneficial owner of IAM (being the controlling Shareholder holding 114,436,657 Shares (representing approximately 34.52% of the existing issued share capital of the Company as at the Latest Practicable Date)).

The Guarantor has been joined as a party to the Disposal Agreement to guarantee in favour of the Company the performance of the obligations of the Purchaser under the Disposal Agreement.

Assets to be disposed of:

(i) the Sale Shares, being the entire issued share capital of GGA and GGB; and

(ii) the Sale Loans, being the inter-company loans owed by the Disposal Group to the Remaining Group as at Completion.

For further details on the Disposal Group, please refer to the paragraph headed "Information on the Disposal Group" below.

Consideration of the Disposal

The consideration for the Sale Shares and the Sale Loans of HK$180.0 million shall be payable by the Purchaser in cash to the Company at Completion.

The consideration for the Sale Shares and the Sale Loans was agreed between the Company and the Purchaser after arm's length negotiations and was principally determined with reference to, among other things, (i) the unaudited combined net liabilities of the Disposal Group attributable to its shareholders of approximately HK$170.2 million as at 30 June 2009; (ii) the unsatisfactory financial performance of the Disposal Group which incurred unaudited combined losses attributable to its shareholders of approximately HK$164.3 million for the year ended 31 December 2008 and approximately HK$23.7 million for the six months ended 30 June 2009; (iii) the principal amount of the Sale Loans of approximately HK$467.8 million as at 30 June 2009; and (iv) the uncertainty in the future development of the agro-conservation and bioenergy businesses of the Disposal Group. For details of the audited financial information on the Disposal Group, please refer to the accountants' report on the Group as set out in Appendix I to this circular.

Based on the aforesaid and taking into account that (i) the Disposal Group has failed to generate sufficient cashflow from its operation and its cash burning rate is faster than originally expected; (ii) during the past few years, the Disposal Group has merely generated an unaudited revenue of approximately HK$45.8 million from the sale of jatropha saplings to its local partners in 2008 and recorded an aggregate of approximately HK$15.8 million unaudited management income from the provision of management services for the cultivation of licorice and salix in 2007 and 2008; (iii) the Disposal Group is still in its initial stage of development and as such would require further funding support from the Remaining Group in the near future; (iv) it is unlikely that the Sale Loans would be repaid by the Disposal Group in the near future given the unsatisfactory financial performance of the Disposal Group in the past two years; and (v) the net proceeds arising from the Disposal can be used to finance the mining business of the New Group, the Directors consider that the consideration of HK$180.0 million for the Disposal is fair and reasonable.

Conditions precedent of the Disposal

Completion of the Disposal shall be conditional upon:

(i) the Purchaser having notified the Company that it is reasonably satisfied with the results of the due diligence review on the financial, legal, commercial and taxation aspects of the Disposal Group and its titles to assets provided that such due diligence review and notification should be made on or before 31 March 2010 (or such other date as may be agreed between the Company and the Purchaser);

(ii) if necessary, the passing by the Independent Shareholders at a special general meeting of the Company to be convened and held in accordance with the requirements of the Listing Rules and/or other applicable laws and regulations of the necessary resolutions to approve the Disposal Agreement and the transactions contemplated thereunder;

(iii) all necessary consents, approvals, licences and authorisation required to be obtained on the part of the Purchaser in respect of the Disposal Agreement and the transactions contemplated thereby having been obtained;

(iv) all necessary consents, approvals, licences and authorisation required to be obtained on the part of the Company in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained;

(v) the Purchaser Warranties remaining true and accurate and not misleading in all material respects; and

(vi) the Vendor Warranties remaining true and accurate and not misleading in all material respects.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

The Purchaser may waive in whole or in part any of the conditions (i) and (vi) set out above. The Company may waive in whole or in part condition set out in (v) above. All other conditions are incapable of being waived. If the conditions above have not been satisfied or waived (as the case may be) on or before 4:00 p.m. on 31 March 2010, or such other date as the Purchaser and the Company may agree, the Disposal Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place two Business Days after the fulfillment (or waiver) of all the above conditions precedent or at such other time as the parties to the Disposal Agreement may agree in writing.

Upon Completion, GGA Group and GGB Group will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the financial statements of the Company.

INFORMATION ON THE DISPOSAL GROUP

GGA, a wholly-owned subsidiary of the Company, is a company incorporated in the BVI and is an investment holding company. Two of GGA's major subsidiaries, which are currently engaged in the businesses of management and cultivation of licorice and salix in Inner Mongolia (the "**Agro-Conservation Business**"), were acquired by the Group in 2007. As of 31 December 2008, GGA Group has completed the plantation of 58,000 Chinese mu (approximately 3,867 hectares) of licorice and 380,000 Chinese mu (approximately 25,300 hectares) of salix.

GGB, a wholly-owned subsidiary of the Company, is a company incorporated in the BVI and is an investment holding company. The Group ventured into the bioenergy business (the "**Bioenergy Business**") in late 2007 by the formation of a joint venture for the setting up of nurseries for the cultivation and sale of jatropha saplings in Hainan, the PRC. Subsequently, the Bioenergy Business was further extended to Laos. As of 31 December 2008, GGB Group has completed the plantation of jatropha nurseries covering a total area of approximately 825 Chinese mu (approximately 55 hectares) in Laos and approximately

625 Chinese mu (approximately 42 hectares) in Hainan, the PRC. All of the jatropha saplings cultivated from these nurseries have been sold for transplantation.

Set out below is the summary of key audited consolidated financial information of the Disposal Group for the two years ended 31 December 2008 and for the six months ended 30 June 2009, which is extracted from the accountants' report on the Group as set out in Appendix I to this circular:

	For the years ended 31 December		**For the six months ended 30 June**
	2007	**2008**	**2009**
	HK$ million	*HK$ million*	*HK$ million*
Revenue	Nil	45.8	Nil
Profit/(Loss) before taxation	16.5	(195.6)	(24.9)
Profit/(Loss) attributable to the Group	16.1	(164.3)	(23.7)

Included in the above financial information are (i) the fair value gains on the Group's biological assets of approximately HK$11.3 million, HK$77.8 million and HK$3.1 million for the years ended 31 December 2007 and 2008 and the six months ended 30 June 2009, respectively as recorded by the Disposal Group; and (ii) other income generated from the provision of management services for the cultivation of licorice and salix of approximately HK$7.5 million, HK$8.3 million and HK$nil for the two years ended 31 December 2007 and 2008 and the six months ended 30 June 2009 respectively. The Disposal Group also recorded impairment losses on goodwill and intangible assets of approximately HK$74.0 million and HK$161.9 million respectively for the year ended 31 December 2008. The goodwill arising from the acquisitions of GGL and GGS have been written off in full in the year 2008. The Disposal Group further recorded an impairment loss of approximately HK$6.3 million in respect of intangible assets for the six months ended 30 June 2009. Details of the intangible assets were disclosed in the accountants' report on the Group for the three years ended 31 December 2008 and six months ended 30 June 2009 as set out in Appendix I to this circular.

As at 30 June 2009, the audited consolidated net liabilities of the Disposal Group attributable to its shareholders amounted to approximately HK$170.2 million and the Sale Loans amounted to approximately HK$467.8 million.

REASONS FOR THE DISPOSAL

The principal businesses of the Existing Group included the distribution and provision of banking and finance systems integration services and software solutions (the "**IT Business**"), the Agro-Conservation Business and the Bioenergy Business (together the "**Agro-Conservation and Bioenergy Businesses**") and iron-mining business (the "**Mining Business**"). The IT Business has been a stable and major income contributor to the Group. For each of the year two years ended 31 December 2008 and six months ended 30 June 2009, the IT Business generated a total turnover of approximately HK$66.2 million, HK$63.3 million and HK$17.9 million respectively. The Existing Group has recently ventured into the Mining Business through the acquisition of the North Asia Group in December 2009.

Information on the Agro-Conservation and Bioenergy Businesses

The Group ventured into the Agro-Conservation and Bioenergy Businesses in 2007 and 2008 with a view to diversifying the scope of business of the Group.

In 2007, the Group acquired GGL and GGS which held certain management rights for the collection and cultivation of licorice and salix in Inner Mongolia. Details of the acquisitions were set out in the circulars of the Company dated 7 March 2007 and 16 August 2007 respectively. In late 2007, the GGA Group commenced the cultivation of licorice and salix. It is expected that these plants will be matured enough for the first harvest around the end of 2010. During the past few years, the Disposal Group has incurred a cash outlay of more than HK$200 million for its plantation of 58,000 Chinese mu (approximately 3,867 hectares) of licorice and 380,000 Chinese mu (approximately 25,300 hectares) of salix. According to the accountants' report on the Group as set out in Appendix I to this circular, the value of licorice and salix cultivated by the GGA Group amounted to approximately HK$53.5 million as at 30 June 2009.

In late 2007, the Group extended its green business to the Bioenergy Business in Hainan, the PRC and Laos. Details of the joint venture establishments were set out in the circular of the Company dated 25 October 2007 and the annual report of the Company for the year ended 31 December 2007. In general, it takes about three months to grow jatropha saplings and a further year for the saplings to flower and bear jatropha fruits. The seeds of the jatropha fruits 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 biodiesel. The GGB Group commenced the plantation of jatropha saplings in its own nurseries in late 2007 and has sold such saplings to its local partners in Hainan, the PRC and Laos for transplantation during 2008. As disclosed in the annual report of the Company for the year ended 31 December 2007, through cooperation arrangement with its local partners, GGB Group has the right to purchase all qualified seeds harvested from such transplanted jatropha trees over the next 30 years in consideration of the payment in stages of harvesting rights fees. It is expected that the seeds of the jatropha fruits of such transplanted trees will be incepted and harvested around the later half of 2010. For the development of the jatropha plantation business (including the establishment of nurseries, the plantation of jatropha saplings and payment for attaining the harvesting rights on the transplanted jatropha trees), during the past few years, GGB Group has incurred a cash outlay of more than HK$90 million.

Recent development on the Agro-Conservation and Bioenergy Businesses

Due to various factors and changes in circumstances subsequent to the acquisitions in 2007, including the global financial crisis and the weather condition in Inner Mongolia was not as favourable as expected, the pace of development of the Agro-Conservation and Bioenergy Businesses is slower than expected and the return on investment from these projects has been delayed in the past two years of operation, and as a result the Agro-Conservation and Bioenergy Businesses are still in their initial stages of development. GGA Group has not sold any of its cultivated agro-conservation plants of licorice and salix since its commencement of cultivation in 2007 and is in a net loss position for the first half of 2009. Moreover, as announced by the Company on 8 April 2009 and 5 May 2009, GGS (being a wholly-owned subsidiary of GGA) was not able to meet the minimum income guarantee of HK$15.8 million as disclosed in the circular of the Company dated 16 August 2007. Although the Group was compensated by the aggregate settlement of HK$70 million which included a partial reduction of the outstanding principal amount of the convertible bonds issued by the Company, the overall performance of the Agro-Conservation Business was not satisfactory. With regards to the Bioenergy Business, since the sale of jatropha saplings to GGB's local partners only forms a small part of the Bioenergy Business of the Group, GGB has been seeking a cooperation partner, preferably a governmental body or a major oil company/producer, for the establishment of a biodiesel processing facility for the jatropha seeds. Although it is expected that the first crop of jatropha seeds will be ripe for harvesting in 2010, the Group had not yet concluded any firm plans for the development of such processing facility nor were there any existing processing facilities for the jatropha seeds in Hainan, the PRC or Laos as at the Latest Practicable Date. During the past few years, the operations of the Agro-Conservation and Bioenergy Businesses have been supported by the Group predominantly through shareholder's loans. As stated in the annual report of the Company for the year ended 31 December 2008, the net proceeds arising from the 2008 Rights Issue has been applied to the Agro-Conservation and Bioenergy Businesses. The capital requirement and cash burning rate for the development the Agro-Conservation and Bioenergy Businesses were more significant and faster than originally expected.

In view of the foregoing, as stated in the Company's interim report for the six months ended 30 June 2009, the Group has decided to take a conservative approach by cutting back its cultivation and harvesting plans for its Agro-Conservation and Bioenergy Businesses. For the six months ended 30 June 2009, the Agro-Conservation and Bioenergy Businesses have not expanded its plantation area of licorice and salix nor carried out any plantation or sales activities for the jatropha saplings nurseries.

Reasons for the Disposal

As stated in the Company's circular dated 23 October 2009, the management of the Company has been exploring various options to improve the Group's profitability and financial performance, and such options may include the slowing down and/or downsizing and/or disposal of part or all of the operations of the Agro-Conversation and Bioenergy Businesses. The Company has been considering the matter and is of the view that based on the current circumstances, the Agro-Conversation and Bioenergy Businesses are not expected to make any significant contribution to the Group's income for another year or two and would require further injection of substantial investment in order to bring the operation of the Agro-Conservation and Bioenergy Businesses to a scalable size and it is uncertain whether the biodiesel processing facilities for the processing of the jatropha seeds can be established in the near future. During the past two years, the Company has provided funding support for the Agro-Conservation and Bioenergy Businesses predominantly through shareholder's loans. As at 30 June 2009, the amount due by the Disposal Group to the Remaining Group amounted to approximately HK$467.8 million, which is unlikely to be repaid by the Disposal Group given the present financial position and performance of the Disposal Group.

Taking into account the unsatisfactory performance of the Agro-Conservation and Bioenergy Businesses, further investment required to be injected into such businesses, the funding requirement of the Existing Group to support the operations of its existing business and the new mining business, and the low recoverability of the Sale Loans, the Company considers that the Disposal represents a good opportunity for the Existing Group to realise its investment in the Agro-Conservation and Bioenergy Businesses (including the Sale Loans) at a fair and reasonable price and would provide capital and resources to the New Group in developing its remaining business and the mining business.

Despite the fact that the Company may recognise accounting loss on Disposal, in light of the above reasons, the Directors consider that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

After Completion, the New Group will continue its IT Business and the Mining Business.

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE DISPOSAL

The Company estimates that the net proceeds from the Disposal is approximately HK$177.0 million. The entire net proceeds will be used for the Mining Business.

Immediately after Completion, the Disposal Group will cease to be subsidiaries of the Company. The financial results of the Disposal Group will no longer be consolidated into the accounts of the Company. On the basis that (i) the audited consolidated net liabilities of the Disposal Group attributable to its shareholders of approximately HK$170.2 million as at 30 June 2009; (ii) the Sale Loans of approximately HK$467.8 million as at 30 June 2009; and (iii) the net proceed from the Disposal of approximately HK$177.0 million, the Existing Group is expected to record a loss of approximately HK$120.6 million upon Completion.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, the financial effects of the Disposal are summarised below:

Earnings

As extracted from the accountants' report on the Group as set out in Appendix I to this circular, the loss from continuing operations of the Group for the six months ended 30 June 2009 was approximately HK$30.0 million.

As set out in Appendix II to this circular, assuming Completion had taken place on 1 January 2009, the unaudited pro forma loss from continuing operations of the Remaining Group for the six months ended 30 June 2009 would be increased by approximately HK$65.2 million, which was mainly attributable to the loss on disposal of the Disposal Group of approximately HK$90.1 million.

Net assets

As extracted from the accountants' report on the Group as set out in Appendix I to this circular, the audited consolidated total assets and total liabilities of the Group as at 30 June 2009 were approximately HK$391.2 million and HK$97.8 million respectively. The audited consolidated net asset value attributable to Shareholders as at 30 June 2009 was approximately HK$291.7 million.

As set out in Appendix II to this circular, assuming Completion had taken place on 30 June 2009, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would be approximately HK$241.8 million and HK$70.7 million respectively. The unaudited pro forma net asset value attributable to Shareholders was approximately HK$171.1 million.

Gearing

As extracted from the accountants' report on the Group as set out in Appendix I to this circular, the gearing ratio of the Group, calculated with reference to the convertible loan notes divided by its equity attributable to the equity holders of the Company, was approximately 0.08 as at 30 June 2009.

As set out in Appendix II to this circular, assuming the Completion had taken place on 30 June 2009, the gearing ratio of the Remaining Group, calculated with reference to the convertible loan notes divided by its equity attributable to the equity holders of the Company, would be increased to approximately 0.13 as at 30 June 2009.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules. As the Purchaser is a connected person of the Company by virtue of the fact that it is a company wholly and beneficially owned by the Guarantor, who is also the beneficial owner of IAM (being the controlling Shareholder ultimately and beneficially holding 114,436,657 Shares (representing approximately 34.52% of the existing issued share capital of the Company as at the Latest Practicable Date)), the Disposal also constitutes a connected transaction for the Company under the Listing Rules. Accordingly, the Disposal is subject to the approval by the Independent Shareholders at the SGM by way of poll and the Purchaser, the Guarantor and their respective associates (including IAM) will abstain from voting on the resolution to approve the Disposal at the SGM.

As a result of the 2008 Rights Issue which was completed in August 2008, the Guarantor's beneficial interest in the Shares increased to over 30%. In this connection, a whitewash waiver was granted by the Executive to waive the obligation to make a general offer for all of the then issued shares of the Company as a result of the 2008 Rights Issue. Since then, IAM remains as the controlling Shareholder and there has been no acquisition of assets by the Existing Group from the Guarantor, IAM or their respective associates. As at the Latest Practicable Date, IAM held 114,436,657 Shares, representing approximately 34.52% of the existing issued share capital of the Company. As the transactions contemplated under the Disposal Agreement would involve the disposals of the Existing Group's Agro-Conversation and Bioenergy Businesses within 24 months after the change in control in the Company as described above, the Disposal would result in a non-compliance with Rule 14.92 of the Listing Rules by the Company. Based on the fact that (i) the Company has not acquired any assets from Guarantor, IAM or their respective associates since the change in control in August 2008; and (ii) the Directors are of the view that the Disposal is in the interests of the Company and the Shareholders as described above, the Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rule 14.92 of the Listing Rules.

THE SGM

The SGM will be held at 9th Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong on 20 January 2010 at 11:00 a.m., Hong Kong to consider and, if thought fit, approve the necessary ordinary resolution in connection with the Disposal Agreement and the transactions contemplated thereunder.

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.

The resolution to approve the Disposal 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 Disposal" above, the Directors (including the independent non-executive Directors whose recommendation is contained in the "Letter from the Independent Board Committee" on page 12 of this circular) consider that the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be put forward to the Independent Shareholders at the SGM to consider and, if thought fit, approve the Disposal 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

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

(Incorporated in Bermuda with limited liability)

(Stock code: 61)

31 December 2009

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 31 December 2009 (the "Circular"), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Disposal Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal Agreement and the transactions contemplated thereunder and to recommend how the Independent Shareholders should vote at the SGM. Kingsway has been appointed to advise the Independent Board Committee in relation to the Disposal Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 1 to 11 of the Circular, and the letter from Kingsway to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Disposal Agreement and the transactions contemplated thereunder, as set out on pages 13 to 27 of the Circular.

Having taken into account the advice of Kingsway, we consider the terms of the Disposal Agreement and the transactions contemplated thereunder to be fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal Agreement and the transactions contemplated thereunder.

Yours faithfully,
the Independent Board Committee

Lim Yew Kong, John	**Albert Theodore Powers**	**Pang Seng Tuong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *for identification purpose only*

The following is the full text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for inclusion in this Circular.

集團 滙富 KingswayGroup
Kingsway Capital Limited

5/F, Hutchison House,
10 Harcourt Road,
Central, Hong Kong
Tel. No.: (852) 2877-1830
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31 December 2009

To the Independent Board Committee and the Independent Shareholders of Green Global Resources Limited

Dear Sirs,

**VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTION**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the circular (the "**Circular**") of Green Global Resources Limited to the Shareholders dated 31 December 2009, of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the announcement of the Company on 10 December 2009. On 23 November 2009, the Company, the Purchaser and the Guarantor entered into the Disposal Agreement pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loans for an aggregate consideration of HK$180.0 million in cash. The Guarantor has been joined as a party to the Disposal Agreement to guarantee in favour of the Company the performance of the obligations of the Purchaser under the Disposal Agreement. The Sale Shares represent the entire issued share capital of GGA and GGB and the Sale Loans represent the amounts due by the Disposal Group to the Remaining Group as at Completion, which amounted to approximately HK$467.8 million as at 30 June 2009.

Upon Completion, GGA Group and Group GGB will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the financial statements of the Company. Accordingly, following the Disposal, the principal business of the New Group shall include the IT Business and the mining business.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules. As the Purchaser is a connected person of the Company by virtue of the fact that it is a company wholly and beneficially owned by the Guarantor who is also the beneficial owner of IAM (being the controlling Shareholder ultimately and beneficially holding 114,436,657 Shares, representing approximately 34.52% of the existing issued share capital of the Company as at the Latest Practicable Date), the Disposal also constitutes a connected transaction for the Company under the Listing Rules. Accordingly, the Disposal is subject to the approval by the Independent Shareholders at the SGM by way of poll.

As the transactions contemplated under the Disposal Agreement would involve the disposals of the Group's agro-conservation business and the bioenergy business ("the **Disposal Business**") within 24 months after a change of control in the Company to IAM as a result of the 2008 Rights Issue, the Disposal would result in non-compliance with Rule 14.92 of the Listing Rules by the Company. The Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rule 14.92 of the Listing Rules.

The SGM will be convened by the Company at which resolution will be proposed to the Independent Shareholders to consider and, if thought appropriate, to approve the Disposal Agreement and the transactions contemplated thereunder. The Purchaser, the Guarantor and their respective associates will abstain from voting on the resolution to approve the Disposal Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee has been established to consider the Disposal and to give recommendations to the Independent Shareholders as to how to vote on the resolution to be proposed at the SGM in relation to the Disposal. We have been appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Disposal, we have relied on the information and representations provided to us by the Company, which the Company considered to be complete and relevant.

We have also relied on the information and representations contained in the Letter from the Board (the "**Letter from the Board**") in the Circular and have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have assumed that all statements of belief, opinion and intention made by the Directors in the Letter from the Board in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view and have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have been advised by the Company that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business and affairs of the Disposal Group, the New Group, the Purchaser and the Guarantor or any of their respective subsidiaries, controlled entities, jointly controlled entities or associates.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, we have considered the following principal reasons and factors:

(i) Reasons and benefits

Operating performance of the Disposal Business

Agro-conservation business

The Group has diversified into the agro-conservation business in 2007 by acquiring GGL and GGS which held certain management rights for the collection and cultivation of licorice and salix in Inner Mongolia. In March 2008, the Group participated in a plantation project (the "**5532 Project**"), details of which are set out in the circulars of the Company dated 7 March 2007 and 16 August 2007 and the announcement of the Company dated 6 March 2008 respectively.

During 2008, the Group focused on the development of the Disposal Business. However, the pace of development of the agro-conservation business was slower than expected. We have enquired of the Company for the reason and understood that it was due to the unfavourable weather condition in Inner Mongolia and the global financial crisis as stated in the Letter from the Board.

The plantation plan under the 5532 Project and the actual plantation area (in Chinese mu or hectares) are summarised as follows:

Year		Targeted plantation area under the 5532 Project		Actual plantation area	
		Chinese mu	*(Hectares)*	*Chinese mu*	*(Hectares)*
2008	– Licorice	30,000	(2,000)	58,000*	(3,867)*
	– Salix	700,000	(46,667)	380,000*	(25,300)*
2009	– Licorice	80,000	(5,333)	0	(0)
	– Salix	700,000	(46,667)	0	(0)
2010	– Licorice	90,000	(6,000)	–	(–)
	– Salix	800,000	(53,333)	–	(–)
2011	– Licorice	–	(–)	–	(–)
	– Salix	1,400,000	(93,333)	–	(–)
2012	– Licorice	–	(–)	–	(–)
	– Salix	1,400,000	(93,333)	–	(–)

* *As advised by the Company, approximately 8,000 out of the 58,000 Chinese mu of licorice and 50,000 out of the 380,000 Chinese mu of salix were planted in 2007.*

There was no expansion in the plantation area of licorice and salix in 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 as stated in the interim report of the Company for the six months ended 30 June 2009 (the "**2009 Interim Report**") and further advised by the Company. As indicated in the table above, the actual plantation area of licorice and salix in aggregate in 2008 and 2009 was much less than the original plantation plan under the 5532 Project.

As shown in Appendix I of the Circular, the agro-conservation business has not contributed any turnover to the Group since the Group diversified into the business in 2007 up to the first half of 2009. The agro-conservation business did contribute segment profits of HK$12.7 million in 2007 and HK$25.7 million in 2008, which were mainly derived from management service income and fair value gains in biological assets, but it generated operating loss in the first half of 2009.

Although the agro-conservation business recorded a segment profits of approximately HK$25.7 million for the year ended 31 December 2008, it recorded an impairment loss on goodwill and intangible assets of approximately HK$74.0 million and HK$145.8 million respectively, resulting in a net loss position.

Furthermore, for the six months ended 30 June 2009, the agro-conservation business recorded a segment loss of approximately HK$11.7 million, compared to segment profits of approximately HK$17.7 million during the same period in 2008.

Bioenergy business

The Group extended its green business to the jatropha-based bioenergy resources business in Hainan, the PRC in late 2007 and Laos in mid of 2008 by joint venture establishments for the setting up of nurseries for the cultivation and sale of jatropha saplings to its partners in Hainan and Laos for transplantation. The partners will sell all qualified seeds harvested from the jatropha curcas trees in the relevant transplantation areas exclusively to the GGB Group for sale to processing facilities for the production of biodiesel, details of which were set out in the circulars of the Company dated 25 October 2007 and 15 April 2008.

The plantation plan of jatropha saplings and transplantation areas of jatropha curcas trees (in Chinese mu or hectares) according to the circular of the Company dated 15 April 2008 and further provided by the Company are summarised as follows:

	Jatropha saplings for transplantation				Jatropha curcas trees			
	Targeted plantation area		Actual plantation area		Targeted transplantation area		Actual transplantation area	
	Chinese mu	*(Hectares)*	*Chinese mu*	*(Hectares)*	*Chinese mu*	*(Hectares)*	*Chinese mu*	*(Hectares)*
Hainan								
2008	625	42	625 *(Note 2)*	42	70,000	(4,667)	70,000	(4,667)
2009	– *(Note 1)*	(–)	–	(–)	615,000 *(Note 4)*	(41,000)	0	(0)
2010	– *(Note 1)*	(–)	–	(–)	615,000 *(Note 4)*	(41,000)	–	(–)
Laos								
2008	825 *(Note 1&3)*	(55)	825 *(Note 2)*	55	45,000	(3,000)	135,000	(9,000)
2009					1,102,500	(73,500) *(Note 5)*	0	(0)
2010					1,102,500	(73,500) *(Note 5)*	–	(–)

Notes:

1. As advised by the Company, due to the uncertain market conditions and the global financial crisis, the GGB Group has not set any plantation targets for jatropha saplings in Hainan or Laos for 2009 and 2010 and no additional plantation or sale of jatropha saplings has been undertaken during the six months ended 30 June 2009 in Hainan or Laos.

2. As advised by the Company, approximately 150 out of the 625 Chinese mu (approximately 42 hectares) of jatropha saplings in Hainan was planted in 2007 while all the 825 Chinese mu (approximately 55 hectares) of jatropha saplings in Laos was planted in 2008.

3. The targeted plantation area of jatropha saplings of 825 Chinese mu (approximately 55 hectares) is a three-year plan from 2008 to 2010 as advised by the Company.

4. Based on the targeted plantation area of jatropha curcas trees of 1,300,000 Chinese mu (approximately 86,667 hectares) in Hainan with its partner from 2008 to 2010 pursuant to the circular of the Company dated 15 April 2008.

5. Based on the targeted plantation area of jatropha curcas trees in Laos with its partner which is a three-year plan from 2008 to 2010 as advised by the Company.

As stated in the Letter from the Board, the sale of jatropha saplings to GGB's local partners only forms a small part of the bioenergy business of the Group. The Company advised that the major part of the business is the sale of jatropha seeds to processing facilities for the production of biodiesel. Hence, GGB has been seeking a cooperation partner for the establishment of a biodiesel processing facility for the jatropha seeds. The Company advised that the demand for the jatropha seeds is uncertain in view of the global financial crisis. Although it is expected that the first crop of jatropha seeds will be ripe for harvesting in 2010, the Group has not yet concluded any firm plans for the development of such processing facilities nor found any existing processing facilities for the jatropha seeds in Hainan or Laos. As stated in the Letter from the Board, the Group has decided to take a conservative approach by cutting back its cultivation and harvesting plans for the bioenergy business and has not carried out any plantation or sales activities for the jatropha nurseries during the first half of 2009.

As stated in Appendix I of the Circular, the bioenergy business generated a turnover of approximately HK$45.8 million for the year ended 31 December 2008 from the sale of jatropha saplings to the Hainan and Laos partners in 2008, while nil turnover was generated for the year ended 31 December 2007 and the six months ended 30 June 2009.

The bioenergy business recorded segment profits of approximately HK$3.8 million for the year ended 31 December 2007. Although this business segment recorded a segment profits of approximately HK$15.9 million for the year ended 31 December 2008, it also recorded an impairment loss on intangible assets of approximately HK$16.1 million, resulting in a net loss position for the year. For the six months ended 30 June 2009, there was a segment loss of approximately HK$6.7 million, together with an impairment loss on intangible assets of HK$6.3 million for the period.

Financial performance of Disposal Group

As shown in Appendix I of the Circular, for the year ended 31 December 2007, the Disposal Group made no revenue but recorded a profit after tax of approximately HK$16.5 million, mainly as a result of the fair value gains from biological assets and management income. For the year ended 31 December 2008, the Disposal Group's revenue of HK$45.8 million which was derived from the sale of jatropha saplings, but a loss after tax of HK$165.7 million was recorded. For the six months ended 30 June 2009, no revenue and a loss after tax of approximately HK$24.8 million was recorded. As advised by the Directors, although the Disposal Group recorded fair value gains from biological assets in the year ended 31 December 2008 and the six month ended 30 June 2009, the impairment loss on goodwill and intangible assets in the respective period more than offset the fair value gains.

Overall, for the two years ended 31 December 2008 and the six months ended 30 June 2009, the financial performance of the Disposal Group have fluctuated and has been loss making since 2008. As advised by the Company, the agro-conservation business and bioenergy business were still in an investment stage, and given the uncertainty in the present market condition, it does not expect the Disposal Group to make any significant contribution to the Group in the near future.

Cash outlay and further funding required by the Disposal Group

During the past few years, the operation of the Disposal Group has been supported by the Group predominantly through shareholders' loans from the Remaining Group. In 2008, the Group raised from the 2008 Rights Issue net proceeds of approximately HK$130 million (according to the prospectus of the Company dated 21 July 2008), which had been applied to the Disposal Business, as set out in the Letter from the Board. Cash outlay of more than HK$200 million for the agro-conservation business has been incurred. In addition, cash outlay of more than HK$90 million has been incurred in the development of the jatropha plantation business. As set out in the Letter from the Board, the Company considers that the capital requirement and cash burning rate of the Disposal Group were more significant and faster than originally expected.

The Company does not expect that the Disposal Business will make any significant contribution to the Group's income in the near future. According to the budgeted information of capital investment and/or maintenance cost provided by the Company and as further advised by the management of the Company, substantial further injection of investment will be required if the Disposal Group were to fulfill the plantation target under the 5532 Project and bring the jatropha plantation business to an economically viable scale. We have been given the budgeted capital investment and maintenance cost of the Disposal Business for the period from 2010 to 2012 compiled by the Company. We have also discussed with the management of the Company on, and are satisfied with, the assumptions of the budgeted information that the capital investment and/or maintenance cost were projected based on the expected hectares of licorice, salix and jatropha to be planted from 2010 to 2012 and the expected cost per hectare pursuant to relevant plantation agreements.

Given that the Disposal Group has not been generating sufficient operating cashflow, the intensive capital requirement of the Disposal Group and that the Group has taken a conservative approach in the development of the Disposal Business in 2009 due to the uncertainty in the market outlook as mentioned above, the Company expects that return of investment from the Disposal Business will be delayed and the repayment of the inter-company loans owed by the Disposal Group to the Remaining Group in the near future is unlikely. As such, the Directors consider that the Disposal represents a good opportunity for the Company to realize the Disposal Business.

Financial performance of the Group

As stated in Appendix I of the Circular, the Group's turnover generated from (i) the agro-conservation business; (ii) the bioenergy business; (iii) the banking and finance systems integration services business; and (iv) the software solutions for banks and the public sector business (collectively known as the "**Continuing Operations**") decreased by approximately 68.7% in the first half of 2009 as compared to that of last year which was mainly due to the decrease in turnover generated from the banking finance systems integration services business by approximately 53.3% and that no revenue was generated from the Disposal Group during the six-month period in 2009, compared to the revenue of approximately HK$19.1 million for the same period in 2008.

In addition, the Group recorded a loss from the Continuing Operations of approximately HK$30.0 million for the first half of 2009 as compared to the profit making position for the same period in 2008. In each of the six-month periods ended 30 June 2008 and 2009, gains from changes in fair values in biological assets of approximately HK$48.1 million and approximately HK$3.1 million respectively were recognized. The Group would have recorded a loss of approximately HK$7.5 million from the Continuing Operations in the first half of 2008 if the fair value gains of approximately HK$48.1 million was disregarded. The overall performance of the Continuing Operations further declined significantly in the first half of 2009.

Cash position of the Group

As stated in Appendix I of the Circular, the Group recorded net cash used in operating activities of approximately HK$21.9 million for the first half of 2009. As of 30 June 2009, the Group had bank balances and cash of approximately HK$19.9 million, of which approximately HK$10.2 million were time deposits with original maturity of more than three months.

In view of the amount of bank balances and cash held by the Group, the Group does not have adequate cash resources to finance the capital requirement of the Disposal Group in the near future as discussed above. If the Group wants to meet the capital investment, bank borrowings or further fund raising will be required, which the Company considers will be subject to uncertainty given the current unfavorable market condition. On the other hand, if the Group does not make any capital investment, the plantation progress and thus the development of the Disposal Business will be further delayed.

Furthermore, the Group has acquired a mining business and, as advised by the Company, further capital will be required to operate the mining business.

Prospects of the Disposal Business

We have reviewed the opinion of 內蒙古杭錦旗林業局 (Hangjin Qi Forestry Administration Bureau of Inner Mongolia) (the "**Bureau**") issued in mid August 2009 on the growth rates of licorice and salix of the Group. According to the Bureau, the growth rates of licorice and salix are affected by the volume of water supply which in turn relies on snowfall. Due to the significant decline in snowfall in early 2009, the Bureau expected that the growth rates of licorice and salix planted by the Group would achieve only 5% and 10% of the normal growth rates of licorice and salix respectively.

In addition, as set out in the Letter from the Board, although the Group expects that the first crop of jatropha seeds to be ripe for harvesting in 2010, the Group has not yet found a cooperation partner for the development of a processing facility or found an existing processing facility for the jatropha seeds in Hainan or Laos at the moment.

We have made references to the performance of several Industry Comparables (as defined below) which are principally engaged in agricultural cultivation, land conservation, cultivation of raw materials for the bioenergy industry or related businesses. We noticed that, in the latest preceding financial year, 4 out of 7 of them recorded a year-on-year decrease in turnover while 1 of them recorded no growth in turnover. In addition, 6 out of 7 of them were loss making in the latest preceding financial year, reflecting an unfavourable operating environment recently faced by these industries.

Prospects of mining business in the PRC

The Company intends to use the estimated net proceeds of approximately HK$177.0 million from the Disposal to finance its mining operation in Mongolia. As stated in the announcement of the Company dated 8 July 2009, the Company was of the view that the PRC has been an importer of iron ores and concentrates from other countries for many years due to a shortfall in domestic supply. In view of the demand of iron ores and concentrates by the

PRC which was driven by the extensive and continual construction of infrastructure, the Company acquired the entire issued share capital of North Asia Resources Group Limited which, through its Mongolia-incorporated subsidiary, is principally engaged in geological survey, exploration and development of iron and other mineral deposits and foreign trade and holds the mining licence for an iron mine in Mongolia.

According to the statistics released by the National Bureau of Statistics of China, the amount of imported iron ores and concentrates by the PRC in 2008 was approximately 443.6 million tonnes, representing an increase of around 15.9% compared to that in 2007. In addition, fixed assets investment in infrastructure in urban areas in 2008 in the PRC has been increasing, as evidenced by the growth of approximately 15.4% in the investment in the production and supply of electricity, gas and water, approximately 30.4% in the investment in construction, and approximately 19.7% in the investment in the transport, storage and post, as compared to the relevant investment amounts in 2007.

Taking into account (i) the operating performance of the Disposal Group, resulting in a declining financial performance of the Group; (ii) cash outlay and further funding requirement of the Disposal Group; (iii) the tight cash position of the Group; (iv) the cutting back of the cultivation plan of licorice, salix and jatropha saplings in view of the unfavourable weather condition in Inner Mongolia and the uncertainty in the Group's plan to sell jatropha seeds to biodiesel processing facilities; (v) the prospects of the new mining business in the PRC; and (vi) the funding requirement of the mining business, we are of the view that the Disposal is in the interest of the Company and the Shareholders as a whole.

(ii) Consideration/terms of payment

The consideration for the Sale Shares and the Sale Loans of HK$180.0 million shall be payable by the Purchaser in cash to the Company at Completion.

As stated in the Letter from the Board, the consideration for the Sale Shares and the Sale Loans was agreed between the Company and the Purchaser after arm's length negotiations and was principally determined with reference to, among other things, (i) the unaudited combined net liabilities of the Disposal Group attributable to its shareholder of approximately HK$170.2 million as at 30 June 2009; (ii) the unsatisfactory financial performance of the Disposal Group which incurred unaudited combined losses attributable to its shareholders of approximately HK$164.3 million for the year ended 31 December 2008 and approximately HK$23.7 million for the six months ended 30 June 2009; (iii) the principal amount of the Sale Loans of approximately HK$467.8 million as at 30 June 2009; and (iv) the uncertainty in the future development of the agro-conservation and bioenergy businesses of the Disposal Group.

In order to assess the fairness and reasonableness of the consideration for the Disposal, we have made comparison among the Disposal Group and other listed companies which are engaged in similar business in terms of certain commonly adopted parameters, including price-to-earnings ratio and ratio of market capitalisation to the latest published net asset value, as follows:

Price-to-earnings approach

Since the Disposal Group recorded loss for the year ended 31 December 2008, the price to earnings ratio analysis is considered not applicable.

Net asset value approach

To our best knowledge, we have identified 7 listed companies (the "**Industry Comparables**") which are principally engaged in agricultural cultivation, land conservation, cultivation of raw materials for the bioenergy industry or related businesses for comparison. The table below lists out the ratio of market capitalisation to the latest published net asset value of the Industry Comparables and the Disposal Group:

Company (Stock code)	Principal business	Market capitalisation as at the Latest Practicable Date *(Note 1)* *HK$ million*	Latest published net asset value prior to the Latest Practicable Date *(Note 1)* *HK$ million*	Ratio of market capitalisation to latest published net asset value ("P/B ratio") *times*
China Forestry Holdings Ltd (930 HK)	Production of furniture and processing of wood products, cultures and propagates seedlings, saplings, flowering plants, and landscaping trees and shrubs, harvests, sale of lumber, production, test and sale of natural fragrances and flavors	6,150.0	8,476.4	0.73
Samling Global Ltd (3938 HK)	Timber harvesting and management of natural forest concessions	2,796.1	5,380.8	0.52
China Grand Forestry Green Resources Group Ltd (910 HK)	Tree growing and manufacture of timber and bark materials	1,878.6	6,580.6	0.29
China Timber Resources Group Ltd (269 HK)	Timber logging and trading of timber logs from forest concessions	1,459.7	1,074.4	1.36 *(Note 4)*

Company (Stock code)	Principal business	Market capitalisation as at the Latest Practicable Date *(Note 1)* *HK$ million*	Latest published net asset value prior to the Latest Practicable Date *(Note 1)* *HK$ million*	Ratio of market capitalisation to latest published net asset value ("P/B ratio") *times*
Omnicorp Ltd (94 HK)	Log harvesting, lumber processing, marketing and sales of logs and lumber products	556.7	274.4	2.03 *(Note 5)*
D1 Oils Plc (DOO LN)	Development of bio diesel fuel from energy crops with plantation rights to cultivate the crop jatropha curcas	88.4	165.6	0.53
Gem Bio Fuels Plc (GBF LN)	Plantations of jatropha curcas trees for their seeds for oil	39.6	35.3	1.12
				*All Industry Comparables**
			Highest	**1.12**
			Lowest	**0.29**
			Average	**0.64**
				*Hong Kong-listed Industry Comparables only**
			Highest	**0.73**
			Lowest	**0.29**
			Average	**0.51**
The Disposal		**180.0** *(Note 2)*	**297.6** *(Note 3)*	**0.60**

Source: Website of the Stock Exchange (www.hkex.com.hk)
Bloomberg

* *Excluding China Timber Resources Group Ltd and Omnicorp Ltd*

Notes:

1. Translations of RMB into HK$, US$ into HK$ and £ into HK$ are made for illustration purposes only at the exchange rates of RMB1.00 to HK$1.14, US$1.00 to HK$7.74 and £1.00 to HK$12.5 respectively.

2. The consideration for the Disposal is used as market capitalization for the purpose of the analysis above.

3. GGA and GGB are not listed companies and their business activities are mainly financed by the inter-company loans owed to the Remaining Group. For comparison purpose, net asset value equals to the sum of value of net liabilities of the Disposal Group of approximately HK$170.2 million after adding back the Sale Loans of approximately HK$467.8 million as of 30 June 2009.

4. China Timber Resources Group Ltd announced in May 2009 that it had entered into an agreement to acquire the entire equity interest of a company which is principally engaged in property development, property management, asset management and investment consultation which constituted a very substantial acquisition for China Timber Resources Group Ltd. Since its diversification into a business that is not comparable with that of the other Industry Comparables and public disclosure of such acquisition might have affected the market value of the company, China Timber Resources Group Ltd is excluded from the analysis.

5. The P/B ratio of Omnicorp Ltd of 2.03 times is exceptionally high as compared with the other Industry Comparables which ranged from 0.29 times to 1.12 times. We noted that the closing price of the shares of Omnicorp Ltd on 24 June 2009 increased sharply by approximately 49% from that on 23 June 2009. The directors of the company were not aware of the reasons for such increase according to the unusual price and volume movements announcement of the company dated 24 June 2009. We also noted that the share price of Omnicorp Ltd has been on an increasing trend since 24 June 2009. We considered Omnicorp Ltd an outlier and therefore excluded from the comparison in order not to distort the analysis.

As shown in the table above, the P/B ratio of the Disposal Group is 0.60 times, which falls within the range of P/B ratio among all the Industry Comparables (excluding China Timber Resources Group Ltd and Omnicorp Ltd) of 0.29 times to 1.12 times and close to the average P/B ratio among them of 0.64 times. The P/B ratio of the Disposal also falls with the range among the Hong Kong-listed Industry Comparables (excluding China Timber Resources Group Ltd and Omnicorp Ltd) of 0.29 times to 0.73 times and higher than the average P/B ratio among them of 0.51 times.

Given the comparison above, we consider that the determination basis of the consideration of the Disposal is justifiable and thus the consideration is fair and reasonable.

(iii) Financial effects of the Disposal

The following sets out the effect on the financial position of the Remaining Group upon completion of the Disposal:

Net asset value

Based on the unaudited pro forma consolidated statement of financial position set out in Appendix II to the Circular, the Remaining Group's net asset value would have been decreased by approximately HK$122.3 million as of 30 June 2009 as a result of the Disposal, after taking into account (i) the pro forma adjustments resulting from the Disposal; and (ii) the estimated net proceeds from and unaudited loss on the Disposal.

Earnings

Upon the Completion, the Disposal Group will cease to be subsidiaries of the Company and thus its results will no longer be consolidated into the financial statements of the Company.

Based on the unaudited pro forma consolidated income statement set out in Appendix II to the Circular, a loss on the Disposal of approximately HK$90.1 million would have been recorded for the six months ended 30 June 2009. Taking into account such loss on disposal and after excluding the income and expenses attributable to the Disposal Group, loss attributable to equity holders of the Company would have been approximately HK$95.1 million for the six months ended 30 June 2009, compared to the audited loss attributable to equity holders of the Company of HK$28.7 million for the six months ended 30 June 2009.

Gearing

As stated in Appendix I of the Circular, the gearing ratio of the Group, as measured by the Group's convertible loan notes over the equity attributable to the equity holders of the Company, was approximately 0.08 as at 30 June 2009. Based on the unaudited pro forma consolidated statement of financial position as set out in Appendix II to the Circular, upon Completion, the total equity of the Remaining Group would have been reduced to approximately HK$171.1 million as of 30 June 2009. Accordingly, the gearing ratio would have been increased to 0.13.

Cash position

Based on the unaudited pro forma consolidated statement of cash flows set out in Appendix II to the Circular, the Remaining Group's cash and cash equivalents as of 30 June 2009 would have been increased to approximately HK$186.1 million, from approximately HK$9.7 million, after taking into account the estimated net cash proceeds from the Disposal of approximately HK$177.0 million.

We noticed that the effects of the Disposal on net asset value, earnings and gearing ratio would have been worse off upon Completion, but the cash position of the Remaining Group would have been better off. Taking into consideration of (i) the unsatisfactory performance of the Disposal Group; (ii) the significant amount of further capital requirement by the Disposal Group in order to fulfill the plantation target under the 5532 Project and bring the jatropha plantation business to a scalable size of operation; (iii) the low cash balance of the Group as of 30 June 2009 relative to the Group's future funding needs; (iv) the prospects of the Disposal Business; and (v) the increase in the cash and cash equivalents of the Remaining Group, we consider that the decrease in the net asset value and earnings and the increase in gearing ratio resulting from the Disposal are acceptable.

RECOMMENDATION

Taking into consideration the abovementioned principal factors and reasons for the Disposal, in particular:

- the unsatisfactory performance of the Disposal Group;
- the prospects of the Disposal Business;
- cash outlay in the last few years and the expected delay in investment return on the Disposal Group;
- the amount of capital requirement in the next few years in order to fulfill the plantation target under the 5532 Project and bring the jatropha plantation business to a scalable size of operation;
- the low cash and cash equivalents balance of the Group as of 30 June 2009 relative to the Group's future funding needs;
- the unlikelihood of repayment of the inter-company loans owed by the Disposal Group to the Remaining Group in the near future;
- the prospects and funding requirements of the new Mongolian mining business of the Group; and
- the analysis on the consideration of the Disposal by comparing with the Industry Comparables,

we consider that the entering into of the Disposal Agreement are on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the SGM to approve the Disposal.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited

Chu Tai Hoi	**Liu Kam Yin**
Executive Director	*Director*

1. ACCOUNTANTS' REPORT ON THE GROUP

The following is the text of the accountants' report on the Group received from SHINEWING (HK) CPA Limited, certified public accountants, for inclusion in this circular. For the avoidance of doubt, as the acquisition of the North Asia Resources Limited was completed on 16 December 2009, the financial statements of North Asia Resources Group Limited was not included in the following accountants' report.

信永中和 ShineWing
SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

31 December 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") of Green Global Resources Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the three years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 (the "Relevant Periods") for inclusion in the Company's circular dated 31 December 2009 (the "Circular") in connection with the very substantial disposal of the entire equity interests in Green Global Agro-Conservation Resources Limited and Green Global Bioenergy Limited.

The Financial Information comprises the consolidated statements of financial position as at 31 December 2006, 2007 and 2008 and 30 June 2009, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods, and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). As at the date of this report, the address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is 9th Floor, Wincome Centre, Nos. 39-41 DesVoeux Road Central, Hong Kong.

The Group has adopted 31 December as its financial year end date. The consolidated financial statement of the Group for the year ended 31 December 2006 were audited by Lawrence CPA Limited and we have acted as auditors of the Group for the years ended 31

December 2007 and 2008. Audited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong for each of the Relevant Periods.

The Company acts as an investment holding company. As at the date of this report, the Company has direct or indirect interests in the following subsidiaries and a jointly controlled entity, all of which are private companies with limited liabilities. None of the subsidiaries had any debt securities subsisting as at 30 June 2009 or any time during the Relevant Periods.

A. PRINCIPAL SUBSIDIARIES

Company	Place of incorporation	Nominal value of paid-up share/ registered capital	Proportion of ownership interest		Principal activities
			Direct	*Indirect*	
Technology Venture Investments Limited	British Virgin Islands ("BVI")	US$1,000	100%	–	Investment holding
Green Global Bioenergy Limited	BVI	US$1	100%	–	Investment holding
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
Sequent China/ Hong Kong Limited	Hong Kong	HK$10,000	–	100%	Distribution of information technology products and provision of computer technology services
Technology Venture (Software) Holdings Limited	BVI	US$1,000	–	100%	Investment holding
Topasia Computer Limited	Hong Kong	HK$10,000	–	100%	Distribution of information technology products and provision of computer technology services
Topsoft Limited	Hong Kong	HK$10,000	–	100%	Distribution of information technology products and provision of computer technology services

Company	Place of incorporation	Nominal value of paid-up share/ registered capital	Proportion of ownership interest *Direct*	Proportion of ownership interest *Indirect*	Principal activities
Topasia Tech (Shanghai) Limited[1]	The PRC	Registered Capital US$3,800,000	–	100%	Distribution of information technology products and provision of computer technology services
Topasia IT (Shanghai) Limited[1]	The PRC	Registered Capital US$1,000,000	–	100%	Provision of systems integration and maintenance services
Acacia Asia Partners Limited	BVI	US$1	–	100%	Investment holding
Acacia Asia Partners Limited[1]	The PRC	Registered Capital US$140,000	–	100%	Network technology, software development and provision of technical support services
Green Global Licorice China Limited	BVI	US$1	–	100%	Management and cultivation of licorice
Green Global Salix China Limited	BVI	US$1	–	100%	Management and cultivation of licorice and salix
Bioenergy Promotion Limited	BVI	US$1	–	100%	Research and development and cultivation of raw materials for the bioenergy industry
Hainan Venture Zhengke Bioenergy Development Company Limited[1]	The PRC	Registered capital RMB50,000,000	–	90%	Nursery and research and development centre for jatropha
Lao Agro Promotion Co., Ltd	Lao People's Democratic Republic	US$1,150,000	–	80%	Nursery and research and development centre for jatropha
North Asia Resources Group Limited	BVI	US$60,000	100%	–	Investment holding
Golden Pogada LLC	Mongolia	MNT142,100,000	–	90%	Geological survey, exploration and development of coal and other mineral deposits (mining operation) and trade

1 The English transliteration of the Chinese names of the companies are for identification purpose only and should not be regarded as the official English name of the companies.

B. JOINTLY CONTROLLED ENTITY

Company	Place of incorporation	Nominal value of paid-up share	Proportion of ownership interest		Principal activities
			Direct	*Indirect*	
Grandbase Technology Development Limited	Hong Kong	HK$10,000	–	50%	Development of licorice products and by-products

The above table lists the subsidiaries and a jointly controlled entity of the Company which, in the opinion of the directors of the Company, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group at the end of each reporting period of the Relevant Periods. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

For the purpose of this report, the directors of the Company have prepared the Underlying Financial Statements in accordance with HKFRSs issued by the HKICPA.

We have performed an independent audit on the Underlying Financial Statements and for the purpose of this report and, we have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods as set out in this report has been prepared based on the Underlying Financial Statements for the Relevant Periods without making any adjustments for the purpose of inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of the Company. The directors of the Company are also responsible for the contents of the Circular in which this report is included. It is our responsibilities 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 gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and of the consolidated results and cash flows of the Group for the Relevant Periods.

COMPARATIVE FINANCIAL INFORMATION

The comparative consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow of the Group for the six months ended 30 June 2008 together with the notes thereto (the "30 June 2008 Financial Information") have been extracted from the Group's unaudited financial information for the same period, which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 June 2008 Financial Information in accordance with the 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 review of the 30 June 2008 Financial Information consists principally of making enquiries of the Group's management and applying analytical procedures to the 30 June 2008 Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 30 June 2008 Financial Information.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modification that should be made to the 30 June 2008 Financial Information.

I. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

		Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Continuing operations						
Turnover	8	52,511	66,193	109,154	57,251	17,936
Cost of sales and services rendered		(43,706)	(54,135)	(99,696)	(35,743)	(13,958)
Gross profit		8,805	12,058	9,458	21,508	3,978
Other operating income	8	1,624	13,451	10,929	2,686	7,003
Gain on disposal of available-for-sale investment		9,290	21,844	–	–	–
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	19	–	11,255	77,802	48,140	3,054
Selling and distribution expenses		(3,351)	(3,860)	(3,803)	(1,927)	(1,705)
Administrative expenses		(23,108)	(45,202)	(58,118)	(27,657)	(32,191)
Other operating expenses		(273)	(1,897)	(20,841)	–	(897)
(Loss) profit from operations	9	(7,013)	7,649	15,427	42,750	(20,758)
Impairment loss recognised in respect of goodwill	21	–	(40,771)	(74,039)	–	–
Impairment loss of unlisted available-for-sale investment		(3,200)	–	–	–	–
Impairment loss recognised in respect of intangible assets	20	–	–	(161,876)	–	(6,269)
Share of loss of a jointly controlled entity		–	–	–	–	(4)
Finance costs	10	(24)	(1,842)	(8,031)	(3,429)	(2,738)

		Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
(Loss) profit before taxation		(10,237)	(34,964)	(228,519)	39,321	(29,769)
Income tax credit (expenses)	*11*	2,028	(1,205)	29,526	1,286	(228)
(Loss) profit for the year/period from continuing operations		(8,209)	(36,169)	(198,993)	40,607	(29,997)
Profit (loss) for the year/period from discontinued operations	*13*					
– IT management and support		1,046	(5,803)	941	878	89
– Real estate consultancy service		(2,828)	4,715	(1,271)	(1,271)	–
(Loss) profit for the year/period		(9,991)	(37,257)	(199,323)	40,214	(29,908)
Attributable to:						
Equity holders of the Group		(9,991)	(37,679)	(197,906)	40,258	(28,739)
Minority interests		–	422	(1,417)	(44)	(1,169)
		(9,991)	(37,257)	(199,323)	40,214	(29,908)
(Loss) earning per share Basic (HK cents)	*14*					
– Continuing operations		(13.67)	(40.96)	(115.16)	34.23	(11.37)
– Discontinued operations		(2.97)	(1.22)	(0.19)	(0.33)	0.03
From continuing and discontinued operations		(16.64)	(42.18)	(115.35)	33.90	(11.34)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Loss) profit for the year/ period	(9,991)	(37,257)	(199,323)	40,214	(29,908)
Exchange differences on translation of foreign operations	738	2,465	3,262	3,345	–
Gain on fair value changes of available-for-sale investments and recognised directly in equity	11,431	–	–	–	–
Other reserve realised on disposal of a subsidiary	–	(21,659)	–	–	–
Exchange reserve realised on deregistration/disposal of subsidiaries	–	–	277	277	1,851
Reduction of convertible loan notes to set off the income guarantee payment	–	–	–	–	(13,370)
Other comprehensive income (loss) for the years/periods, net of tax	12,169	(19,194)	3,539	3,622	(11,519)
Total comprehensive income (loss) for the years/periods, net of tax	2,178	(56,451)	(195,784)	43,836	(41,427)
Attributable to:					
Equity holders of the Company	2,178	(56,873)	(194,524)	43,722	(40,258)
Minority interests	–	422	(1,260)	114	(1,169)
	2,178	(56,451)	(195,784)	43,836	(41,427)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2006	**2007**	**2008**	**2009**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Plant and equipment	*17*	1,379	8,230	12,371	11,879
Deferred plantation expenditure	*18*	–	33,000	113,676	111,672
Deposit for plantation expenditure		–	34,808	25,155	30,230
Biological assets	*19*	–	8,231	48,446	53,504
Intangible assets	*20*	1,696	165,225	57,284	74,120
Deposit paid for acquisition of intangible assets		–	–	9,265	–
Deposit paid for acquisition of a company		–	–	–	6,000
Goodwill	*21*	45,805	156,873	7,800	7,800
Interest in a jointly controlled entity	*22*	–	–	–	1,996
Loan advanced to a minority shareholder	*23*	–	–	586	651
		48,880	406,367	274,583	297,852
Current assets					
Inventories	*24*	8,857	5,192	259	1,729
Biological assets	*19*	–	3,840	–	–
Available-for-sale investments	*25*	66,591	–	–	–
Trade and other receivables	*26*	42,817	32,411	123,324	71,788
Bank balances and cash	*27*	72,254	72,939	93,754	19,878
		190,519	114,382	217,337	93,395
Current liabilities					
Trade and other payables	*28*	61,451	70,623	71,010	57,429
Income tax liabilities		6,938	7,109	14,744	14,778
Bank overdrafts	*27*	18	–	–	–
		68,407	77,732	85,754	72,207
Net current assets		122,112	36,650	131,583	21,188
Total assets less current liabilities		170,992	443,017	406,166	319,040

		As at 31 December			As at 30 June
		2006	2007	2008	2009
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Equity attributable to equity holders of the Company					
Share capital	*29*	67,500	103,526	253,485	2,535
Reserves		103,492	219,269	78,516	289,208
		170,992	322,795	332,001	291,743
Minority interests		–	2,555	2,855	1,686
Total equity		170,992	325,350	334,856	293,429
Non-current liabilities					
Convertible loan notes	*30*	–	75,878	67,683	22,033
Deferred tax liability	*31*	–	41,789	3,627	3,578
		–	117,667	71,310	25,611
		170,992	443,017	406,166	319,040

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Con-tributed surplus *HK$'000*	Exchange translation reserve *HK$'000*	Convertible loan notes reserve *HK$'000*	Other reserve *HK$'000*	Share options reserve *HK$'000*	Statutory surplus reserve *HK$'000* *(Note a)*	Accu-mulated losses *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 January 2006	55,735	342,312	(19)	394	–	10,228	–	–	(253,341)	155,309	–	155,309
Total comprehensive income (expenses) for the year	–	–	–	738	–	11,431	–	–	(9,991)	2,178	–	2,178
Issue of consideration shares	11,765	235	–	–	–	–	–	–	–	12,000	–	12,000
Recognition of equity-settled share based payments	–	–	–	–	–	–	1,505	–	–	1,505	–	1,505
At 31 December 2006	67,500	342,547	(19)	1,132	–	21,659	1,505	–	(263,332)	170,992	–	170,992

	Attributable to equity holders of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Exchange translation reserve *HK$'000*	Convertible loan notes reserve *HK$'000*	Other reserve *HK$'000*	Share options reserve *HK$'000*	Statutory surplus reserve *HK$'000* *(Note a)*	Accumulated losses *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 January 2007	67,500	342,547	(19)	1,132	–	21,659	1,505	–	(263,332)	170,992	–	170,992
Total comprehensive income (expenses) for the year	–	–	–	2,465	–	(21,659)	–	–	(37,679)	(56,873)	422	(56,451)
Transfer from accumulated loss	–	–	–	–	–	–	–	576	(576)	–	–	–
Issue of convertible loan notes	–	–	–	–	29,225	–	–	–	–	29,225	–	29,225
Issue of shares upon												
– placement of shares, net of transactions costs	27,000	109,730	–	–	–	–	–	–	–	136,730	–	136,730
– 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
Recognition of equity-settled share based payments	–	–	–	–	–	–	18,372	–	–	18,372	–	18,372
Capital contributed 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

	Attributable to equity holders of the Company										
	Share capital	Share premium	Con-tributed surplus	Exchange translation reserve	Convertible loan notes reserve	Share options reserve	Statutory surplus reserve	Accu-mulated losses	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (*Note a*)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	103,526	475,727	(19)	3,597	23,867	17,108	576	(301,587)	322,795	2,555	325,350
Total comprehensive income (expenses) for the year	–	–	–	3,382	–	–	–	(197,906)	(194,524)	(1,260)	(195,784)
Transfer from accumulated loss	–	–	–	–	–	–	274	(274)	–	–	–
Issue of shares upon											
– placement of shares, net of transactions costs	19,900	24,653	–	–	–	–	–	–	44,553	–	44,553
– 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
Recognition of equity-settled share based payments	–	–	–	–	–	7,912	–	–	7,912	–	7,912
Capital contribution from a minority shareholders 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

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange translation reserve HK$'000	Convertible loan notes reserve HK$'000	Share options reserve HK$'000	Statutory surplus reserve HK$'000 *(Note a)*	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
As at 1 January 2009	253,485	526,100	(19)	6,979	19,398	24,975	850	(499,767)	332,001	2,855	334,856
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 b)*	–	(521,158)	521,158	–	–	–	–	–	–	–	–
Utilisation of the contributed surplus account to offset the entire balance of accumulated losses *(Note b)*	–	–	(403,271)	–	–	–	–	403,271	–	–	–
Reduction of issued share capital through a cancellation of paid up capital *(Note 29)*	(250,950)	–	250,950	–	–	–	–	–	–	–	–
As at 30 June 2009	2,535	4,942	368,818	8,830	6,028	24,975	850	(125,235)	291,743	1,686	293,429

	Attributable to equity holders of the Company										
	Share capital	Share premium	Con-tributed surplus	Exchange translation reserve	Convertible loan notes reserve	Share options reserve	Statutory surplus reserve	Accu-mulated losses	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note a)*	*HK$'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
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

Note a: 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.

Note b: 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. The full details of the offset of the accumulated losses are set out in the Company's announcement dated on 21 January 2009.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Years ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
OPERATING ACTIVITIES					
(Loss) profit before tax for					
– Continuing operations	(10,237)	(34,964)	(228,519)	39,321	(29,769)
– Discontinued operations	(1,396)	(1,084)	(857)	(1,118)	89
	(11,633)	(36,048)	(229,376)	38,203	(29,680)
Adjustments for:					
Share of loss of a jointly controlled entity	–	–	–	–	4
Bad debt directly written off	–	4,257	–	–	–
Gain arising from changes in fair value less estimated point-of- sale costs of biological assets	–	(11,255)	(77,802)	(48,140)	(3,054)
Waiver of trade and other payables	–	–	(592)	–	–
Impairment loss recognised in respect of goodwill	–	40,771	74,039	–	–
Impairment loss recognised in respect of intangible assets	–	1,173	161,876	–	6,269
Impairment loss recognised in respect of trade receivables	528	2,296	20,841	90	–
Impairment loss recognised in respect of inventories	–	–	1,413	–	–
Interest income	(547)	(1,987)	(1,272)	(839)	(235)
Amortisation of intangible assets	97	2,571	4,894	2,447	909
Depreciation	1,520	1,285	3,358	1,142	1,966
Impairment loss of unlisted available-for-sale investment	3,200	–	–	–	–
Loss on disposal of plant and equipment	151	71	104	–	–
Gain on disposal of plant and equipment	(400)	(30)	(79)	–	(93)
Gain on disposal of available-for-sale investments	(9,290)	(21,844)	–	–	–
Gain on deregistration of a subsidiary	–	–	(283)	(283)	(194)
Loss on deregistration of a subsidiary	–	–	–	–	897
Loss (gain) on disposal of subsidiaries	–	1	(169)	(169)	–
Impairment loss recognised in respect of other receivables	–	–	–	–	92
Income from setting off convertible loan notes	–	–	–	–	(6,633)
Finance costs	25	1,842	8,031	3,429	2,738
Share-based payment expenses	1,505	18,372	7,912	5,054	–

	Years ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Operating cashflows before movements in working capital	(14,844)	1,475	(27,105)	934	(27,014)
(Increase) decrease in inventories	(5,413)	4,279	3,854	2,436	(1,470)
(Increase) decrease in trade and other receivables	(726)	3,886	2,840	(17,737)	19,172
Increase (decrease) in trade and other payables	20,076	(12,169)	(5,395)	11,815	(12,320)
Increase in biological assets	–	(275)	(868)	(550)	–
Cash used in operations	(907)	(2,804)	(26,674)	(3,102)	(21,632)
PRC enterprise income tax paid	(620)	(1,038)	(474)	(473)	(243)
NET CASH USED IN OPERATING ACTIVITIES	(1,527)	(3,842)	(27,148)	(3,575)	(21,875)
INVESTING ACTIVITIES					
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	(19,639)	(139,191)	–	–	–
Deposit for plantation expenditure	–	(34,808)	(25,155)	(50,726)	(34,590)
Payment of deferred plantation expenditure	–	(33,541)	(49,153)	(49,153)	–
Payment for deposit for unlisted investment	–	–	–	–	(6,000)
Payment for investment cost	–	–	–	–	(5)
Decrease in amounts due by a jointly controlled entity	–	–	–	–	(1,995)
Acquisition of plant and equipment	(537)	(8,127)	(7,793)	(3,330)	(1,474)
Proceeds from disposal of available-for-sale investments	42,630	67,578	–	–	–
(Increase) decrease in pledged time deposits	(15,485)	15,624	–	–	–
Interest received	547	1,987	1,246	839	165
(Increase) decrease in other time deposits with maturity of more than three months when acquired	(39,907)	1,281	9,081	41,387	24,747
Proceed from disposal of a subsidiary	–	248	3,784	3,784	–
Proceeds from disposal of plant and equipment	400	30	81	–	93
Loan advanced to a minority shareholder	–	–	(1,560)	–	–
Deposit paid for acquisition of intangible assets	–	–	(9,265)	–	–
Acquisition of intangible assets	(1,796)	–	(51,206)	–	(7,970)
NET CASH USED IN INVESTING ACTIVITIES	(33,787)	(128,919)	(129,940)	(57,199)	(27,029)

	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
FINANCING ACTIVITIES					
Interest paid	(1)	–	(465)	(38)	(225)
Repayment of obligations under finance lease	(254)	–	–	–	–
Interest paid for obligations under finance lease	(24)	–	–	–	–
Loan raised from a substantial shareholder	–	–	25,000	25,000	–
Repayment of loan from a substantial shareholder	–	–	(25,000)	–	–
Proceeds from rights shares	–	–	136,881	–	–
Proceeds from issue of shares	–	139,400	49,750	49,750	–
Proceeds from exercise of share options	–	7,610	120	120	–
Expenses on issue of rights shares	–	–	(5,197)	–	–
Expenses on issue of shares	–	(2,670)	–	–	–
Contribution from minority shareholders	–	2,133	1,560	–	–
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(279)	146,473	182,649	74,832	(225)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(35,593)	13,712	25,561	14,058	(49,129)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	51,547	16,705	31,553	31,553	58,790
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	751	1,136	1,676	1,533	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	16,705	31,553	58,790	47,144	9,661

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

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 9/F Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong.

The Financial Information are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries (the "Group") is HK$.

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

The principal activity of the Company is investment holding. During the Relevant Periods, 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 Group was also involved in the provisions of real estate consultancy services for Shanghai property market and IT management and support. These operations were discontinued on 31 March 2008 and 23 March 2009, respectively (Note 13).

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

Throughout the Relevant Periods, the Group has consistently applied all new or revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretation ("INTs") (herein collectively referred to as "New HKFRSs") issued by the HKICPA which are effective for the six months ended 30 June 2009.

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)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[9]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Right Issues[7]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 9	Financial Instruments[10]
HK(International Financial Reporting Interpretations Committee ("IFRIC")) – INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – INT 14 (Amendment)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[9]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) – INT 18	Transfers of Assets from Customers[6]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[8]

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 and 1 January 2010 as appropriate.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods ending on or after 30 June 2009.
6 Effective for transfers of assets from customers received on or after 1 July 2009.
7 Effective for annual periods beginning on or after 1 February 2010.
8 Effective for annual periods beginning on or after 1 July 2010.
9 Effective for annual periods beginning on or after 1 January 2011.
10 Effective for annual periods beginning on or after 1 January 2013.

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 Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has 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 Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes 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 Financial Information incorporates 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 Relevant Periods are included in the consolidated income statements 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 statements 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.

(d) Jointly control entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

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

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

(e) Investments in subsidiaries

Investments in subsidiaries are included in the Company's statements of financial position at cost less any identified impairment losses.

(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 arisingon 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) 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 the 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 statements 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.

(h) Financial instruments

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

Financial assets

The Group's financial assets are all 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 interest basis.

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 the end of each reporting period 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-tomaturity investments.

At the end of each reporting period 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 the end of each reporting period 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 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 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 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 and observable changes in national or local economic conditions that correlate 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 the 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 as 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 expenses are recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables and bank overdrafts 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 nonconvertible 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 loan notes 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 loan notes 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 expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(i) 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 the end of each reporting period. 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.

(j) 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.

(k) Inventories

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

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

At the end of each reporting period, 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.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold 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.

(n) 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 the end of each reporting period, 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.

(o) 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 years/periods. 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 periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of 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 liabilities are recognised for taxable temporary differences arising on investment in a jointly controlled entity, 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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax 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.

(p) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of 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, 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 Financial Information. Exchange differences arising on the retranslation of nonmonetary items carried at fair value, are included in profit or loss for the period.

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

(q) Leasing

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

(r) 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".

(s) 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.

(t) 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(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 30 June 2009, 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.

(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 the end of each reporting period 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 the end of each reporting period, 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 the end of each reporting period 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 during the Relevant Periods.

The capital structure of the Group consists of debt, which includes convertible loan notes disclosed in Note 30, 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 INSTRUMENT

a. Categories of financial instruments

Financial assets

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	66,591	–	–	–
Loans and receivables (including cash and cash equivalents)	115,071	105,350	217,664	61,655
	181,662	105,350	217,664	61,655

Financial liabilities

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities measured at amortised cost	61,469	146,501	138,693	79,462

b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, loan advanced to a minority shareholder, trade and other receivables, bank balances and cash, 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.

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 end of the reporting period 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						As at 30 June	
	2006	**2006**	**2007**	**2007**	**2008**	**2008**	**2009**	**2009**
	RMB	*USD*	*RMB*	*USD*	*RMB*	*USD*	*RMB*	*USD*
	'000	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Assets	–	–	–	–	8,161	75	2,189	83

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 USD. 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.

	As at 31 December						As at 30 June	
	2006	**2006**	**2007**	**2007**	**2008**	**2008**	**2009**	**2009**
	RMB	*USD*	*RMB*	*USD*	*RMB*	*USD*	*RMB*	*USD*
	'000	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Impact on loss for the years/ periods	–	–	–	–	(463)	(29)	(124)	(33)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank balances and convertible loan notes (see Note 27 and Note 30 for details of these deposits and convertible loan notes). 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.

The Group's exposures to interest rates on financial assets and financial liabilities are details in the liquidity risk management section of this note.

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 is the carrying amount of those assets as stated in the consolidated statement of financial position. 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, spreading 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.

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 one year	1-2 years	2-5 years	Total undiscounted cash flows	Carrying Amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2006						
Non-derivative financial liabilities						
Trade and other payables	–	61,451	–	–	61,451	61,451
Bank overdraft	17.75	18	–	–	18	18
		61,469	–	–	61,469	61,469
As at 31 December 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
As at 31 December 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
As at 30 June 2009						
Non-derivative financial liabilities						
Trade and other payables	0.35	57,629	–	–	57,629	57,429
Convertible loan notes	9.75	–	24,750	–	24,750	22,033
		57,629	24,750	–	82,379	79,462

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 is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values due to their immediate or short-term maturities.

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments throughout the Relevant Periods. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker of the Group has been identified as the Board of directors. The Group determines its operating segments based on the internal reports reviewed by the Board of directors that are used to make strategic decisions.

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows – agro-conservation, bioenergy, banking and finance systems integration services, and software solutions for banks and the public sector.

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 Financial Information. The Company'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.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker also reviews the segment assets attributable to each operating segment, which comprise assets other than interest in a jointly control entity, 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.

The Group was also involved in the provisions of real estate consultancy services for Shanghai property market and IT management and support. These operations were discontinued on 31 March 2008 and 23 March 2009, respectively (Note 13).

(a) Operating segments

For the year ended 31 December 2006

	Continuing operations			Discontinued operations			
	Banking and finance systems integration services	Software solutions for banks and the public sector	Subtotal	IT management and support	Real estate consultancy services	Subtotal	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
Sales to external customers	51,867	644	52,511	3,440	2,789	6,229	58,740
Results							
Segment results	(8,443)	536	(7,907)	1,432	(2,828)	(1,396)	(9,303)
Unallocated income			10,237			1	10,238
Unallocated expenses			(12,543)			–	(12,543)
Finance costs			(24)			(1)	(25)
(Loss) profit before tax			(10,237)			(1,396)	(11,633)
Income tax credit (expense)			2,028			(386)	1,642
(Loss) profit for the year			(8,209)			(1,782)	(9,991)
As at 31 December 2006							
ASSETS							
Segment assets	30,037	148	30,185	18,375	35,871	54,246	84,431
Unallocated corporate assets			154,830			138	154,968
Total assets			185,015			54,384	239,399
LIABILITIES							
Segment liabilities	(51,063)	(469)	(51,532)	(1,526)	(5,305)	(6,831)	(58,363)
Unallocated corporate liabilities			(9,585)			(459)	(10,044)
Total liabilities			(61,117)			(7,290)	(68,407)

	Continuing operations			Discontinued operations			
	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
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information							
Depreciation and amortisation	1,189	–	1,189	121	159	280	1,469
Unallocated amounts			148			–	148
			1,337			280	1,617
Capital expenditure	4	–	4	112	390	502	506
Unallocated amounts			31			–	31
			35			502	537
Unallocated impairment loss recognised in respect of available-for-sale investment			3,200			–	3,200
Impairment loss recognised in respect of trade receivables	273	–	273	–	255	255	528
Loss (gain) on disposal of plant and equipment	1	–	1	2	148	150	151
Unallocated amounts			(400)			–	(400)
			(399)			150	(249)

For the year ended 31 December 2007

	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	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
Sales to external customers	–	–	65,621	572	66,193	442	5,617	6,059	72,252
Results									
Segment results	12,703	3,800	(2,930)	237	13,810	(4,627)	4,713	86	13,896
Unallocated income					25,721			3	25,724
Unallocated expenses					(31,882)			–	(31,882)
Unallocated impairment loss recognised in respect of goodwill					(40,771)			–	(40,771)
Impairment loss recognised in respect of intangible assets	–	–	–	–	–	(1,173)	–	(1,173)	(1,173)
Finance costs					(1,842)			–	(1,842)
Loss before tax					(34,964)			(1,084)	(36,048)
Income tax expense					(1,205)			(4)	(1,209)
Loss for the year					(36,169)			(1,088)	(37,257)
At 31 December 2007									
ASSETS									
Segment assets	364,731	41,621	31,011	69	437,432	218	8,745	8,963	446,395
Unallocated corporate assets					74,091			263	74,354
Total assets					511,523			9,226	520,749
LIABILITIES									
Segment liabilities	(192)	(50)	(41,245)	(126)	(41,613)	(807)	(5,489)	(6,296)	(47,909)
Unallocated corporate liabilities					(146,995)			(495)	(147,490)
Total liabilities					(188,608)			(6,791)	(195,399)

	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	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information									
Depreciation and amortization	2,054	107	384	–	2,545	676	373	1,049	3,594
Unallocated amounts					262			–	262
					2,807			1,049	3,856
Capital expenditure	193	6,675	231	–	7,099	–	416	416	7,515
Unallocated amounts					887			–	887
					7,986			416	8,402
Bad debts directly written off	–	–	–	–	–	4,041	–	4,041	4,041
Unallocated amounts					216			–	216
					216			4,041	4,257
Impairment loss recognised in respect of trade receivables	–	–	1,706	–	1,706	–	590	590	2,296
Unallocated loss on disposal of a subsidiary					1			–	1
Unallocated gain on disposal of plant and equipment					30			–	30
Loss on disposal of plant and equipment	–	–	–	–	–	–	55	55	55
Unallocated amount					16			–	16
					16			55	71

For the year ended 31 December 2008

	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	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
Sales to external customers	–	45,833	62,750	571	109,154	–	569	569	109,723
Results									
Segment results	25,670	15,935	(2,344)	(14)	39,247	414	(1,272)	(858)	38,389
Unallocated income					1,762			1	1,763
Unallocated expenses					(25,582)			–	(25,582)
Impairment loss recognised in respect of goodwill	(74,039)	–	–	–	(74,039)	–	–	–	(74,039)
Impairment loss recognised in respect of intangible assets	(145,823)	(16,053)	–	–	(161,876)	–	–	–	(161,876)
Finance costs					(8,031)			–	(8,031)
Loss before tax					(228,519)			(857)	(229,376)
Income tax credit					29,526			527	30,053
Loss for the year					(198,993)			(330)	(199,323)
As at 31 December 2008									
ASSETS									
Segment assets	217,687	81,030	24,596	69	323,382	892	–	892	324,274
Unallocated corporate assets					167,634			12	167,646
Total assets					491,016			904	491,920
LIABILITIES									
Segment liabilities	(10,888)	(9,833)	(46,951)	(103)	(67,775)	(251)	–	(251)	(68,026)
Unallocated corporate liabilities					(89,038)			–	(89,038)
Total liabilities					(156,813)			(251)	(157,064)

	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	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information									
Depreciation and amortisation	4,945	2,147	242	–	7,334	29	95	124	7,458
Unallocated amounts					794			–	794
					8,128			124	8,252
Capital expenditure	–	5,539	343	–	5,882	–	23	23	5,905
Unallocated amounts					2,756			–	2,756
					8,638			23	8,661
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	–	20,841	–	–	–	20,841
(Loss) gain on disposal of plant and equipment	–	–	(79)	–	(79)	104	–	104	25
Wavier of trade and other payables	–	–	–	–	–	(592)	–	(592)	(592)
Unallocated gain on disposal of subsidiaries					(169)			–	(169)
Unallocated gain on deregistration of a subsidiary					(283)			–	(283)

For the period ended 30 June 2009

	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	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
Sales to external customers	–	–	17,677	259	17,936	–	–	–	17,936
Results									
Segment results	(11,721)	(6,736)	(1,443)	(9)	(19,909)	89	–	89	(19,820)
Share of loss of a jointly controlled entity	(4)	–	–	–	(4)	–	–	–	(4)
	(11,725)	(6,736)	(1,443)	(9)	(19,913)	89	–	89	(19,824)
Unallocated income					6,867			–	6,867
Unallocated expenses					(7,716)			–	(7,716)
Impairment loss recognised in respect of intangible assets	–	(6,269)	–	–	(6,269)	–	–	–	(6,269)
Finance costs					(2,738)			–	(2,738)
(Loss) profit before tax					(29,769)			89	(29,680)
Income tax (expense) credit					(228)			–	(228)
(Loss) profit for the period					(29,997)			89	(29,908)
As at 30 June 2009									
ASSETS									
Segment assets	240,743	83,106	30,489	228	354,566	–	–	–	354,566
A jointly controlled entity	1,996	–	–	–	1,996	–	–	–	1,996
	242,739	83,106	30,489	228	356,562	–	–	–	356,562
Unallocated corporate assets					34,685				34,685
Total assets					391,247				391,247
LIABILITIES									
Segment liabilities	(4,752)	(10,492)	(39,047)	(255)	(54,546)	(310)	–	(310)	(54,856)
Unallocated corporate liabilities					(42,962)			–	(42,962)
Total liabilities					(97,508)			(310)	(97,818)

	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	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information									
Depreciation and amortisation	203	1,850	177	–	2,230	–	–	–	2,230
Unallocated amounts					645			–	645
					2,875			–	2,875
Capital expenditure	5	256	710	–	971	–	–	–	971
Unallocated amounts					508			–	508
					1,479			–	1,479
Gain on disposal of plant and equipment	–	–	(93)	–	(93)	–	–	–	(93)
Loss (gain) on deregistration of a subsidiary	–	–	897	–	897	(194)	–	(194)	703

For the period ended 30 June 2008

	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
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
Sales to external customers	–	19,139	37,827	285	57,251	–	569	569	57,820
Results									
Segment results	17,713	38,553	89	(19)	56,336	153	(1,272)	(1,119)	55,217
Unallocated income					1,008			1	1,009
Unallocated expenses					(14,594)			–	(14,594)
Finance costs					(3,429)			–	(3,429)
Profit (loss) before tax					39,321			(1,118)	38,203
Income tax expense					1,286			725	2,011
Profit (loss) for the period					40,607			(393)	40,214
As at 30 June 2008									
ASSETS									
Segment assets	463,530	96,187	50,544	351	610,612	1,006	–	1,006	611,618
Unallocated corporate assets					49,152			5	49,157
Total assets					659,764			1,011	660,775
LIABILITIES									
Segment liabilities	(9,720)	(4,335)	(47,711)	(435)	(62,201)	(650)	–	(650)	(62,851)
Unallocated corporate liabilities					(159,551)			–	(159,551)
Total liabilities					(221,752)			(650)	(222,402)

	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	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information									
Depreciation and amortisation	2,492	630	133	–	3,255	19	95	114	3,369
Unallocated amounts					220			–	220
					3,475			114	3,589
Capital expenditure	39	3,008	328	–	3,375	–	23	23	3,398
Unallocated amounts					482			–	482
					3,857			23	3,880
Impairment loss recognised in respect of trade receivables	–	–	82	–	82	–	8	8	90
Unallocated gain on disposal of subsidiaries					(169)			–	(169)
Unallocated gain on deregistration of a subsidiary					(283)			–	(283)

(b) Geographical Information

The following table presents revenue and certain assets and expenditure information of the Group by geographical locations based on the locations of the subsidiaries.

	Revenue – sales to external customers				
	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong	540	572	571	19,865	259
Elsewhere in the PRC	58,200	71,680	95,253	37,955	17,677
Laos	–	–	13,899	–	–
Consolidated	58,740	72,252	109,723	57,820	17,936

	Segment assets				
	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong	12,921	68	2,121	27,264	3,196
Elsewhere in the PRC	71,510	438,033	284,455	568,503	308,165
Laos	–	8,294	37,698	15,851	45,201
Segment assets	84,431	446,395	324,274	611,618	356,562
Unallocated	154,968	74,354	167,646	49,157	34,685
Total assets	239,399	520,749	491,920	660,775	391,247

	Other segment information – capital expenditure				
	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong	–	–	–	1	5
Elsewhere in the PRC	506	7,515	1,040	3,397	785
Laos	–	–	4,865	–	181
Segment capital expenditure	506	7,515	5,905	3,398	971
Unallocated	31	887	2,756	482	508
Total assets	537	8,402	8,661	3,880	1,479

8. 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 Relevant Periods and the six months ended 30 June 2008 are as follows:

	Continuing operations					Discontinued operations					Consolidated				
	Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009
	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*
				(Unaudited)					(Unaudited)					(Unaudited)	
Turnover															
Sale of saplings	–	–	45,833	19,139	–	–	–	–	–	–	–	–	45,833	19,139	–
Sale of goods	34,181	43,247	35,559	24,341	6,157	–	–	–	–	–	34,181	43,247	35,559	24,341	6,157
Rendering of computer technology services	18,330	22,946	27,762	13,771	11,779	3,440	442	–	–	–	21,770	23,388	27,762	13,771	11,779
Rendering of real estate consultancy services	–	–	–	–	–	2,789	5,617	569	569	–	2,789	5,617	569	569	–
	52,511	66,193	109,154	57,251	17,936	6,229	6,059	569	569	–	58,740	72,252	109,723	57,820	17,936
Other operating income															
Interest income	546	1,984	1,271	838	235	1	3	1	1	–	547	1,987	1,272	839	235
Government grants	401	158	–	–	–	–	–	–	–	–	401	158	–	–	–
Gain on disposal of plant and equipment	400	30	79	–	93	–	–	–	–	–	400	30	79	–	93
Gain on disposal of subsidiaries	–	–	169	169	–	–	–	–	–	–	–	–	169	169	–
Gain on deregistration of a subsidiary	–	–	283	283	–	–	–	–	–	194	–	–	283	283	194
Exchange gain, net	–	3,455	839	1,306	41	–	310	32	32	–	–	3,765	871	1,338	41
Income released from setoff convertible loan notes	–	–	–	–	6,633	–	–	–	–	–	–	–	–	–	6,633
Consultancy service income	–	–	–	–	–	–	8,000	–	–	–	–	8,000	–	–	–
Management service income	–	7,467	8,287	–	–	–	–	–	–	–	–	7,467	8,287	–	–
Sundry income	82	357	1	90	1	–	–	–	–	–	82	357	1	90	1
Waiver of trade and other payables	195	–	–	–	–	–	–	592	215	–	195	–	592	215	–
	1,624	13,451	10,929	2,686	7,003	1	8,313	625	248	194	1,625	21,764	11,554	2,934	7,197
Total revenues	54,135	79,644	120,083	59,937	24,939	6,230	14,372	1,194	817	194	60,365	94,016	121,277	60,754	25,133

9. (LOSS) PROFIT FROM OPERATIONS

	Continuing operations					Discontinued operations					Consolidated				
	Years ended 31 December			Six months ended 30 June		Years ended 31 December			Six months ended 30 June		Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009
	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*
				(Unaudited)					(Unaudited)					(Unaudited)	
(Loss) profit from operations has been arrived at after (charging) crediting:															
Auditor's remuneration															
– current year	(836)	(715)	(883)	(365)	(606)	(14)	(85)	(32)	(30)	(8)	(850)	(800)	(915)	(395)	(614)
– overprovision for previous years	–	–	–	–	–	–	25	–	–	–	–	25	–	–	–
	(836)	(715)	(883)	(365)	(606)	(14)	(60)	(32)	(30)	(8)	(850)	(775)	(915)	(395)	(614)
Amortisation of intangible assets	–	(1,931)	(4,894)	(2,447)	(909)	(97)	(640)	–	–	–	(97)	(2,571)	(4,894)	(2,447)	(909)
Amortisation of convertible loan notes	–	(1,842)	(6,069)	(2,992)	(2,513)	–	–	–	–	–	–	(1,842)	(6,069)	(2,992)	(2,513)
Bad debts directly written off	–	(216)	–	–	–	–	(4,041)	–	–	–	–	(4,257)	–	–	–
Costs of inventories sold	(43,706)	(42,354)	(85,037)	(30,750)	(12,855)	(2,363)	–	–	–	–	(46,069)	(42,354)	(85,037)	(30,750)	(12,855)
Depreciation	(1,337)	(876)	(3,234)	(1,028)	(1,966)	(183)	(409)	(124)	(114)	–	(1,520)	(1,285)	(3,358)	(1,142)	(1,966)
Directors' emoluments	(6,077)	(4,588)	(6,121)	(3,105)	(1,964)	–	–	–	–	–	(6,077)	(4,588)	(6,121)	(3,105)	(1,964)
Impairment loss recognized 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)	(273)	(1,706)	(20,841)	(82)	–	(255)	(590)	–	(8)	–	(528)	(2,296)	(20,841)	(90)	–
Loss on deregistration of subsidiaries	–	–	–	–	(897)	–	–	–	–	–	–	–	–	–	(897)
Loss on disposal of a subsidiary	–	(1)	–	–	–	–	–	–	–	–	–	(1)	–	–	–
Loss on disposal of plant and equipment	(1)	(16)		–	–	(150)	(55)	(104)	–	–	(151)	(71)	(104)	–	–
Payments under operating leases in respect of land and buildings	(1,216)	(1,708)	(2,156)	(1,066)	(1,589)	(1,112)	(1,982)	(515)	(509)	–	(2,328)	(3,690)	(2,671)	(1,575)	(1,589)
Staff costs *(Note 15)*	(14,032)	(15,405)	(16,546)	(7,491)	(7,904)	(2,201)	(2,656)	(1,150)	(682)	–	(16,233)	(18,061)	(17,696)	(8,173)	(7,904)
Share-based payment expenses (business associate)	(801)	(17,217)	(5,367)	(4,039)	–	–	–	–	–	–	(801)	(17,217)	(5,367)	(4,039)	–

10. FINANCE COSTS

	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest expenses on:					
– bank and other borrowing wholly repayable	1	–	–	–	–
– finance leases	24	–	–	–	–
– effective interest expense on convertible loan notes *(Note 30)*	–	1,842	6,069	2,992	2,513
– loan from a substantial shareholder	–	–	263	–	–
– other payables	–	–	699	437	225
– imputed interest expense on non-current interest-free loan advanced to a minority shareholder	–	–	1,000	–	–
	25	1,842	8,031	3,429	2,738

11. INCOME TAX CREDIT (EXPENSES)

	Continuing operations					Discontinued operations					Consolidated				
	Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong Profits Tax															
– current	–	–	(1,359)	–	–	–	–	–	–	–	–	–	(1,359)	–	–
– overprovision in previous years	–	–	69	–	–	–	–	–	–	–	–	–	69	–	–
PRC Enterprise Income Tax															
– current	(398)	(1,196)	(7,003)	(232)	(236)	(386)	(4)	–	–	–	(784)	(1,200)	(7,003)	(232)	(236)
– over (under) provision in previous years	2,267	(9)	(70)	70	(41)	–	–	527	725	–	2,267	(9)	457	795	(41)
Tax in other jurisdiction															
– current	–	–	(273)	–	–	–	–	–	–	–	–	–	(273)	–	–
	1,869	(1,205)	(8,636)	(162)	(277)	(386)	(4)	527	725	–	1,483	(1,209)	(8,109)	563	(277)
Deferred tax *(Note 31)*	159	–	38,162	1,448	49	–	–	–	–	–	159	–	38,162	1,448	49
	2,028	(1,205)	29,526	1,286	(228)	(386)	(4)	527	725	–	1,642	(1,209)	30,053	2,011	(228)

(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.

(ii) No Hong Kong Profits Tax was provided for 31 December 2006, 31 December 2007, the six months ended 30 June 2008 and 2009 as the Group had no assessable profits arising in or deriving from Hong Kong.

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

(iv) In accordance with the relevant regulations, approvals from relevant local tax bureaus and Foreign Enterprise Income Tax Law in the PRC, two subsidiaries for the year ended 31 December 2006 and 2007, and one subsidiary for the year ended 31 December 2008, for the six months ended 30 June 2008 and 2009 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 law and regulations.

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

	Continuing operations					Discontinued operations					Consolidated				
	Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009
	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*
				(Unaudited)					(Unaudited)					(Unaudited)	
(Loss) profit before taxation	(10,237)	(34,964)	(228,519)	39,321	(29,769)	(1,396)	(1,084)	(857)	(1,118)	89	(11,633)	(36,048)	(229,376)	38,203	(29,680)
Tax (charges) credit at rates applicable to (loss) profits in the countries concerned	(6,420)	(4,979)	(42,017)	5,778	(4,055)	(1,606)	(616)	(726)	23	10	(8,026)	(5,595)	(42,743)	5,801	(4,045)
Tax effect of income not subject to tax	(1,425)	(3,033)	(4,589)	(9,379)	(20)	(357)	(490)	(90)	(751)	(125)	(1,782)	(2,543)	(4,679)	(10,130)	(145)
Tax effect of expenses not deductible for tax purpose	8,103	9,249	12,944	2,382	3,730	2,349	472	816	728	115	10,452	9,721	13,760	3,110	3,845
Effect of tax exemptions granted to PRC subsidiaries	–	–	–	–	–	–	(849)	–	–	–	–	(849)	–	–	–
Tax effect of tax losses and deductible temporary differences not recognised	–	–	4,135	3	532	–	507	–	–	–	–	507	4,135	3	532
Utilisation of previously unrecognised tax losses	(19)	(41)	–	–	–	–	–	–	–	–	(19)	(41)	–	–	–
(Over) underprovision in previous years	(2,267)	9	1	(70)	41	–	–	(527)	(725)	–	(2,267)	9	(526)	(795)	41
Income tax (credit) expense for the year	(2,028)	1,205	(29,526)	(1,286)	228	386	4	(527)	(725)	–	(1,642)	1,209	(30,053)	(2,011)	228

12. DIVIDENDS

No dividends were paid or declared by the Company during the Relevant Periods presented in the Financial Information.

13. 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 results of the discontinued operations for the Relevant Periods are as follows:

	IT management and support					Real estate consultancy service				
	Years ended 31 December			Six months ended 30 June		Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)					(Unaudited)	
Revenue	3,440	442	–	–	–	2,789	5,617	569	569	–
Cost of services rendered	(251)	(102)	(29)	(23)	–	(2,112)	(3,309)	(778)	(778)	–
Gross loss	3,189	340	(29)	(23)	–	677	2,308	(209)	(209)	–
Other income	1	31	624	247	194	–	8,282	1	1	–
Selling and distribution expenses	–	–	–	–	–	(204)	(926)	(23)	(23)	–
Administrative expenses	(1,757)	(955)	(181)	(71)	(13)	(3,032)	(4,359)	(1,040)	(1,040)	–
Other expenses	–	(5,215)	–	–	(92)	(269)	(590)	–	–	–
Finance cost	(1)	–	–	–	–	–	–	–	–	–
Profit (loss) before tax from discontinued operations	1,432	(5,799)	414	153	89	(2,828)	4,715	(1,271)	(1,271)	–
Income tax (expense) credit	(386)	(4)	527	725	–	–	–	–	–	–
Profit (loss) after tax for the period from attributable to equity holders of the Company	1,046	(5,803)	941	878	89	(2,828)	4,715	(1,271)	(1,271)	–

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 net cash flows incurred for the Relevant Periods are as follows:

	IT management and support					Real estate consultancy service				
	Year ended 31 December			Six month ended 30 June		Year ended 31 December			Six month ended 30 June	
	2006	2007	2008	2008	2009	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)					(Unaudited)	
Net cash (outflow) inflow from operating activities	(380)	(1,253)	(39)	27	(12)	(1,296)	4,918	112	112	–
Net cash (outflow) inflow from investing activities	(1,906)	–	–	(28)	–	(477)	(413)	(22)	(22)	–
Net cash (outflow) inflow from financing activities	1,791	1,258	72	–	–	1,895	(4,353)	–	–	–
Effect of foreign exchange rate changes	40	(30)	(28)	–	–	(17)	–	–	–	–
Net cash inflow (outflow)	(455)	(25)	5	(1)	(12)	105	152	90	90	–

14. (LOSS) EARNING 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 Relevant Periods is based on the following data:

	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Loss) earnings for the Relevant Periods attributable to the equity holders of the Company	(9,991)	(37,679)	(197,906)	40,258	(28,739)

	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Number of shares					
Weighted average number of ordinary shares for the purpose of basic loss per share					
Basic	60,060,033	89,332,080	171,563,235	118,766,735	253,484,522

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

	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$$000*	*HK$'000*
				(Unaudited)	
(Loss) profit for the Relevant Periods attributable to equity holders of the Company	(9,991)	(37,679)	(197,906)	40,258	(28,739)
(Less) add:					
(Profit) loss for the Relevant Periods from discontinued operations	1,782	1,088	330	393	(89)
(Loss) earnings for the purposes of basic (loss) earnings per share from continuing operations	(8,209)	(36,591)	(197,576)	40,651	(28,828)

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

From discontinued operations

Basic earning per share from the discontinued operations for the Relevant Periods is as follows:

	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
				(Unaudited)	
(Loss) earning per share for discontinued operations	(2.97)	(1.22)	(0.19)	(0.33)	0.03

No diluted loss is presented for the Relevant Periods as the exercise of the share options and the conversion of the convertible loan notes during the Relevant Periods had anti-dilutive effects on the basic (loss) earnings per share.

15. STAFF COST (EXCLUDING DIRECTORS' EMOLUMENTS)

	Continuing operations				
	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Wages and salary	13,515	12,824	15,348	6,679	7,345
Retirement benefit schemes contribution	85	1,823	893	812	559
Share-base payments	432	758	305	–	–
	14,032	15,405	16,546	7,491	7,904

	Discontinued operations				
	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Wages and salary	2,004	2,610	1,131	663	–
Retirement benefit schemes contribution	27	46	19	19	–
Share-base payments	170	–	–	–	–
	2,201	2,656	1,150	682	–

	Consolidated				
	Years ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Wages and salary	14,020	15,434	16,479	7,342	7,345
Retirement benefit schemes contribution	1,611	1,869	912	831	559
Share-base payments	602	758	305	–	–
	16,233	18,061	17,696	8,173	7,904

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 the PRC 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 32.

16. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emolument

Details of emoluments paid and payable to the directors of the Company for the Relevant Periods are as follows:

	Fees	Salaries allowances and other benefit	Retirement benefits scheme contribution	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2006					
Executive directors:					
Mr. Chan Tze Ngon	–	2,686	12	–	2,698
Mr. Wu Emmy (resigned on 10 October 2006)	–	2,123	10	–	2,133
Mr. Tang King Hung (resigned on 26 May 2006 and reappointed on 10 October 2006)	–	637	8	–	645
Independent non-executive directors:					
Mr. Lo Siew Kiong, John (resigned on 23 June 2006)	95	–	–	–	95
Mr. Fu Yan Yan	175	–	–	34	209
Ms. Wang Xi Ling	150	–	–	34	184
Mr. Tai Benedict (appointed on 23 June 2006)	79	–	–	34	113
	499	5,446	30	102	6,077

	Fees	Salaries allowances and other benefit	Discretionary bonus	Retirement benefits scheme contribution	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2007						
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 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

	Fees	Salaries allowances and other benefit	Retirement benefits scheme contribution	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2008					
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

	Fees	Salaries allowances and other benefit	Retirement benefits scheme contribution	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2008 (unaudited)					
Executive directors:					
Mr. Tse Michael Nam	–	1,310	6	451	1,767
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	292	–	455	772
Independent non-executive directors:					
Mr. Lim Yew Kong, John	115	–	–	–	115
Mr. Tai Benedict (resigned on 1 March 2008)	25	–	–	–	25
Mr. Albert Theodore Powers (appointed on 1 March 2008)	90	–	–	61	151
Mr. Pang Seng Tuong (appointed on 1 March 2008)	90	–	–	61	151
	345	1,724	8	1,028	3,105
For the six months ended 30 June 2009					
Executive directors:					
Mr. Tse Michael Nam	–	1,310	6	–	1,316
Mr. Puongpun Sananikone	–	423	–	–	423
Independent non-executive directors:					
Mr. Lim Yew Kong, John	75	–	–	–	75
Mr. Albert Theodore Powers	75	–	–	–	75
Mr. Pang Seng Tuong	75	–	–	–	75
	225	1,733	6	–	1,964

No directors waived or agreed to waive any emoluments during the Relevant Periods.

Note: 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, three were directors of the Company whose emoluments are set out in the above for the year ended 31 December 2006 and two for the years ended 31 December 2007 and 2008 and two for the six months ended 30 June 2008 and 30 June 2009.

For the year ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2008 and 2009, the emoluments of two, three, three, three and two respectively highest paid individuals were as follows:

	Year ended 31 December			Six Months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries, allowances and other benefits	1,401	2,031	2,088	1,255	3,217
Retirement benefit schemes contribution	24	24	35	23	30
Share-based payments	–	404	171	51	–
	1,425	2,459	2,294	1,329	3,247

Their emoluments fall within the following bands:

	Number of individuals				
	Years ended 31 December			Six Months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
				(Unaudited)	
Emoluments band					
Nil – HK$1,000,000	2	2	2	3	1
HK$1,000,001 – HK$1,500,000	–	1	1	–	1
	2	3	3	3	2

(c) During the Relevant Periods, no emoluments were paid by the Company to the director or employee as an inducement to join or upon joining the Company or as compensation for loss of office.

17. PLANT AND EQUIPMENT

	Nursery farms *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COSTS					
At 1 January 2006	–	1,557	20,751	2,156	24,464
Exchange realignment	–	2	68	26	96
Additions	–	347	190	–	537
Acquired on acquisition of a subsidiary	–	–	558	–	558
Disposals	–	(505)	(5,614)	(1,015)	(7,134)
At 31 December 2006	–	1,401	15,953	1,167	18,521
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	16,411	1,463	26,192
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)	(735)	–	(1,204)
At 31 December 2008	11,101	1,633	15,626	3,916	32,276
Additions	–	–	480	994	1,474
Disposals	–	(150)	(46)	(499)	(695)
At 30 June 2009	11,101	1,483	16,060	4,411	33,055
ACCUMULATED DEPRECIATION					
At 1 January 2006	–	1,336	19,325	1,887	22,548
Exchange realignment	–	–	38	19	57
Provided for the year	–	174	1,196	150	1,520
Eliminated on disposals	–	(380)	(5,588)	(1,015)	(6,983)
At 31 December 2006	–	1,130	14,971	1,041	17,142
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	15,433	976	17,962
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)	(245)	–	(582)
At 31 December 2008	2,224	1,411	14,957	1,313	19,905
Provided for the period	1,056	97	231	582	1,966
Disposals	–	(150)	(46)	(499)	(695)
At 30 June 2009	3,280	1,358	15,142	1,396	21,176

	Nursery farms	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CARRYING AMOUNTS					
At 31 December 2006	–	271	982	126	1,379
At 31 December 2007	6,293	472	978	487	8,230
At 31 December 2008	8,877	222	669	2,603	12,371
At 30 June 2009	7,821	125	918	3,015	11,879

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

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January	–	–	33,541	117,502
Additions	–	33,541	83,961	–
At 31 December/30 June	–	33,541	117,502	117,502
ACCUMULATED AMORTISATION				
At 1 January	–	–	541	3,826
Provision for the year/period	–	541	3,285	2,004
At 31 December/30 June	–	541	3,826	5,830
CARRYING AMOUNTS				
At 31 December/ 30 June	–	33,000	113,676	111,672

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 2006 and 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 product	–	–	(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
Amortisation of deferred plantation expenditure *(Note 18)*	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	42,454	11,050	–	53,504

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Analysed for reporting purposes as				
Current assets	–	3,840	–	–
Non-current assets	–	8,231	48,446	53,504
	–	12,071	48,446	53,504

(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) As at 31 December 2007 and 2008, and 30 June 2009, 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 with reference to the species, growing condition, cost incurred and expected yield.

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

	As at 31 December						As at 30 June	
	2006		2007		2008		2009	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
		HK$'000		*HK$'000*		*HK$'000*		*HK$'000*
Licorice	–	–	433 tons	6,471	2,424 tons	39,914	2,678 tons	42,454
Salix	–	–	9,167 tons	1,760	45,520 tons	8,532	60,996 tons	11,050
Saplings of Jatropha	–	–	150 mu	3,840	–	–	–	–
		–		12,071		48,446		53,504

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*
COSTS				
At 1 January 2006	–	–	–	–
Additions	–	1,796	–	1,796
At 31 December 2006	–	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
Additions	–	–	58,829	58,829
At 31 December 2008	167,156	2,043	58,829	228,028
Additions	–	–	24,014	24,014
At 30 June 2009	167,156	2,043	82,843	252,042

	Licorice and salix collection and cultivation rights	**Computer software**	**Jatropha seeds harvesting rights**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2006	–	–	–	–
Exchange realignment	–	3	–	3
Provided for the year	–	97	–	97
At 31 December 2006	–	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
Impairment loss recognised for the period	–	–	6,269	6,269
Provided for the period	197	–	712	909
At 30 June 2009	152,845	2,043	23,034	177,922
CARRYING AMOUNTS				
At 31 December 2006	–	1,696	–	1,696
At 31 December 2007	165,225	–	–	165,225
At 31 December 2008	14,508	–	42,776	57,284
At 30 June 2009	14,311	–	59,809	74,120

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

During the year ended 31 December 2007 and 2008, and the six months ended 30 June 2009, the directors of the Company conducted reviews of the Group's collection and cultivation rights and impairments were made after valuation has been conducted by Greater China, for the purpose of assessing the recoverable amounts. Accordingly, the impairment losses of approximately nil, HK$145,823,000 and nil has been recognised respectively.

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 and 31 December 2008, 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 as follows:

		As at 31 December		As at 30 June
	2006	2007	2008	2009
Licorice	–	30.66%	38.29%	31.82%
Salix	–	30.66%	35.70%	29.80%

– Fixed future selling prices with zero growth rate are estimated with reference to existing and past quoted commodity prices with 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

During the year ended 31 December 2008 and six months ended 30 June 2009, the directors of the Company conducted reviews of the Company'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, the impairment losses of approximately HK$16,053,000 and HK$6,269,000 have been recognized respectively.

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 and 31 December 2008, 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 24.29% for the year ended 31 December 2008, and 21.93% for the six months ended 30 June 2009.

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

21. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL

(a) Goodwill

	HK$'000
COST	
At 1 January 2006	12,772
Arising on acquisition of a subsidiary	33,033
At 31 December 2006	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 and 30 June 2009	94,611
IMPAIRMENT	
At 1 January 2006, 31 December 2006 and 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 and 30 June 2009	86,811
CARRYING AMOUNTS	
At 31 December 2006	45,805
At 31 December 2007	156,873
At 31 December 2008 and 30 June 2009	7,800

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

Note: The goodwill was adjusted by the amount of approximately HK$70,000,000 attributable to the adjustment to consideration paid (Note 33c) after the profit guarantee for Green Global Salix was not met as at 31 December 2008. Details of these 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 individual cash generating units. The carrying amounts of goodwill (net of accumulated impairment losses) as at the end of the reporting period allocated to these are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
IT management and support:				
– Acacia Asia Partners Limited ("Acacia") and its subsidiary ("Acacia Group")	12,772	–	–	–
Real estate consultancy service:				
– GP Group	33,033	5,034	–	–
Agro-conservation:				
– Green Global Licorice China Limited ("formerly known as "Huge Value Development Limited") ("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
	45,805	156,873	7,800	7,800

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.

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 six months ended 30 June 2009, the Group did not recognise any impairment loss in relation to goodwill.

IT management and support:

In view of the operating landscape for Acacia Group'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 seriously assessed the future viability of Acacia Group and considered that the carrying amount of the goodwill arising from acquisition of Acacia Group in the amount of approximately HK$12,772,000 was fully impaired in 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 then 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 considered 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 and the six months ended 30 June 2009

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 were 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. No impairment was provided during the six months 30 June 2009.

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 statement of financial position 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 were determined from value-in-use calculations. As extracted from Greater China's valuation report for the recoverable amounts as at 30 June 2009 and 31 December 2008, the Group prepares cash flow forecast derived from the most recent available financial budgets and extrapolates over the following five years. In preparing the forecasts, management made reference to the capacity of 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 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 rate which is derived as the Company's cost of capital, representing the expected return on all of a company's capital, and assigned discount as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
Green Global Licorice	–	28.66%	36.29%	31.82%
Green Global Salix	–	28.66%	33.70%	29.80%

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

– The cash flow forecasts using average growth rate of 33%.

Bioenergy:

The directors of the Company are of the opinion that, based on the business valuation reports for Lao-Agro as at 30 June 2009, 31 December 2008 and 2007 issued by Greater China, the business values of this subsidiary exceed its carrying amount in the consolidated statements of financial position as at 30 June 2009, 31 December 2008 and 2007 and therefore no impairment loss is necessary.

The recoverable amount of Lao-Agro is determined from value-in-use calculations. As extracted from Greater China's valuation report for the recoverable amount, the Group prepares cash flow forecast derived from the most recent available financial budgets and extrapolates over five years. 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 use discount rate which is derived as the Company's cost of capital, representing the expected return on all of a company's capital, and assigned discount as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
Lao-Agro	–	22.13%	24.95%	25.55%

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

22. INTEREST IN A JOINTLY CONTROLLED ENTITY

	30 June 2009
	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 terms 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**		**Form of business structure**	**Principal activities**
			Directly	*Indirectly*		
Grandbase Technology Development Limited	Hong Kong	HK$10,000	–	50%	Private company with limited liabilities	Development of licorice products and by-products

The summarised unaudited financial information in respect of the Group's jointly controlled entity is set out below:

	Six months ended 30 June 2009
	HK$'000
Total assets	2,005
Total liabilities	(2,003)
Net assets	2
Group's share of net assets of a jointly controlled entity	1
Revenue	–
Loss for the period	(8)
Group's share of results of a jointly controlled entity for the period	(4)

23. LOAN ADVANCED TO A MINORITY SHAREHOLDER

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
USD 200,000 repayable in 2013, unsecured and non-interest bearing	–	–	586	651

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

24. INVENTORIES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Information technology products held for resale, at cost	8,857	5,192	259	386
Seeds and fertilizers	–	–	–	1,343
	8,857	5,192	259	1,729

25. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Listed securities				
– Equity securities, at fair value	55,000	–	–	–
Unlisted securities				
– Equity securities, at cost	11,591	–	–	–
	66,591	–	–	–

(a) All available-for-sale investments were classified as current assets and were disposed of during the year ended 31 December 2007.

(b) At 31 December 2006, the listed investments represented 7.48% investment in the share capital of ChinaCast Communication Holdings Limited. The shares of the company were listed on the Stock Exchange of Singapore.

(c) In September 2006, the Group disposed half of the 14.96% equity shareholdings in ChinaCast Communication Holdings Limited to a director, Mr. Chan Tze Ngon, for a consideration of SGD9,250,000.

In January 2007, the Group's shares in ChinaCast Communication Holdings Limited were exchanged for 1,551,771 shares in ChinaCast Education Corporation whose shares are listed on the Nasdaq OTC Bulletin Board in the United States of America. The Group subsequently disposed of its 1,551,771 shares in ChinaCast Education Corporation to an independent third party for a consideration of HK$55 million in April 2007.

(d) The unlisted equity securities are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

In October 2006, the Group entered into an agreement to dispose of its entire shareholding in its unlisted equity securities to an independent third party for a consideration of RMB12,000,000, payable in four instalments. The disposal was completed and the consideration was fully received during the year ended 31 December 2007.

26. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	63,925	69,024	92,188	89,948
Less: Impairment losses recognised	(41,461)	(43,876)	(60,153)	(60,153)
	22,464	25,148	32,035	29,795
Prepayment, deposit and other receivables	20,353	7,263	91,289	41,993
Total trade and other receivables	42,817	32,411	123,324	71,788

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 end of the reporting period, net of impairment losses recognised was as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 90 days	15,766	18,902	26,209	15,418
91 days to 180 days	2,775	2,600	1,768	1,850
181 days to 365 days	2,776	3,477	3,034	12,380
Over 365 days	1,147	169	1,024	147
	22,464	25,148	32,035	29,795

(b) At each of the end of the reporting periods, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss was recognised. The movement in the impairment loss of trade receivables is as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	45,966	41,461	43,876	60,153
Exchange realignment	55	119	166	–
Arising on acquisition of a subsidiary	625	–	–	–
Written off for the year	(4,915)	–	–	–
Recognised during the Relevant Periods	528	2,296	20,841	–
Eliminated on disposal of subsidiaries/deregistration of a subsidiary	(798)	–	(4,730)	–
At 31 December/30 June	41,461	43,876	60,153	60,153

(c) At the end of each reporting period, 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 2006	22,464	12,441	4,564	2,408	2,142	909
31 December 2007	25,148	14,438	5,581	1,483	3,477	169
31 December 2008	32,035	25,216	2,771	321	2,703	1,024
30 June 2009	29,795	17,209	7,483	839	4,190	74

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have 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 end of the reporting period approximated to the corresponding carrying amounts due to their short-term maturities.

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

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	'000	*'000*	*'000*	*'000*
RMB	–	–	8,161	2,189

(e) Included in other receivables is an amount of approximately HK$70,000,000 and HK$5,100,000 which was attributed to the adjustment to consideration paid (Note 33c) after the profit guarantee for acquisition of Green Global Salix was not met as at 31 December 2008 and 30 June 2009 respectively.

27. BANK BALANCES AND CASH

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank balances and cash				
– Pledged time deposits	15,624	–	–	–
– Unpledged time deposits	16,723	31,553	58,790	9,661
Other time deposits with original maturity of more than three months when acquired	39,907	41,386	34,964	10,217
	72,254	72,939	93,754	19,878
Less: Pledged time deposits	(15,624)	–	–	–
Other time deposits with a maturity of more than three months when acquired	(39,907)	(41,386)	(34,964)	(10,217)
Bank overdrafts	(18)	–	–	–
Cash and cash equivalents	16,705	31,553	58,790	9,661

Bank balances and cash/other time deposits

At the end of each reporting period, the percentage of the balance of bank balances and cash were denominated in RMB as follows, RMB is not a freely convertible currency.

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
Percentage denominated in RMB out of total	90%	92%	56%	68%

The average market rate on bank balances and bank deposits was 3.75%, 2.26%, 1.67% and 1.06% per annum for the four relevant periods ended 31 December 2006, 2007 and 2008, 30 June 2009 respectively.

Bank overdrafts

At 31 December 2006, the average effective interest rate of bank overdrafts was approximately 17.75%. At 31 December 2007 and 2008, 30 June 2009, there were no bank overdrafts.

28. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables				
– third parties	2,011	1,198	1,425	1,118
– minority shareholders	325	325	325	325
	2,336	1,523	1,750	1,443
Accrued expenses and other payables	59,115	69,100	69,260	55,986
Total trade and other payables	61,451	70,623	71,010	57,429

The ageing analysis of the trade payables at the end of reporting period was as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current to 90 days	234	–	–	–
Within 180 days	114	–	–	–
181 days to 365 days	200	81	227	–
Over 365 days	1,788	1,442	1,523	1,443
	2,336	1,523	1,750	1,443

As at 31 December 2007 and 2008,30 June 2009, included in other payables are an amount of approximately HK$18,000,000, HK$10,000,000 and HK$4,000,000, respectively represent deferred consideration payable in relation to the acquisition of Green Global Licorice as set out in Note 33b. The amount is unsecured, repayable on demand and carries interest at prevailing market rate.

At the end of each reporting period, the remaining amounts of trade and other payables were unsecured, non-interest bearing and repayable on demand.

29. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary share of HK$0.10 each		
Authorised:		
At 1 January 2006 and 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
Subdivision of shares from HK$0.10 each to HK$0.01 in capital recognised *(Note 3)*	72,000,000,000	–
At 30 June 2009	80,000,000,000	800,000
Issued and fully paid:		
At 1 January 2006	557,351,493	55,735
Issue of consideration shares *(Note 4)*	117,647,059	11,765
At 31 December 2006	674,998,552	67,500
Issue of shares upon:		
Placement of shares *(Note 5 & 6)*	270,000,000	27,000
Exercise of share options *(Note 7)*	51,460,000	5,146
Conversion of convertible loan notes *(Note 8)*	38,800,705	3,880
At 31 December 2007	1,035,259,257	103,526
Issue of shares upon:		
Placement of shares (Note 9)	199,000,000	19,900
Exercise of share options *(Note 10)*	800,000	80
Conversion of convertible loan notes *(Note 11)*	32,363,315	3,237
Issued on rights issue *(Note 12)*	1,267,422,572	126,742
At 31 December 2008	2,534,845,144	253,485
Issue of shares upon:		
Exercise of share options *(Note 13)*	106	–
Share consolidation *(Note 14)*	(2,281,360,725)	–
Reduction of issued share capital through a cancellation of paid up capital *(Note 15)*	–	(250,950)
At 30 June 2009	253,484,525	2,535

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 9 March 2009, the subdivision of each authorised but unissued consolidated share of HK$0.10 into 100 new shares of HK$0.01 each.

4. During the year ended 31 December 2006, 117,647,059 ordinary shares of the Company were issued based on published market price of HK$0.102 per share to independent third parties as part of the consideration for acquisition of 100% equity interest in GP Limited.

5. 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$23.88 million net of placement expenses was raised and used as working capital of the Group.

6. 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$112.85 million net of placement expenses was raised and used as working capital of the Group.

7. 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.

8. 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.

9. 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$49.75 million was raised and used as working capital of the Group.

10. 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.

11. 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.

12. 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$131.68 million net of placement expenses was raised and used in the Argo-conversation and Bioenergy segments for plantation expenditure and nursery establishment.

13. 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.

14. 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").

15. 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.

16. All the ordinary shares issued during the Relevant Periods rank pari passu with the then existing ordinary shares in all respects.

30. 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 shares 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 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 movement of the liability component of the convertible loan notes for the Relevant Periods is set out below:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at 1 January	–	–	75,878	67,683
Issue of convertible loan notes	–	90,775	–	–
Reduction to set off the income guarantee payment by holders *(Note)*	–	–	–	(48,163)
Effective interest expenses	–	1,842	6,069	2,513
Conversion	–	(16,739)	(14,264)	–
Carrying amount at 31 December/ 30 June	–	75,878	67,683	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.

31. DEFERRED TAX LIABILITIES

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

	Collection and cultivation rights	Accumulated tax depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2006	–	159	159
Credit to consolidated income statement	–	(159)	(159)
At 31 December 2006	–	–	–
Acquisition of subsidiaries *(Note 33)*	41,789	–	41,789
At 31 December 2007	41,789	–	41,789
Credit to consolidated income statement	(38,162)	–	(38,162)
At 31 December 2008	3,627	–	3,627
Credit to consolidated income statement	(49)	–	(49)
At 30 June 2009	3,578	–	3,578

The Group has unused tax losses of approximately HK$21,950,000, HK$21,714,000, HK$21,729,000 and HK$21,738,000 as at 31 December 2006, 2007 and 2008, and 30 June 2009 respectively 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.

As at 31 December 2007 and 2008, and 30 June 2009, the Group has deductible temporary differences of approximately HK$44,158,000, HK$77,901,000 and HK$84,262,000 respectively. 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.

32. 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 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, 31 December 2008, 2007 and 2006, the number of share options granted and remained outstanding under the Scheme was 30,784,335, 308,043,518, 86,141,855 and 53,920,000 respectively, representing 12.14%, 12.15%, 8.32% and 8.00% of the shares of the Company in issue respectively. 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 1)*
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 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 the Bloomberg's information based on 400 trading days (around 1.5 years).

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 years ended 31 December 2008 and 2007 had been arrived at on the basis of valuations carried out on the grant date by Greater China and Grant Sherman Appraisal Limited respectively, both are independent qualified professional valuers not connected with the Company. The fair values were calculated using The Binomial Option Pricing model for 31 December 2008 and The Black-Scholes Option Pricing model for 31 December 2007. The inputs into the The Binomial Option Pricing 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 recognised the total expense of HK$1,505,000, HK$18,372,000, HK$7,912,000, HK$5,054,000, and nil for years ended 31 December 2006, 2007 and 2008, the six months ended 30 June 2009 respectively in relation to the share options granted by the Company.

33. ACQUISITION OF SUBSIDIARIES

(a) In August 2006, the Group acquired 100% of the share capital of GP which in turn holds 100% of Conity Investment and Consultants (Shanghai) Company Limited. The relevant information about the acquisition is as follows:

	HK$'000
Net liabilities acquired:	
Plant and equipment	558
Prepayment	234
Trade and other receivables	1,662
Bank balances and cash	23
Amounts due to related companies	(1,940)
Other payables	(1,908)
	(1,371)
Goodwill	33,033
Total consideration	31,662
Satisfied by:	
Cash	18,000
Fair value of the 117,647,059 shares of the Company issued based on published market price	12,000
Transaction costs	1,662
Total consideration of the acquisition	31,662
Net cash outflow arising on acquisition:	
Cash consideration paid	18,000
Transaction costs paid	1,662
Less: Bank balances and cash acquired	(23)
	19,639

The factors that contributed to the recognition of the goodwill included profit guarantees made by the vendors of GP and potential for growth in the property market in the PRC.

If the acquisition had been completed on 1 January 2006, 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 2006, nor is it intended to be a projection of future results.

(b) 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

The factors that contributed to the recognition of the goodwill included potential for growth in the agro-conservation market in the PRC.

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 end of the reporting period.

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.

(c) 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*	*HK$'000*
		(Note 1)	
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

The factors that contributed to the recognition of the goodwill included potential for growth in the agro-conservation market in the PRC.

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 sales 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 considerations 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 but contributed approximately HK$673,000 profit to the Group's result before taxation for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2007, there would have been no significant impact on the Group's turnover and result 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.

(d) 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
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

The factors that contributed to the recognition of the goodwill included potential for growth in the bioenergy market in the PRC.

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 end of the reporting period.

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.

34. DISPOSAL OF SUBSIDIARIES

(a) 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.

(b) As referred to Note 13, on 31 March 2008, the Group discontinued its real estate consultancy service operations at the time of disposal of the entire interest of its subsidiaries, GP Group to an independent third party for a consideration of approximately HK$4,267,000 (equivalent to 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 GP Group on the Group's results and cash flows in the current and prior periods is disclosed in Note 13. The disposal of subsidiaries had no significant impact on the turnover and results of the Group during the year ended 31 December 2008.

35. DEREGISTRATION OF SUBSIDIARIES

(a) 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 a subsidiary	283
	–

(b) 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.*

The deregistration of the above subsidiaries had no significant impact on the turnover and results of the Group during the six months ended 30 June 2008 and 2009.

36. RELATED PARTIES TRANSACTIONS

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

(a) Loan from a substantial shareholder

During the year ended 31 December 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 approximately HK$263,000 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 for the year ended 31 December 2006 and 2007, and the six months ended 30 June 2009.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the relevant periods and six months ended 30 June 2008 as follows:

	For the years ended 31 December			For the six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Short-term benefits	8,747	6,197	5,955	3,000	3,217
Post-employment benefits	54	49	49	26	30
Share-based payments	102	801	2,411	627	–
	8,903	7,047	8,415	3,653	3,247

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.

(c) For the year ended 31 December 2006, the Group disposed of half of the 14.86% of the equity shareholdings in ChinaCast Communication Holdings Limited to a director for a consideration of SGD9,250,000 (approximately HK$45,323,000).

(d) For the year ended 31 December 2006, the Group received management services income from an unlisted company classified as an available-for-sale investee company to amount of HK$312,000. The director of the company is also a director of the Group.

37. COMMITMENTS

At the end of the reporting period, 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 end of the reporting period, the Group 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
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Land and buildings				
Within one year	793	2,547	1,510	2,043
In the second to fifth year inclusive	377	2,195	1,338	1,231
	1,170	4,742	2,848	3,274

(b) Capital commitment for acquisition of intangible assets

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for	–	–	14,751	–

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

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for	–	–	23,400	21,744

38. STATEMENTS OF FINANCIAL POSITION INFORMATION OF THE COMPANY

		As at 31 December			As at 30 June
		2006	2007	2008	2009
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Plant and equipment		136	744	799	550
Deposit paid for acquisition of a company		–	–	–	6,000
Investments in subsidiaries		39,631	39,631	67,631	67,631
		39,767	40,375	68,430	74,181
Current assets					
Other receivables		650	670	1,186	1,015
Amounts due from subsidiaries	*(a)*	62,071	313,471	236,734	191,615
Bank balances and cash		31	2,893	29,092	5,888
		62,752	317,034	267,012	198,518
Current liabilities					
Other payables		2,167	4,275	2,600	2,091
Amounts due to subsidiaries	*(a)*	2,012	3,834	2,003	1,944
Amount due to an investee company	*(b)*	82	–	–	–
Bank overdraft		10	–	–	–
		4,271	8,109	4,603	4,035
Net current assets		58,481	308,925	262,409	194,483
		98,248	349,300	330,839	268,664
Capital and reserves					
Share capital		67,500	103,526	253,485	2,535
Reserves	*(c)*	30,748	169,896	9,671	244,096
Total equity		98,248	273,422	263,156	246,631
Non-current liabilities					
Convertible loan notes		–	75,878	67,683	22,033
		98,248	349,300	330,839	268,664

(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 end of the reporting period were approximated to the corresponding carrying amounts due to their short-term maturity.

(b) Amount due to an investee company

The amount was unsecured, non-interest bearing and was fully settled during the year. The fair value of the amounts at the end of the reporting period was approximated to the corresponding carrying amount due to its short term maturity.

(c) **Reserves**

	Share premium HK$'000	Contributed surplus HK$'000	Convertible loan notes reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2006	342,312	39,431	–	–	(340,721)	41,022
Issued of consideration shares	235	–	–	–	–	235
Recognition of equity-settled share based payments	–	–	–	1,505	–	1,505
Loss for the year	–	–	–	–	(12,014)	(12,014)
At 31 December 2006	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 payments	–	–	–	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
Reduction on convertible loan notes to set off the income guarantee payment	–	–	(13,370)	–	–	(13,370)
Cancellation of the share premium	(521,158)	521,158	–	–	–	–
Utilisation of the contributed surplus account to offset the entire balance of accumulated losses	–	(403,271)	–	–	403,271	–
Reduction of issued share capital through a cancellation of paid up capital	–	250,950	–	–	–	250,950
Loss for the period	–	–	–	–	(3,155)	(3,155)
As at 30 June 2009	4,942	408,268	6,028	24,975	(200,117)	244,096

39. MAJOR NON-CASH TRANSACTIONS

(i) 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.

(ii) 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.

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

(iv) There are HK$7,623,000 unpaid consideration in relation to the acquisition of intangible assets and included in trade and other payables as at 31 December 2008.

(v) 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.

(vi) 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.

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

II EVENT AFTER THE REPORTING PERIOD

On 22 June 2009, the Company entered into an acquisition agreement as amended by two supplemental agreements dated 26 June 2009 and 8 July 2009 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 circular dated 23 October 2009.

On 16 July 2009, the minority shareholder of Golden Pogada 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 the Transfer and the joint venture agreement are set out in the Company's announcement dated 18 August 2009.

On 23 November 2009, the Company entered into a sale and purchase agreement with Marigold Worldwide Group Limited ("Marigold"), a company which is wholly and beneficially owned by Mr. Yam Tak Cheung who is also the beneficial owner of IAM being the controlling shareholder of the Company, whereby the Company has conditionally agreed to sell and Marigold has conditionally agreed to buy the entire interests in Green Global Agro-Conservation Resources Limited and Green Global Bioenergy Limited and their subsidiaries (hereinafter collectively referred to as "Disposal Group") including the amounts owing by the Disposal Group to the Remaining Group for a consideration of HK$180 million. It will constitute a very substantial disposal transaction for the Company.

Details of the disposal were set out in the Company's announcement dated on 10 December 2009.

Included below are the consolidated revenue and expenses, consolidated assets and liabilities, and consolidated cash flows of the Disposal Group incorporated into the Accountant's Report for the Relevant Periods:

(i) Consolidated revenue and expenses of the Disposal Group

	Years ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover	–	–	45,833	19,139	–
Cost of sales and services rendered	–	–	(49,508)	(5,017)	(1,102)
Gross profit (loss)	–	–	(3,675)	14,122	(1,102)
Other operating income	–	7,472	9,418	1,093	96
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	–	11,255	77,802	48,140	3,054
Administrative expenses	–	(2,219)	(23,371)	(7,080)	(20,439)
Other operating expenses	–	–	(18,518)	–	–
Profit (loss) from operations	–	16,508	41,656	56,275	(18,391)
Impairment loss recognised in respect of goodwill	–	–	(74,039)	–	–
Impairment loss recognised in respect of intangible assets	–	–	(161,876)	–	(6,269)
Share of loss of a jointly controlled entity	–	–	–	–	(4)
Finance costs	–	–	(1,325)	(37)	(225)
Profit (loss) before taxation	–	16,508	(195,584)	56,238	(24,889)
Income tax credit	–	–	29,892	1,448	49
Profit (loss) for the years/periods from continuing operations	–	16,508	(165,692)	57,686	(24,840)
Attributable to:					
Equity holders of the Group	–	16,086	(164,275)	57,730	(23,671)
Minority interests	–	422	(1,417)	(44)	(1,169)
	–	16,508	(165,692)	57,686	(24,840)

(ii) Consolidated assets and liabilities of the Disposal Group

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Plant and equipment	–	6,363	9,240	8,352
Deferred plantation expenditure	–	33,000	113,676	111,672
Deposit for plantation expenditure	–	34,808	25,155	30,230
Biological assets	–	8,231	48,446	53,504
Intangible assets	–	165,225	57,284	74,120
Deposit paid for acquisition of intangible assets	–	–	9,265	–
Goodwill	–	151,839	7,800	7,800
Interest in a jointly controlled entity	–	–	–	1,996
Loan advanced to a minority shareholder	–	–	586	651
	–	399,466	271,452	288,325
Current assets				
Inventories	–	–	–	1,343
Biological assets	–	3,840	–	–
Trade and other receivables	–	3,045	27,265	36,177
Bank balances and cash	–	2,303	3,814	570
	–	9,188	31,079	38,090
LIABILITIES				
Current liabilities				
Trade and other payables	–	70,828	434,291	483,064
Tax payable	–	–	8,270	8,270
	–	70,828	442,561	491,334
Net current assets (liabilities)	–	(61,640)	(411,482)	(453,244)
Total assets less current liabilities	–	337,826	(140,030)	(164,919)
Non-current liability				
Deferred tax liability	–	(41,789)	(3,627)	(3,578)
Total assets less liabilities	–	296,037	(143,657)	(168,497)
Equity				
Share capital	–	–	–	–
Reserves	–	293,482	(146,512)	(170,183)
	–	293,482	(146,512)	(170,183)
Minority interests	–	2,555	2,855	1,686
Total equity	–	296,037	(143,657)	(168,497)

(iii) Consolidated cash flows

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
OPERATING ACTIVITIES					
(Loss) profit before tax	–	16,508	(195,584)	56,238	(24,889)
Adjustments for:					
Share of loss of a jointly controlled entity	–	–	–	–	4
Gain arising from changes in fair value less estimated point-of- sale costs of biological assets	–	(11,255)	(77,802)	(48,140)	(3,054)
Impairment loss recognised in respect of goodwill	–	–	74,039	–	–
Impairment loss recognised in respect of intangible assets	–	–	161,876	–	6,269
Impairment loss recognised in respect of trade receivables	–	–	18,518	–	–
Interest income	–	(5)	(51)	(9)	(66)
Amortisation of intangible assets	–	1,931	4,894	2,447	909
Depreciation	–	230	2,198	675	1,144
Finance costs	–	–	1,325	37	225
Operating cashflows before movements in working capital	–	7,409	(10,587)	11,248	(19,458)
Increase in inventories	–	–	–	–	(1,343)
Decrease (increase) in trade and other receivables	–	(2,839)	3,089	(3,575)	13,824
Increase (decrease) in trade and other payables	–	536	13,048	10,331	(5,481)
Increase in biological assets	–	(275)	(868)	(550)	–
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	–	4,831	4,682	17,454	(12,458)

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
INVESTING ACTIVITIES					
Deposit for plantation expenditure	–	(34,808)	(25,155)	(50,726)	(34,590)
Payment of deferred plantation expenditure	–	(33,541)	(49,153)	(49,153)	–
Payment for investment cost	–	–	–	–	(5)
Decrease in amounts due by a jointly controlled entity	–	–	–	–	(1,995)
Acquisition of plant and equipment	–	(6,593)	(4,671)	(2,497)	(256)
Interest received	–	5	25	9	1
Loan advanced to a minority shareholder	–	–	(1,560)	–	–
Deposit paid for acquisition of intangible assets	–	–	(9,265)	–	–
Acquisition of intangible assets	–	–	(51,206)	–	(7,970)
NET CASH USED IN INVESTING ACTIVITIES	–	(74,937)	(140,985)	(102,367)	(44,815)
FINANCING ACTIVITIES					
Interest paid	–	–	(202)	(37)	(225)
Increase in amount due to the remaining group	–	70,255	136,122	62,044	54,254
Loan raised from a substantial shareholder	–	–	25,000	25,000	–
Repayment of loan from a substantial shareholder	–	–	(25,000)	–	–
Contribution from minority shareholders	–	2,133	1,560	–	–
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	–	72,388	137,480	87,007	54,029
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	–	2,282	1,177	2,094	(3,244)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	–	–	2,303	2,303	3,814
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	–	21	334	912	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	–	2,303	3,814	5,309	570

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 30 June 2009.

SHINEWING (HK) CPA LIMITED
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Set out below is the management discussion and analysis of the operating results and business review of the Remaining 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 Remaining Group reported a turnover of HK$52,511,000 from its continuing operations in 2006, representing a decrease of 59% compared with its turnover from continuing operations of 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 43% to HK$7,013,000 from an operating loss from continuing operations of HK$12,406,000 in 2005 as a result of improved profit margin.

Gross profit slightly dropped by 1% from HK$8,894,000 in 2005 to HK$8,805,000 as a result of decrease in turnover.

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

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

While the legacy business of providing automatic teller machines ("ATMs") maintenance service to the banking and finance sectors through TopAsia Computer Limited ("TopAsia") and its subsidiaries ("TopAsia Group") remains the core business stream, the Remaining Group now holds investments in Acacia Asia Partners Limited and its subsidiary 上海阿加斯網絡科技有限公司 (Acacia Asia Partners Limited#) ("Acacia Group"), a provider of computer technology services primarily to the real estate consultancy service businesses in Shanghai, and Grand Panorama Limited ("Grand Panorama") and its subsidiary 上海星脉計算機科技發展有限公司 (Conity Investment and Consultants (Shanghai) Company Limited# ("Grand Panorama Group")), a real estate consulting agency in Shanghai.

for identification only

Banking and finance systems integration services: 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 Group

Acacia Group 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 Group'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 Group's web-based real estate data management platforms.

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

Real estate consultancy services: Grand Panorama Group

In February 2006, the Remaining Group announced the acquisition of the entire share capital of Grand Panorama Group, a real estate consultancy agency in Shanghai, for HK$30 million. Like Acacia Group, 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 Remaining Group remains optimistic of the future of the office sector business in Shanghai and Beijing in which Grand Panorama Group specializes. This area of the real estate business is less speculative and more stable.

<u>Outlook</u>

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 Remaining Group's real estate related technology and consultancy businesses of Acacia Group and Grand Panorama Group, 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 Remaining Group remains confident of the long-term development potential of the real estate market and the provision of real estate-related services in China.

Liquidity and financial resources

Net assets

As at 31 December 2006, the Remaining 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 Remaining 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 Remaining 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 Remaining 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 gearing ratio was nil (2005: 0.01) which was defined as the Remaining Group's interest-bearing bank loans and finance lease payables divided by its equity attributable to equity holder of the Company.

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 Remaining 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 Remaining 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 ("HK$") and United States dollars ("US$").

Contingent liabilities

At 31 December 2006, the Remaining Group 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 Remaining Group mainly earns revenue and incurs costs in US$ and Renminbi ("RMB"). Foreign exchange exposure of the Remaining Group is minimal as long as the policy of the Government of HKSAR to link the HK$ to the US$ remains in effect.

Employee and remuneration policies

As at 31 December 2006, the Remaining Group employed approximately 290 full time staff in the Mainland China and Hong Kong. The Remaining 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 Remaining Group reported a turnover from continuing operations of HK$66,193,000 in 2007, representing an increase of 26% compared with HK$52,511,000 recorded in 2006. This growth in turnover was largely attributable to increases in the sale of IT hardware during the year.

Gross profit for the Remaining Group overall increased by 37% to HK$12,058,000 in 2007 (2006: HK$8,805,000) as a result of increases in revenues from the sales of IT hardware with gross profit margin slightly increased by 1% to 18%.

The Remaining Group recorded a further loss from operations of HK$8,859,000 as compared to a loss of HK$7,013,000 in 2006 despite of a gain of HK$21,844,000 from the disposal of available-for-sale investments.

The Remaining Group's loss before taxation in 2007 increased by 403% to HK$51,472,000 from HK$10,237,000 in 2006 mainly as a result of the impairment of goodwill of HK$40,771,000 in relation to Acacia Group and 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 the 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.

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.

Banking and finance systems integration services: 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 Depository 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 Group

Acacia Group is a provider of technical and outsourcing services to retail real estate agencies in the PRC, primarily in Shanghai. The operating landscape for Acacia Group'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 Remaining Group is seriously assessing the future viability of Acacia Group.

Acacia Group 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 Group competes with large-scale brokers with more comprehensive infrastructure and networks across Shanghai and China as a whole. Along with Acacia Group, 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.

Liquidity and financial resources

Net Assets

At 31 December 2007, the Remaining Group recorded total assets of approximately HK$182,682,000, which were financed by liabilities of approximately HK$153,369,000. The Remaining Group's net assets as at 31 December 2007 was approximately HK$29,313,000 as compared to net asset value of approximately HK$170,992,000 as at 31 December 2006. The decrease is mainly due to the acquisition of the Disposal Group (the assets of which are not taken into account herein) during the year.

Liquidity

The Remaining Group had total cash and bank balances of approximately HK$70,636,000 as at 31 December 2007 (2006: HK$72,254,000). The net cash balance as at 31 December 2007 was also HK$70,636,000 (2006: approximately HK$72,236,000), as the Remaining Group does not have any bank borrowings (2006: approximately HK$18,000).

As at 31 December 2007, the gearing ratio was 0.24 (2006: Nil) which was defined as the Group's convertible loan notes divided by 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 Remaining 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 HK$ and RMB.

Contingent liabilities and capital commitments

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

The Remaining Group had no capital commitments as at 31 December 2007 (2006: Nil).

Foreign exchange exposure

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

The Directors do not expect the appreciation of the RMB against the HK$ to have any material adverse effect on the operation of the Remaining Group.

Employee and remuneration policies

As at 31 December 2007, the Remaining Group employed approximately 260 full time staff in the Mainland China and Hong Kong. The Remaining 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 Remaining Group's continuing operations reported a turnover of approximately HK$63,321,000 for the year ended 31 December 2008 (2007: approximately HK$66,193,000), despite the severe economic headwinds generated by the global financial crisis.

Gross profit and gross profit margin increased slightly to approximately HK$13,133,000 and 21% from HK$12,058,000 and 18% in 2007 respectively. The Remaining Group record a further loss from operations of HK$26,229,000 as compared to a loss of HK$8,859,000 in 2007 as the Remaining Group did not record any gain on disposal of available-for-sale investments during 2008 (2007: gain of HK$21,844,000).

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

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).

Real estate related technology services: Acacia Group

Due to the unfavorable market environment of the real estate business in China, Acacia Group continued to curtail its operation and was principally inactive during most of the year.

Real estate consultancy services: Grand Panorama Group

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 Group to an independent third party. The disposal was completed on 31 March 2008, on which control of the Grand Panorama Group passed to the acquirer.

The Grand Panorama 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.

Outlook

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.

Liquidity and financial resources

Net assets

At 31 December 2008, the Remaining Group recorded total assets of approximately HK$602,959,000 (2007: HK$182,682,000), which were financed by liabilities of approximately HK$124,446,000 (2007: HK$153,369,000). The Remaining Group's net asset value as at 31 December 2008 amounted to approximately HK$478,513,000 as compared to 31 December 2007 of approximately HK$29,313,000.

Liquidity

The Remaining Group had total cash and bank balances of approximately HK$89,940,000 as at 31 December 2008 (2007: HK$70,636,000). The net cash balance as at 31 December 2008 was also HK$89,940,000 (2007: HK$70,636,000), as the Remaining Group does not have any bank borrowings (2007: Nil).

As at 31 December 2008, the gearing ratio was 0.20 (2007: 0.24) which was defined as the Remaining Group's convertible loan notes divided by 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 Remaining 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 HK$ and RMB.

Contingent liabilities and capital commitments

The Remaining Group had no material contingent liabilities as at 31 December 2008 (2007: Nil).

The Remaining Group had no capital commitments as at 31 December 2008.

Foreign exchange exposure

For the year ended 2008, the Remaining Group mainly earns revenue in RMB and US$ and incurs costs in HK$, RMB and US$. Although the Remaining 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 Remaining Group also does not expect the appreciation of the RMB against the HK$ to have any material adverse effect on the operation of the Remaining 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 Remaining Group's results and financial position.

Employee and remuneration policies

As at 31 December 2008, the Remaining Group employed approximately 200 full-time members of staff in the Mainland China and Hong Kong. The Remaining 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 Remaining Group recorded a turnover from continuing operations of approximately HK$17,936,000 (2008: approximately HK$38,112,000), which represented a decrease of approximately 53.0%. The decrease in turnover was attributed to the 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 Remaining Group decreased by 31.2% to approximately HK$5,080,000 for the first half of 2009 from continuing operations as compared to last year (2008: approximately HK$7,386,000).

The Remaining Group record a loss from operations of HK$2,367,000 as compared to a loss of HK$13,525,000 during the same period in 2008. The improvement is mainly due to the income released from setoff convertible loan notes of approximately HK$6,633,000 during the period.

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

Banking and finance systems integration services: 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.

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.

Real estate related technology services: Acacia Group

On 23 March 2009, the Company completed the deregistration of 上海阿加斯網絡科技有限公司 (Acacia Asia Partners Limited#) 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.

Outlook

Going forward, 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.

Liquidity and financial resources

Net assets

At 30 June 2009, the Remaining Group recorded total assets of approximately HK$532,654,000 which were financed by liabilities of approximately HK$70,728,000. The Remaining Group's net asset value as at 30 June 2009 decreased by 3.47% to approximately HK$461,926,000 compared to approximately HK$478,513,000 as at 31 December 2008.

Liquidity

The Remaining Group had total and net cash and bank balances of approximately HK$19,308,000 as at 30 June 2009 (At 31 December 2008: approximately HK$89,940,000).

As at 30 June 2009, the gearing ratio was 0.08 (At 31 December 2008: 0.20) which was defined as the Remaining 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 Remaining Group generally finances it operations with internally generated resources, proceeds from the disposal of its available-for-sale-

\# *for identification purpose only*

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 HK$ and RMB.

Contingent liabilities

The Remaining Group had no material contingent liabilities as at 30 June 2009 (At 31 December 2008: Nil).

As at 30 June 2009, the Remaining Group had no capital commitments (At 31 December 2008: Nil).

Foreign exchange exposure

For the period ended 30 June 2009, the Remaining Group mainly earns revenue in RMB and US$ and incurs costs in HK$, RMB and US$. Although, the Remaining 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 Remaining 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 Remaining Group's results and financial position.

Employee and remuneration policies

As at 30 June 2009, the Group employed approximately 190 full time members of staff in the Mainland China and Hong Kong. The Remaining 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.

3. ACCOUNTANTS' REPORT ON NORTH ASIA RESOURCES GROUP LIMITED

The following is the text of the accountants' report on North Asia Resources Group Limited, a company acquired by the Company on 16 December 2009, which is reproduced from the circular of the Company dated 23 October 2009.

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

	Notes	**As at 30 June 2009** *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 *US$*	Accumulated losses *US$*	Total equity *US$*	Minority interests *US$*	Total *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

4. MANAGEMENT DISCUSSION AND ANALYSIS ON NORTH ASIA RESOURCES GROUP LIMITED

The following management discussion and analysis on North Asia Resources Group Limited, a company acquired by the Company on 16 December 2009, was reproduced from the circular of the Company dated 23 October 2009:

Result and financial position

The North Asia Group consists of the North Asia Resources Group Limited ("North Asia") and Golden Pogada LCC ("Golden Pogada"). North Asia, 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 above section 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, North Asia 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 North Asia 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 North Asia 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 an exploration licence) by North Asia on 22 June 2009.

As at 30 June 2009, given that North Asia was indebted to a shareholder for an amount of US$1,786,105 (equivalent to approximately HK$13,931,619), North Asia 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 a deed of capitalisation to be entered into prior to completion of the Acquisition, such outstanding indebtedness to the shareholder shall be capitalised by way of the issue of 10,000 new shares of North Asia.

Exchange risk and hedging

North Asia 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, North Asia 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 North Asia 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 North Asia Group did not pledge any assets to banks to secure banking facilities.

Contingent liabilities

As at 30 June 2009, the North Asia Group had no material contingent liabilities.

Commitments

The North Asia 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 North Asia 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, North Asia 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, North Asia had one employee. The total amount of remuneration paid by North Asia 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, North Asia 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, North Asia will continue to allocate resources and investments into Golden Pogada for further exploration and exploitation of the proven reserves in the mine which Golden Pogada is the beneficial owner of the relevant mining rights licence and recoveries on a larger commercial scale.

5. ACCOUNTANTS' REPORT ON GOLDEN POGADA LLC

The following is the text of the accountants' report on Golden Pogada LCC, a company acquired by the Company on 16 December 2009, which is reproduced from the circular of the Company dated 23 October 2009.

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	Six months ended 30 June 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 2007	Year ended 31 December 2008	Six months ended 30 June 2008	
	2007	**2008**	**2008**	**2009**
	US$	*US$*	*US$* (Unaudited)	*US$*
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	Year ended 31 December	Six months ended 30 June	
	2007	2008	2008	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	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	2008	2009
	US$	*US$*	*US$*
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 waived 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

6. MANAGEMENT DISCUSSION AND ANALYSIS ON GOLDEN POGADA LLC

The following management discussion and analysis on Golden Pogada LLC, a subsidiary of the North Asia Resources Group Limited (which is a company acquired by the Company on 16 December 2009), was reproduced from the circular of the Company dated 23 October 2009:

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 which Golden Pogada is the beneficial owner of the relevant mining rights licence and recoveries on a larger commercial scale.

7. INDEBTEDNESS AND CONTINGENT LIABILITIES

At the close of business on 30 November 2009, being the latest practicable date for the purpose of this indebtedness statement, the Group and the North Asia Group, which the Company acquired on 16 December 2009, had indebtedness as follows:

The Group

The Group had outstanding Convertible Bonds in principal amount of HK$24,750,000 due on 1 October 2010 and capital commitments for an investment in a cooperation project which were contracted but not provided for totaling approximately HK$21,048,000.

At the close of business on 30 November 2009, the Group had total future minimum lease payments under non-cancellable operating lease in respect of rented premises amounting to approximately HK$2,430,000.

The North Asia Group

The North Asia Group had outstanding shareholder's loan amounting to HK$23,834,000, 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 30 November 2009, the North Asia Group had total future minimum lease payments under non-cancellable operating lease in respect of rented premises amounting to approximately HK$141,000.

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 30 November 2009.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group and the North Asia Group did not have outstanding, at the close of business on 30 November 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, mortgages, charges, hire purchases or finance lease, commitments, guarantees or other material contingent liabilities.

8. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the proceeds generated from the Disposal and the internal resources of the New Group, the New Group has sufficient working capital for its present requirements in the next twelve months from the date of this circular.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the Acquisition and 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 Company were made up.

10. TRADING AND FINANCIAL PROSPECTS

The New 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 New Group.

Subsequent to the completion of the Acquisition, the New Group intends to roll out its open-pit mining operations on the mine focusing on the area which the iron ore deposits are close to the surface. The North Asia Group is the legal and beneficial owner of the mining rights licence of such mine. The New 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 New Group intends to allocate more resources and capital investments into its mining operation by setting up processing plants to produce iron-ore fines.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of the accountants' report in respect of the unaudited pro forma financial information of the Remaining Group received from SHINEWING (HK) CPA Limited, certified public accountants, for inclusion in this circular.

31 December 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
9/F, Wincome Centre,
No. 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") set out on pages II-3 to II-11 in Appendix II of the circular dated 31 December 2009 (the "Circular") in connection with the disposal of the entire equity interest in Green Global Argo-Conservation Resources Limited and Green Global Bioenergy Limited and their subsidiaries (the "Disposal Group") (the Group, excluding the Disposal Group hereinafter referred to as the "Remaining Group") and the sum of the outstanding loans owed by the Disposal Group to the Remaining Group on completion (the "Proposed Disposal"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purpose only, to provide information about how the Proposed Disposal might have affected the financial information presented. The basis of preparation of the unaudited pro forma financial information is set out in Appendix II of the Circular.

Respective responsibilities of 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 work 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 as at 30 June 2009 or any future date; and
- the results and cash flows of the Group 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

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION

On 23 November 2009, Green Global Resources Limited (the "Company") entered into a sale and purchase agreement (the "Agreement") with Marigold Worldwide Group Limited (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest of Green Global Agro-Conservation Resources Limited and Green Global Bioenergy Limited and their subsidiaries (the "Disposal Group") and the sum of the outstanding loans owed by the Disposal Group to the Remaining Group on completion ("Sale Loans") for a cash consideration of HK$180 million (the "Proposed Disposal").

The accompanying unaudited pro forma consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows of the Group have been prepared to illustrate the effect of the Proposed Disposal might have affected the financial information of the Group. For the avoidance of doubt, as the acquisition of North Asia Resources Group Limited was completed on 16 December 2009, North Asia Resources Group Limited and its subsidiary was not part of the Group and the Remaining Group as at 30 June 2009.

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared based on the audited consolidated statement of financial position of the Group as at 30 June 2009, which has been extracted from the accountant's report of the Company for the six months ended 30 June 2009 as set out in Appendix I to the Circular, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Proposed Disposal had taken place as at 30 June 2009.

The unaudited pro forma consolidated income statement and pro forma consolidated statement of cash flows of the Remaining Group have been prepared based on the audited consolidated income statement and consolidated statement of cash flows of the Group for the six months ended 30 June 2009 which has been extracted from the accountants' report of the Company for the six months ended 30 June 2009 as set out in Appendix I to the Circular, and adjusted in accordance with pro forma adjustments described in the notes thereto as if the Proposed Disposal had been completed as at the beginning of the period being reported, i.e. 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 Remaining Group had the Disposal been completed as at the respective dates to which it is made up to or at any future dates.

II. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited consolidated statement of financial position of the Group as at 30 June 2009	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		Note 2	*Note 3*	
Non-current assets				
Plant and equipment	11,879	(8,352)	–	3,527
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)	–	–
Deposit paid for acquisition of a company	6,000	–	–	6,000
Goodwill	7,800	(7,800)	–	–
Interest in a jointly controlled entity	1,996	(1,996)	–	–
Loan advanced to a minority shareholder	651	(651)	–	–
	297,852	(288,325)	–	9,527
Current assets				
Inventories	1,729	(1,343)	–	386
Trade and other receivables	71,788	(36,177)	–	35,611
Loans owed by Disposal Group	–	467,822	(467,822)	–
Bank balances and cash	19,878	(570)	177,000	196,308
	93,395	429,732	(290,822)	232,305
Current liabilities				
Trade and other payables	57,429	(15,242)	–	42,187
Income tax liabilities	14,778	(8,270)	–	6,508
	72,207	(23,512)	–	48,695
Net current assets	21,188	453,244	(290,822)	183,610
Total assets less current liabilities	319,040	164,919	(290,822)	193,137

	Audited consolidated statement of financial position of the Group as at 30 June 2009	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		Note 2	*Note 3*	
Equity attributable to equity holders of the Company				
Issued capital	2,535	–	–	2,535
Reserves	289,208	170,183	(290,822)	168,569
	291,743	170,183	(290,822)	171,104
Minority interests	1,686	(1,686)	–	–
Total equity	293,429	168,497	(290,822)	171,104
Non-current liabilities				
Convertible loan notes	22,033	–	–	22,033
Deferred tax liability	3,578	(3,578)	–	–
	25,611	(3,578)	–	22,033
	319,040	164,919	(290,822)	193,137

III. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

	Audited consolidated income statement of the Group for the six months ended 30 June 2009	Pro forma Adjustment		Unaudited pro forma consolidated income statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		Note 4	*Note 5*	
Continuing operations				
Turnover	17,936	–	–	17,936
Cost of sales and services rendered	(13,958)	1,102	–	(12,856)
Gross profit	3,978	1,102	–	5,080
Other operating income	7,003	(96)	–	6,907
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)	20,439	–	(11,752)
Other operating expenses	(897)	–	–	(897)
Loss from operations	(20,758)	18,391	–	(2,367)
Share of loss of a jointly controlled entity	(4)	4	–	–
Impairment loss recognised in respect of intangible assets	(6,269)	6,269	–	–
Loss on the disposal of subsidiaries	–	–	(90,056)	(90,056)
Finance costs	(2,738)	225	–	(2,513)
(Loss) profit before tax	(29,769)	24,889	(90,056)	(94,936)
Income tax expense	(228)	(49)	–	(277)
(Loss) profit for the period from continuing operations	(29,997)	24,840	(90,056)	(95,213)
Discontinued operations				
Gain after tax for the period from discontinued operations – IT management and support	89	–	–	89
(Loss) profit for the period	(29,908)	24,840	(90,056)	(95,124)
Attributable to:				
Equity holders of the Company	(28,739)	23,671	(90,056)	(95,124)
Minority interests	(1,169)	1,169	–	–
	(29,908)	24,840	(90,056)	(95,124)

IV. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited consolidated statement of cash flows of the Group for the six months ended 30 June 2009	Pro forma Adjustments		Pro forma consolidated statement of cash flows of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		Note 6	*Note 7*	
OPERATING ACTIVITIES				
Loss before taxation	(29,769)	24,889	(90,056)	(94,936)
Profit before tax for discontinued operation	89	–	–	89
	(29,680)	24,889	(90,056)	(94,847)
Adjustments for:				
Amortisation for intangible assets	909	(909)	–	–
Share of loss of a jointly controlled entity	4	(4)	–	–
Depreciation	1,966	(1,144)	–	822
Finance costs	2,738	(225)	–	2,513
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(3,054)	3,054	–	–
Loss on disposal of subsidiaries	–	–	90,056	90,056
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 intangible assets	6,269	(6,269)	–	–
Impairment loss recognised in respect of other receivables	92	–	–	92
Interest income	(235)	66	–	(169)
Operating cash flows before movements in working capital	(27,014)	19,458	–	(7,556)

	Audited consolidated statement of cash flows of the Group for the six months ended 30 June 2009	Pro forma Adjustments		Pro forma consolidated statement of cash flows of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		Note 6	*Note 7*	
OPERATING ACTIVITIES (CONTINUED)				
Increase in inventories	(1,470)	1,343	–	(127)
Decrease in trade and other receivables	19,172	(13,824)	–	5,348
Decrease in trade and other payables	(12,320)	5,481	–	(6,839)
Cash used in operations	(21,632)	12,458	–	(9,174)
PRC enterprises income tax paid	(243)	–	–	(243)
NET CASH USED IN OPERATING ACTIVITIES	(21,875)	12,458	–	(9,417)
INVESTING ACTIVITIES				
Advance to Disposal Group	–	(54,254)	–	(54,254)
Deposit for 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 unlisted investment	(6,000)	–	–	(6,000)
Acquisition of plant and equipment	(1,474)	256	–	(1,218)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	–	–	173,186	173,186
Interest received	165	(1)	–	164
Proceeds from disposal of plant and equipment	93	–	–	93
Decrease in other time deposits with maturity of more than three months when acquired	24,747	–	–	24,747

	Audited consolidated statement of cash flows of the Group for the six months ended 30 June 2009	Pro forma Adjustments		Pro forma consolidated statement of cash flows of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		Note 6	*Note 7*	
NET CASH (USED IN) FORM INVESTING ACTIVITIES	(27,029)	(9,439)	173,186	136,718
NET CASH FROM FINANCING ACTIVITIES				
Interest paid	(225)	225	–	–
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(49,129)	3,244	173,186	127,301
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	58,790	–	–	58,790
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,661	3,244	173,186	186,091
Represented by:				
Bank balances and cash	19,878	3,244	173,186	196,308
Less: Other time deposit with original maturity of more than three months when acquired	(10,217)	–	–	(10,217)
Cash and cash equivalents	9,661	3,244	173,186	186,091

V. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(1) The audited consolidated statement of financial position of the Group as at 30 June 2009, and the audited consolidated income statement and the audited consolidated statement of cash flows of the Group for the six months ended 30 June 2009 were extracted from the accountant's report as set out in Appendix I of this circular.

(2) The adjustment reflects the exclusion of the assets and liabilities of the Disposal Group, assuming that the Proposed Disposal had completed on 30 June 2009. The amount of asset and liabilities of the Disposal Group as at 30 June 2009 was extracted from the accountants' report as set out in Appendix I of this circular.

(3) The adjustment represents the estimated unaudited loss on disposal, as if the Proposed Disposal had completed on 30 June 2009, which is calculated as follows:

	HK$'000
Sales consideration	180,000
Less: estimated payment of fee and expenses in connection with the Proposed Disposal	(3,000)
Estimated net cash proceeds	177,000
Add: net liabilities values of the Disposal Group attributable to the equity holders of the Company as at 30 June 2009	170,183
Less: disposal of the Sale Loans	(467,822)
Loss on the disposal of subsidiaries	(120,639)

The adjustment will not have continuing income statement effect on the Remaining Group.

(4) The adjustment represents the exclusion of the income and expenses attributable to the Disposal Group from the consolidated income statement of the Group for the six months ended 30 June 2009, which was extracted from the accountants' report of the Group in Appendix I to the Circular, as if the Proposed Disposal had completed place on 1 January 2009. The adjustment will not have continuing income statement effect on the Remaining Group.

(5) The adjustment represents the estimated unaudited loss on disposal, as if the Proposed Disposal had completed on 1 January 2009, which is calculated as follows:

	HK$'000
Estimated net cash proceeds *(note 3)*	177,000
Add: net liabilities values of the Disposal Group attributable to the equity holders of the Company as at 1 January 2009	146,512
Less: disposal of the Sale Loans	(413,568)
Loss on the disposal of subsidiaries	(90,056)

The adjustment will not have continuing income statement effect on the Remaining Group.

(6) The adjustment reflects the exclusion of the cash flows of the Disposal Group for the six months ended 30 June 2009, which was extracted from the accountants' report of the Group in Appendix I to the Circular, assuming that the Proposed Disposal had completed on 1 January 2009. The adjustment will not have continuing cash flow statement effect on the Remaining Group.

(7) The adjustment of HK$173,186,000 reflects the cash and cash equivalents adjustment of HK$177,000,000, as explained in Note (3) above, less bank balances and cash of the Disposal Group disposed of approximately HK$3,814,000 assuming that the Proposed Disposal had completed on 1 January 2009. The adjustment will not have continuing cash flow statement effect on the Remaining Group

(8) The final amount of assets and liabilities of the Disposal Group and the loss from the Proposed Disposal will be different from those amounts as presented above.

(9) No adjustment has been made to reflect any result or other transactions of the Group and the Disposal Group entered into subsequent to 30 June 2009.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Existing 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. DIRECTORS' INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

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	3.48%
Mr. Puongpun Sananikone	Beneficial owner	1,561,648	Long	0.47%
Mr. Albert Theodore Powers	Beneficial owner	1,000,000	Long	0.30%
Mr. Lim Yew Kong, John	Beneficial owner	839,178	Long	0.25%
Mr. Pang Seng Tuong	Beneficial owner	778,356	Long	0.24%

(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	2,003,157 *(Note 1)*	Long	0.60%
Mr. Puongpun Sananikone	Beneficial owner	1,973,152 *(Note 2)*	Long	0.60%
Mr. Lim Yew Kong, John	Beneficial owner	1,560,822 *(Note 3)*	Long	0.47%
Mr. Pang Seng Tuong	Beneficial owner	1,621,644 *(Note 4)*	Long	0.49%
Mr. Albert Theodore Powers	Beneficial owner	1,500,000 *(Note 5)*	Long	0.45%

Notes:

1. Mr. Tse Michael Nam, an executive Director, held outstanding Options entitling him to subscribe for 100,964 Shares, 902,193 Shares and 1,000,000 Shares at a subscription price of HK$6.51, HK$2.40 and HK$2.34 per Share respectively.

2. Mr. Puongpun Sananikone, an executive Director, held outstanding Options entitling him to subscribe for 60,822 Shares, 912,330 Shares and 1,000,000 Shares at a subscription price of HK$6.51, HK$2.40 and HK$2.34 per Share respectively.

3. Mr. Lim Yew Kong, John, an independent non-executive Director, held outstanding Options entitling him to subscribe for 60,822 Shares and 1,500,000 Shares at a subscription price of HK$3.55 and HK$2.34 per Share respectively.

4. Mr. Pang Seng Tuong, an independent non-executive Director, held outstanding Options entitling him to subscribe for 121,644 Shares and 1,500,000 Shares at a subscription price of HK$2.40 and HK$2.34 per Share respectively.

5. Mr. Albert Theodore Powers, an independent non-executive Director, held outstanding Options entitling him to subscribe for 1,500,000 Shares at a subscription price of HK$2.34 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 Existing Group

There was no contract or arrangement entered into by any member of the Existing 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 Existing 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 Existing Group since 31 December 2008, the date to which the latest published audited consolidated financial statements of the Company 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 Existing 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 Existing Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. 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 Existing 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 Lui ("Ms. Kung") *(Note 1)*	Interest of controlled corporation	1,827,310,000	Long	551.18%
Mountain Sky Resources (Mongolia) Limited ("Mountain Sky") *(Note 1)*	Beneficial owner	1,827,210,000	Long	551.15%
Mr. Chan Kwan Hung ("Mr. Chan") *(Note 1)*	Interest of controlled corporation	1,827,210,000	Long	551.15%
Ultra Asset International Ltd ("Ultra Asset") *(Note 2)*	Beneficial owner	783,090,000	Long	236.21%
Mr. Yu Tsung Chin, William ("Mr. Yu") *(Note 2)*	Interest of controlled corporation	785,624,800	Long	236.97%
IAM *(Note 3)*	Beneficial owner	114,436,657	Long	34.52%
Mr. Yam Tak Cheung ("Mr. Yam") *(Note 3)*	Interest of controlled corporation	114,436,657	Long	34.52%

Notes:

1. Ms. Kung is the wife of Mr. King Jun Chih, Joseph who is one of the directors of Mountain Sky. 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 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 Existing 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 Existing 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.

4. 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 Existing Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by members of the Existing 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 Existing 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 Existing 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 Existing 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 2008 Rights Issue;

(vii) the loan agreement dated 23 June 2008 entered into between the Company and Integrated Capital (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 conditional sale and purchase agreement dated 22 June 2009 (as amended by the supplemental agreements dated 26 June 2009 and 8 July 2009) entered into between the Company (being the purchaser), Mountain Sky Resources (Mongolia) Limited and Ultra Asset International Ltd. (being the vendors), Mr. King Jun Chih, Joseph, Mr. Chan Kwan-Hung and Mr. Yu Tsung Chin, William (being the guarantors) in relation to the Acquisition;

(x) the joint venture agreement entered into between North Asia Resources Group Limited and China Railway Mongolia Investment LLC dated 8 July 2009;

(xi) the conditional placing agreement dated 17 December 2009 entered into between the Company and two placing agents (being Mizuho Securities Asia Limited and Samsung Securities (Asia) Limited) in relation to the best effort placing of up to 232,143,000 Shares at a placing price of not less than HK$1.68 per Share; and

(xii) the Disposal Agreement.

6. 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 Existing Group, other than those businesses which the Directors were appointed as directors to represent the interests of the Existing Group.

7. EXPERTS' QUALIFICATIONS AND CONSENTS

(a) The following are the qualifications of the experts who have given their opinions which are included in this circular:

Name	Qualifications
SHINEWING (HK) CPA Limited ("SHINEWING")	Certified public accountants
Kingsway	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purposes of the SFO

(b) As at the Latest Practicable Date, neither SHINEWING nor Kingsway had any shareholding, directly or indirectly, in any member of the Existing 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 Existing Group.

(c) Each of SHINEWING and Kingsway has 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, neither SHINEWING nor Kingsway had direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Existing Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Existing Group since 31 December 2008, the date to which the latest published audited financial statements of the Company were made up.

8. 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 inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 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 letter of recommendation from the Independent Board Committee, the texts of which are set out on page 12 of this circular;

(e) the letter of advice from Kingsway, the texts of which are set out on pages 13 to 27 of this circular;

(f) the accountants' report on the Group, the texts of which are set out in Appendix I to this circular;

(g) the accountants' report issued by SHINEWING in connection with the unaudited pro forma financial information of the Remaining Group, the text of which are set out in Appendix II to this circular;

(h) the written consents referred to under the paragraph headed "Experts' qualifications and consents" in this appendix;

(i) the service contract as referred to in the paragraph headed "Service contract" in this appendix;

(j) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(k) the circular of the Company dated 23 October 2009 in relation to, among other things, the Acquisition and containing the accountants' reports of the North Asia Group, the texts of which are reproduced in Appendix I to this circular; and

(l) 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 OF SPECIAL GENERAL MEETING

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 9th Floor, Wincome Centre, Nos. 39–41 Des Voeux Road Central, Hong Kong on Wednesday, 20 January 2010 at 11:00 a.m., for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT** the conditional sale and purchase agreement (the "**Disposal Agreement**") dated 23 November 2009 entered into between the Company, as vendor, Marigold Worldwide Group Limited (the "**Purchaser**"), a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Guarantor (as defined below), as purchaser, and Mr. Yam Tak Cheung (the "**Guarantor**"), the beneficial owner of the entire issued share capital of the Purchaser, as guarantor, in relation to the sale and purchase of the one issued share of US$1.00 of Green Global Agro-Conservation Resources Limited ("**GGA**") ("**GGA Sale Share**"), representing the entire issued share capital of GGA, the one issued share of US$1.00 of Green Global Bioenergy Limited ("**GGB**") ("**GGB Sale Share**"), representing the entire issued share capital of GGB, and the sum of the outstanding loans (the "**Sale Loans**") owed by GGA, GGB and their respective subsidiaries (the "**Disposal Group**") to the Company and its subsidiaries (other than the Disposal Group) on completion of the Disposal Agreement, which amounted to approximately HK$467.8 million as at 30 June 2009 (a copy of which is marked "A" and produced to the SGM and signed by the chairman of the SGM for identification purpose) be and is hereby ratified, confirmed and approved and the directors (the "**Directors**") of the Company be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Disposal Agreement and the transactions contemplated thereunder."

By order of the Board
Green Global Resources Limited
Tse Michael Nam
Chairman

Hong Kong, 31 December 2009

* *for identification purpose only*

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 inrespect thereof.