26th February, 2010

The Board of Directors
Shell Electric Holdings Limited
1/F., Shell Industrial Building
12 Lee Chung Street
Chai Wan Industrial District
Hong Kong

Dear Sirs,

Introduction

We set out below our report on the financial statements of Shell Electric Holdings Limited (the "Privateco") and its subsidiaries, including the combined statements of financial position as at 31st December, 2006, 2007 and 2008 and 30th June, 2009, and the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31st December, 2006, 2007 and 2008 and the six months ended 30th June, 2009 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory notes thereto (collectively the "Combined Financial Statements"), for inclusion in the composite offer document dated 26th February, 2010 in connection with the voluntary unconditional cash offer for the shares of the Privateco by Access Capital Limited on behalf of Red Dynasty Investments Limited ("Red Dynasty") (other than those shares already owned by Red Dynasty and parties acting in concert with it) (the "Privateco Offer").

The Privateco was incorporated in Bermuda on 20th August, 2009 with limited liability. Pursuant to the group restructuring (the "Group Restructuring"), the capital reorganisation (the "Capital Reorganisation") and the subscription of new shares (the "Subscription") proposed by the directors of Shell Electric Mfg. (Holdings) Company Limited (the "Company") as set out in the circular of the Company dated 8th December, 2009 which was approved by the shareholders of the Company in the extraordinary general meeting on 31st December, 2009, the Privateco has acquired certain subsidiaries of the Company and certain assets and liabilities of the Company which constitute the businesses conducted directly by the

Company (the "Company Business") by issuing shares to the Company (the "Transfer"). In addition, all the shares of the Privateco held by the Company were distributed in specie to the shareholders of the Company upon fulfillment of all the conditions to the Group Restructuring on 10th February, 2010, which include the Capital Reorganisation becoming effective and all the conditions to completion of the Subscription having been fulfilled or waived. Following the completion of the Group Restructuring, the Capital Reorganisation and the Subscription, Access Capital Limited is to make the Privateco Offer, which is unconditional, on behalf of Red Dynasty.

Upon completion of the Transfer, the Privateco would carry on the Company Business and become the holding company of the entities (the "Privateco Entities") set out in notes 49, 50 and 51 to the Combined Financial Statements (collectively the "Privateco Group"). On the date of this report, the group structure intended under the Group Restructuring is effectively in place. No audited financial statements have been prepared for Privateco since its date of incorporation as it was newly incorporated and has not been involved in any significant business transactions.

Certain Privateco Entities prepared statutory financial statements throughout the Relevant Periods, details of the statutory auditors of the Privateco Entities are set out in notes 49, 50 and 51 to the Combined Financial Statements.

No audited financial statements of the Privateco and any of the Privateco Entities have been made up subsequent to 30th June, 2009.

Basis of preparation

The Combined Financial Statements has been prepared by the directors of Privateco (the "Directors") based on the audited financial statements, or where appropriate, unaudited financial statements of the Company, the Privateco and the Privateco Entities, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The combined statements of financial position of Privateco Group as at 31st December, 2006, 2007 and 2008, and 30th June, 2009 have been prepared to present the assets and liabilities of the Privateco Group as if the group structure intended under the Group Restructuring had been in existence on those dates. The combined income statements, combined statements of comprehensive income and combined statements of cash flows have been prepared to include the results and cash flows of Privateco Group as if the group structure intended under the Group Restructuring had been in existence throughout the Relevant Periods, or since the respective dates of incorporation/establishment or acquisition of the relevant Privateco Entities which were incorporated/established or acquired at a date later than 1st January, 2006, or up to the date of disposal of the relevant Privateco Entities.

The Combined Financial Statements also complies with the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. No adjustments have been made by us to the financial statements of the Company, the Privateco and the Privateco Entities in preparing the Combined Financial Statements.

Responsibility

The Directors are responsible for preparing the Combined Financial Statements which are free from material misstatement and gives a true and fair view. In preparing the Combined Financial Statements which gives a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable in the circumstances.

It is our responsibility to form an independent opinion, based on our audit, on the Combined Financial Statements and to report our opinion to you.

Basis of opinion

As a basis for forming an opinion on the Combined Financial Statements for the purpose of this report, we have carried out appropriate audit procedures in respect of the audited financial statements, or where appropriate, the unaudited financial statements of the Company, the Privateco and the Privateco Entities for each of the three years ended 31st December, 2006, 2007 and 2008 and for the six months ended 30th June, 2009 in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline – Prospectuses and the Reporting Accountant (Statement 3.340) issued by the HKICPA.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Combined Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Combined Financial Statements, and of whether the accounting policies are appropriate to Privateco Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Combined Financial Statements is free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of the Combined Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, on the basis of presentation set out in note 2 to the Combined Financial Statements, the Combined Financial Statements gives, for the purpose of this report, a true and fair view of the state of affairs of Privateco Group as at 31st December, 2006, 2007 and 2008 and 30th June, 2009, and of the combined results and combined cash flows of the Priveteco Group for each of the three years ended 31st December, 2006, 2007 and 2008 and for the six months ended 30th June, 2009.

Corresponding Financial Statements

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial statements of the Privateco Group comprising the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30th June, 2008, together with the notes thereon (the "30th June, 2008 Corresponding Financial Statements"), for which the Directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the 30th June, 2008 Corresponding Financial Statements based on our review.

A review consists of making inquiries, 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 30th June, 2008 Corresponding Financial Statements.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the 30th June, 2008 Corresponding Financial Statements is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Combined Financial Statements.

COMBINED INCOME STATEMENTS

		Year ended 31st December,			Six months ended 30th June,	
		2006	2007	2008	2008	2009
					(Unaudited)	
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*5*	1,324,926	1,418,298	1,201,894	597,854	542,295
Cost of goods and services		(1,078,187)	(1,153,524)	(969,721)	(482,426)	(428,174)
Gross profit		246,739	264,774	232,173	115,428	114,121
Other income	*7*	55,903	65,213	87,461	43,459	43,426
Distribution and selling expenses		(32,166)	(24,938)	(23,748)	(11,724)	(14,082)
Administrative expenses		(162,472)	(149,958)	(148,023)	(90,164)	(62,740)
Other operating expenses		(41,641)	(26,536)	(32,368)	(9,791)	(18,112)
Other gains/(losses)						
Fair value gain/(loss) on investment properties	*13*	125,621	68,067	(70,251)	17,387	(120,925)
Fair value gain/(loss) on investments held for trading		53,068	20,025	(62,286)	(27,367)	14,491
Fair value gain/(loss) on derivative financial instruments		1,292	(8,030)	–	–	(1,073)
Impairment loss on goodwill	*16*	(1,473)	–	–	–	–
Impairment loss on owner-occupied property	*14&15*	(393)	–	(3,423)	(5,948)	(992)
Impairment losses on other assets		(6,358)	(5,494)	–	–	–
Reversal of impairment of financial assets		–	21,008	7,684	1,716	–
Gain on disposal of a subsidiary		–	512	–	–	–
Others		5,676	24,754	25,802	34,322	1,329
Operating profit/(loss)		243,796	249,397	13,021	67,318	(44,557)
Finance costs	*9*	(31,381)	(43,329)	(43,051)	(23,966)	(9,218)
Share of results of associates		53,336	80,512	46,354	41,324	(4,816)
Share of results of jointly controlled entities		–	3,541	2,456	767	1,020
Gain on disposal of an associate	*31(b)*	–	45,302	–	–	–
Profit/(Loss) before income tax	*8*	265,751	335,423	18,780	85,443	(57,571)
Income tax expense	*10*	(53,024)	(24,330)	(38,232)	(31,411)	(85,436)
Profit/(Loss) for the year/period		212,727	311,093	(19,452)	54,032	(143,007)
Profit/(Loss) for the year/period attributable to:						
Owners of the Privateco		212,186	310,390	(16,805)	54,600	(142,460)
Non-controlling interests		541	703	(2,647)	(568)	(547)
		212,727	311,093	(19,452)	54,032	(143,007)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(Loss) for the year/period	212,727	311,093	(19,452)	54,032	(143,007)
Other comprehensive income					
Exchange difference arising from translation of overseas operations					
– subsidiaries	24,502	39,752	95,258	50,673	3,556
– associates and jointly controlled entities	1,021	(478)	(25,189)	(1,782)	1,964
	25,523	39,274	70,069	48,891	5,520
Fair value change on available-for-sale financial assets	(13,020)	–	–	–	–
Other comprehensive income for the year/period, net of tax	12,503	39,274	70,069	48,891	5,520
Total comprehensive income for the year/period	225,230	350,367	50,617	102,923	(137,487)
Total comprehensive income attributable to:					
Owners of the Privateco	225,025	349,605	53,195	103,428	(136,940)
Non-controlling interests	205	762	(2,578)	(505)	(547)
	225,230	350,367	50,617	102,923	(137,487)

Notes:

(i) There were no extraordinary items and exceptional items for the Privateco Group during each of the three financial years ended 31st December, 2008 and the six months ended 30th June, 2009.

(ii) Basic earnings/(loss) per share for the years ended 31st December, 2006, 2007 and 2008 and the six months ended 30th June 2008 and 30th June 2009 is HK$0.405, HK$0.593, (HK$0.032), HK$0.104 and (HK$0.272) respectively, which is calculated based on the combined profit/(loss) attributable to the owners of the Privateco for each of the Relevant Periods, and on the assumption that 523,484,562 shares as mentioned in note 35 were in issue throughout the Relevant Periods. Diluted earnings per share is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

(iii) Dividend declared and dividend paid are disclosed in note 11.

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31st December, 2006 HK$'000	2007 HK$'000	2008 HK$'000	As at 30th June, 2009 HK$'000
Non-current assets					
Investment properties	13	698,265	715,494	660,068	540,234
Property, plant and equipment	14	133,842	142,854	160,669	168,049
Prepaid lease rental on land	15	16,621	17,357	17,731	16,654
Goodwill	16	–	–	–	–
Other intangible asset	17	169,699	182,077	193,330	193,415
Interests in associates	18	289,383	366,962	418,860	413,266
Interests in jointly controlled entities	19	–	4,321	4,263	3,708
Available-for-sale financial assets	20	2,920	7,990	2,920	2,920
Loans receivable	21	166,805	152,668	130,138	121,284
Other receivable		502	–	–	–
Deferred tax assets	38	–	–	1,908	1,980
Deposit paid for acquisition of other investment	22	10,139	77,496	–	–
		1,488,176	1,667,219	1,589,887	1,461,510
Current assets					
Inventories	23	98,617	112,916	123,332	83,129
Trade and other receivables, prepayments and deposits	24	224,817	277,367	287,258	199,198
Prepaid lease rental on land	15	390	418	444	444
Loans receivable	21	17,787	3,853	15,345	15,351
Amounts due from associates	25	1,075	6,535	–	–
Amount due from a jointly controlled entity	25	–	29	18	–
Amounts due from investees	25	12,013	6,717	20,831	7,744
Amounts due from related parties	26	179,705	341,753	779,425	800,731
Investments held for trading	27	184,884	48,381	20,643	41,301
Derivative financial instruments	28	1,292	–	–	–
Tax prepaid		879	6,081	6,142	2,915
Pledged cash deposits		–	876,858	–	–
Restricted cash and deposits	29	–	16,398	–	–
Cash and cash equivalents	30	336,279	320,017	470,827	427,309
		1,057,738	2,017,323	1,724,265	1,578,122
Assets classified as held for sale	31	156,504	–	–	–
		1,214,242	2,017,323	1,724,265	1,578,122

	NOTES	As at 31st December, 2006 HK$'000	2007 HK$'000	2008 HK$'000	As at 30th June, 2009 HK$'000
Current liabilities					
Trade and other payables	32	292,699	313,207	335,563	231,659
Amount due to an associate		101	–	118	156
Amount due to a jointly controlled entity	33	–	2,044	–	–
Amounts due to related parties	33	–	100,291	104,617	291
Taxation liabilities		53,334	53,041	57,856	131,774
Derivative financial instruments	28	–	6,738	–	1,073
Bank borrowings	34	379,573	959,819	209,152	354,167
		725,707	1,435,140	707,306	719,120
Net current assets		488,535	582,183	1,016,959	859,002
Total assets less current liabilities		1,976,711	2,249,402	2,606,846	2,320,512
Non-current liabilities					
Bank borrowings	34	106,576	103,394	471,445	344,116
Loan from a minority shareholder	37	2,639	3,005	3,386	3,490
Other liabilities		–	–	6,155	10,145
Deferred tax liabilities	38	37,033	47,949	59,012	53,327
		146,248	154,348	539,998	411,078
Net assets		1,830,463	2,095,054	2,066,848	1,909,434
Capital and reserves					
Share capital	35	–	–	–	–
Reserves	36	1,819,654	2,083,483	2,057,855	1,900,988
Equity attributable to owners of the Privateco		1,819,654	2,083,483	2,057,855	1,900,988
Non-controlling interests		10,809	11,571	8,993	8,446
Total equity		1,830,463	2,095,054	2,066,848	1,909,434

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Privateco										
	Share capital *HK$'000*	Capital reserve *HK$'000*	Translation reserve *HK$'000*	Available-for-sale financial assets revaluation reserve *HK$'000*	Assets revaluation reserve *HK$'000*	Dividend reserve *HK$'000*	Statutory reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1st January, 2006	–	273,442	9,946	13,020	1,481	40,039	–	1,316,759	1,654,687	10,604	1,665,291
Net profit for the year	–	–	–	–	–	–	–	212,186	212,186	541	212,727
Exchange difference arising on											
– translation of overseas operations	–	–	24,786	–	52	–	–	–	24,838	(336)	24,502
– translation of overseas associates and jointly controlled entities	–	–	1,021	–	–	–	–	–	1,021	–	1,021
Fair value change on available-for sale financial assets	–	–	–	(13,020)	–	–	–	–	(13,020)	–	(13,020)
Total comprehensive income for the year	–	–	25,807	(13,020)	52	–	–	212,186	225,025	205	225,230
Dividend declared/proposed *(note 11)*	–	–	–	–	–	62,058	–	(62,058)	–	–	–
Dividend paid *(note 11)*	–	–	–	–	–	(60,058)	–	–	(60,058)	–	(60,058)
Appropriations	–	–	–	–	–	–	49	(49)	–	–	–
Transactions with owners	–	–	–	–	–	2,000	49	(62,107)	(60,058)	–	(60,058)
At 31st December, 2006	–	273,442	35,753	–	1,533	42,039	49	1,466,838	1,819,654	10,809	1,830,463
At 1st January, 2007	–	273,442	35,753	–	1,533	42,039	49	1,466,838	1,819,654	10,809	1,830,463
Net profit for the year	–	–	–	–	–	–	–	310,390	310,390	703	311,093
Exchange difference arising on											
– translation of overseas operations	–	–	39,581	–	112	–	–	–	39,693	59	39,752
– translation of overseas associates and jointly controlled entities	–	–	(478)	–	–	–	–	–	(478)	–	(478)
Total comprehensive income for the year	–	–	39,103	–	112	–	–	310,390	349,605	762	350,367
Dividend declared/proposed *(note 11)*	–	–	–	–	–	105,097	–	(105,097)	–	–	–
Released upon wind up of a subsidiary	–	–	(1,649)	–	–	–	(49)	–	(1,698)	–	(1,698)
Dividend paid *(note 11)*	–	–	–	–	–	(84,078)	–	–	(84,078)	–	(84,078)
Transactions with owners	–	–	(1,649)	–	–	21,019	(49)	(105,097)	(85,776)	–	(85,776)
At 31st December, 2007	–	273,442	73,207	–	1,645	63,058	–	1,672,131	2,083,483	11,571	2,095,054

	Attributable to owners of the Privateco										
	Share capital HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Assets revaluation reserve HK$'000	Dividend reserve HK$'000	Statutory reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st January, 2008	-	273,442	73,207	-	1,645	63,058	-	1,672,131	2,083,483	11,571	2,095,054
Net loss for the year	-	-	-	-	-	-	-	(16,805)	(16,805)	(2,647)	(19,452)
Exchange difference arising on - translation of overseas operations	-	-	95,189	-	-	-	-	-	95,189	69	95,258
- translation of overseas associates and jointly controlled entities	-	-	(25,189)	-	-	-	-	-	(25,189)	-	(25,189)
Total comprehensive income for the year	-	-	70,000	-	-	-	-	(16,805)	53,195	(2,578)	50,617
Dividend declared/ proposed *(note 11)*	-	-	-	-	-	31,470	-	(31,470)	-	-	-
Dividend paid *(note 11)*	-	-	-	-	-	(78,823)	-	-	(78,823)	-	(78,823)
Transactions with owners	-	-	-	-	-	(47,353)	-	(31,470)	(78,823)	-	(78,823)
At 31st December, 2008	-	273,442	143,207	-	1,645	15,705	-	1,623,856	2,057,855	8,993	2,066,848
At 1st January, 2009	-	273,442	143,207	-	1,645	15,705	-	1,623,856	2,057,855	8,993	2,066,848
Net loss for the period	-	-	-	-	-	-	-	(142,460)	(142,460)	(547)	(143,007)
Exchange difference arising on - translation of overseas operations	-	-	3,556	-	-	-	-	-	3,556	-	3,556
- translation of overseas associates and jointly controlled entities	-	-	1,964	-	-	-	-	-	1,964	-	1,964
Total comprehensive income for the period	-	-	5,520	-	-	-	-	(142,460)	(136,940)	(547)	(137,487)
Dividend declared/ proposed *(note 11)*	-	-	-	-	-	10,470	-	(10,470)	-	-	-
Dividend paid *(note 11)*	-	-	-	-	-	(15,705)	-	-	(15,705)	-	(15,705)
Capital reduction *(note)*	-	-	-	-	-	-	-	(4,222)	(4,222)	-	(4,222)
Transactions with owners	-	-	-	-	-	(5,235)	-	(14,692)	(19,927)	-	(19,927)
At 30th June, 2009	-	273,442	148,727	-	1,645	10,470	-	1,466,704	1,900,988	8,446	1,909,434

Note: In February 2009, the Company repurchased a total of 2,000,000 of its own ordinary shares of HK$0.5 each at an aggregate price of HK$4,200,000 (before expenses). All of these shares had been cancelled upon being repurchased. The repurchase of the shares which was being recognised and deducted directly in equity represents a capital reduction from the shareholders of the Company.

	Attributable to owners of the Privateco										
	Share capital *HK$'000*	Capital reserve *HK$'000*	Translation reserve *HK$'000*	Available-for-sale financial assets revaluation reserve *HK$'000*	Assets revaluation reserve *HK$'000*	Dividend reserve *HK$'000*	Statutory reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1st January, 2008	–	273,442	73,207	–	1,645	63,058	–	1,672,131	2,083,483	11,571	2,095,054
Net profit/(loss) for the period	–	–	–	–	–	–	–	54,600	54,600	(568)	54,032
Exchange difference arising on											
– translation of overseas operations	–	–	50,610	–	–	–	–	–	50,610	63	50,673
– translation of overseas associates and jointly controlled entities	–	–	(1,782)	–	–	–	–	–	(1,782)	–	(1,782)
Total comprehensive income for the period	–	–	48,828	–	–	–	–	54,600	103,428	(505)	102,923
Dividend declared/ proposed *(note 11)*	–	–	–	–	–	15,765	–	(15,765)	–	–	–
Dividend paid *(note 11)*	–	–	–	–	–	(63,058)	–	–	(63,058)	–	(63,058)
Transactions with owners	–	–	–	–	–	(47,293)	–	(15,765)	(63,058)	–	(63,058)
At 30th June, 2008 (Unaudited)	–	273,442	122,035	–	1,645	15,765	–	1,710,966	2,123,853	11,066	2,134,919

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31st December,			Six months ended 30th June, (Unaudited)	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities					
Profit/(Loss) before income tax	265,751	335,423	18,780	85,443	(57,571)
Adjustments for					
Share of results of associates	(53,336)	(80,512)	(46,354)	(41,324)	4,816
Share of results of jointly controlled entities	–	(3,541)	(2,456)	(767)	(1,020)
Gain on disposal of an associate	–	(45,302)	–	–	–
Gain on disposal of a subsidiary	–	(512)	–	–	–
Fair value (gain)/loss on investment properties	(125,621)	(68,067)	70,251	(17,387)	120,925
Fair value (gain)/loss on investments held for trading and derivative financial instruments	(13,480)	28,457	28,687	21,664	(6,898)
Depreciation and amortisation	13,562	16,113	18,039	8,675	11,367
Impairment loss on financial and non-financial assets	13,993	15,515	17,653	7,786	5,628
Allowance/(Reversal of allowance) of inventories	182	(5,443)	(2,935)	747	1,781
Reversal of impairment of financial assets	–	(21,008)	(7,684)	(1,716)	–
Write back of long outstanding payables	–	–	(3,691)	–	–
Interest income	(24,709)	(39,384)	(60,820)	(30,156)	(29,404)
Finance costs	31,381	43,329	43,051	23,966	9,218
(Gain)/Loss on disposal of property, plant and equipment	(128)	619	(500)	–	(313)
Written-off of property, plant and equipment	576	146	82	7	1
Exchange difference	(7,487)	(19,854)	27,062	20,132	(2,415)
Operating cash flows before movements in working capital	100,684	155,979	99,165	77,070	56,115
(Increase)/Decrease in inventories	(10,688)	(8,856)	(2,950)	16,512	38,458
(Increase)/Decrease in trade and other receivables, prepayments and deposits	(24,936)	(23,723)	(52,580)	(27,634)	84,526
Decrease/(Increase) in amounts due from associates	17,685	(5,460)	6,535	6,176	–
(Increase)/Decrease in amount due from a jointly controlled entity	–	(29)	11	23	18
(Increase)/Decrease in amounts due from investees	(5,263)	5,296	(14,114)	(1,229)	13,087
(Increase)/Decrease in amounts due from related parties	(67,066)	(141,197)	(416,021)	1,367	–
(Increase)/Decrease in investments held for trading	(67,983)	116,076	(7,687)	(39,634)	(12,687)
Increase/(Decrease) in trade and other payables	28,879	12,989	22,213	51,056	(101,111)
Increase in amount due to an associate	–	–	118	–	38
Increase/(Decrease) in amount due to a jointly controlled entity	–	2,044	(2,044)	(2,044)	–
Increase/(Decrease) in amounts due to related parties	–	100,291	4,326	–	(104,326)

	Year ended 31st December,			Six months ended 30th June, (Unaudited)	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash (used in)/generated from operations	(28,688)	213,410	(363,028)	81,663	(25,882)
Hong Kong profits tax (paid)/refund	(11,287)	(17,525)	(20,702)	(15,530)	1,065
Tax paid in other jurisdictions	(684)	(3,226)	(5,789)	(2,507)	(15,139)
Net cash (outflow)/inflow from operating activities	(40,659)	192,659	(389,519)	63,626	(39,956)
Investing activities					
Interest received	25,017	17,948	76,804	34,582	8,225
Dividend received from an associate	1,045	1,040	–	–	–
Dividend received from a jointly controlled entity	–	–	2,575	1,756	1,570
Acquisition of additional interest in a subsidiary	(1,473)	–	–	–	–
Purchases of investment properties	(6,268)	(3,921)	(413)	–	(980)
Purchases of property, plant and equipment	(20,366)	(21,573)	(33,176)	(8,569)	(18,798)
Proceeds on disposal of property, plant and equipment	1,384	633	1,805	–	514
Proceeds on disposal of a subsidiary	–	180	–	–	–
Proceeds on disposal of an associate	–	176,892	–	–	–
Proceeds on disposal of investment properties	31,420	68,556	–	–	–
(Deposit paid)/Return of deposit for investment in convertible and non-convertible notes	(10,139)	(77,496)	77,496	77,496	–
(Increase)/Decrease in pledged cash deposits	–	(876,858)	876,858	60,819	–
(Increase)/Decrease in restricted cash and deposits	–	(16,398)	16,398	16,398	–
Repayment of loans receivable, net	176,315	30,906	21,718	10,911	11,368
Amounts recovered from impairment of financial assets	–	21,008	5,968	6,850	–
Net cash inflow/(outflow) from investing activities	196,935	(679,083)	1,046,033	200,243	1,899
Financing activities					
New bank and other borrowings	1,125,004	1,693,151	1,315,859	766,200	265,585
Repayment of bank and other borrowings	(1,020,039)	(1,116,087)	(1,714,779)	(1,081,741)	(241,056)
Dividends paid	(60,058)	(84,078)	(78,823)	(63,058)	(15,705)
Interest paid	(31,139)	(41,195)	(42,396)	(24,499)	(12,047)
Payment for repurchase of shares	–	–	–	–	(4,222)
Net cash inflow/(outflow) from financing activities	13,768	451,791	(520,139)	(403,098)	(7,445)
Net increase/(decrease) in cash and cash equivalents	170,044	(34,633)	136,375	(139,229)	(45,502)
Cash and cash equivalents at beginning of the year/period	159,782	336,279	320,017	320,017	470,827
Effect of foreign exchange rate change	6,453	18,371	14,435	15,030	1,984
Cash and cash equivalents at end of the year/period	336,279	320,017	470,827	195,818	427,309

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Shell Electric Holdings Limited (the "Privateco") was incorporated in Bermuda on 20th August, 2009 with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its principal activity is investment holding and it has not been involved in any significant business transactions.

The Privateco was a wholly-owned subsidiary of Shell Electric Mfg. (Holdings) Company Limited (the "Company"). As mentioned in note 2 below, all the shares of the Privateco were distributed in specie to the shareholders of the Company on 10th February, 2010.

2. BASIS OF PREPARATION

Pursuant to the group restructuring (the "Group Restructuring") proposed by the directors of the Company and approved by the shareholders of the Company in the extraordinary general meeting on 31st December, 2009:

(i) the Privateco has acquired certain subsidiaries of the Company and certain assets and liabilities of the Company which constitute the businesses of fan trading and property leasing conducted directly by the Company (the "Company Business") by issuing shares to the Company (the "Transfer"); and

(ii) all the shares of the Privateco held by the Company were distributed in specie to the shareholders of the Company on 10th February, 2010 upon fulfillment of all the conditions to the Group Restructuring.

Upon completion of the Transfer, the Privateco would carry on the Company Business and become holding company of the subsidiaries as set out in note 49 (collectively the "Privateco Group"). The principal activities carried out by the subsidiaries mainly include manufacturing and marketing, as well as contract manufacturing, of electrical household appliances, property leasing, security trading and taxi rental. Certain subsidiaries had, during the reporting period, interests in associates and jointly controlled entities (collectively the "Privateco Entities") as set out in notes 50 and 51 respectively which mainly conducted the businesses of property investment and development and property leasing during the reporting period. The business retained by the Company and its subsidiaries not transferred to the Privateco (the "Remaining Group") represents property investment and development in Mainland China.

On the date of this report, the group structure intended under the Group Restructuring is effectively in place. As assessed by the directors of the Company and the directors of the Privateco (the "Directors"), the formality in relation to the Transfer which is yet to be completed on the date of this report is customary and nothing has come to their attention that would hinder the completion of the Transfer.

As the Privateco and the Privateco Entities were directly or indirectly controlled by the Company prior to and after the Transfer, the combined statements of financial position of the Privateco Group as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 have been prepared using merger accounting (as further explained in note 3.2(a)) to present the assets and liabilities of the Privateco Group as if the group structure intended under the Group Restructuring had been in existence on those dates. The combined income statements, combined statements of comprehensive income, combined statements of cash flows and combined statements of changes in equity for the years ended 31st December, 2006, 2007 and 2008 and the six months ended 30th June, 2009 (the "Relevant Periods") have been prepared using merger accounting to include the results and cash flows of the Privateco Group as if the group structure intended under the Group Restructuring had been in existence throughout the Relevant Periods, or since the respective dates of incorporation/establishment or acquisition of the relevant Privateco Entities which were incorporated/established or acquired at a date later than 1st January, 2006, or up to the date of disposal of the relevant Privateco Entities.

The combined financial statements of the Privateco Group for the Relevant Periods (the "Combined Financial Statements") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These are the first set of financial statements of the Privateco Group and the Directors have adopted, in the first time, HKFRSs in preparing these financial statements.

For the purpose of preparing this Combined Financial Statements, the Privateco Group has adopted all applicable HKFRSs that are effective for the accounting period beginning 1st January, 2009, throughout

the Relevant Periods to the extent required by the HKFRSs. The Privateco Group did not adopt the following HKFRSs that are issued at the date of this report but are not yet effective for the Relevant Periods:

HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[4]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2008 – amendments to HKFRS 5[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009[3]
HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[2]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1st July, 2009
2 Effective for transfers of assets from customers received on or after 1st July, 2009
3 Generally effective for annual periods beginning on or after 1st January, 2010 unless otherwise stated in the specific HKFRSs
4 Effective for annual periods beginning on or after 1st January, 2010
5 Effective for annual periods beginning on or after 1st February, 2010
6 Effective for annual periods beginning on or after 1st July, 2010
7 Effective for annual periods beginning on or after 1st January, 2011
8 Effective for annual periods beginning on or after 1st January, 2013

HKFRS 3 (Revised) introduces changes to the accounting requirements for business combinations, but still requires the use of the purchase method and will have a significant effect on business combinations occurring in reporting periods beginning on or after 1st July, 2009. HKAS 27 (Revised) introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Privateco Group's interest in subsidiaries. The Directors anticipate that the application of the other new or revised HKFRSs will not result in material impact on the Privateco Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 General

The significant accounting policies adopted by the Directors in preparing the Combined Financial Statements of the Privateco Group are summarised below. These policies have been consistently applied throughout the Relevant Periods unless otherwise stated.

The Combined Financial Statements have been prepared under the historical cost convention except for investment properties, financial instruments classified as available-for-sale and at fair value through profit or loss, and derivative financial instruments which are measured at fair values. Disposal groups and non-current assets held for sale (other than investment properties) are stated at the lower of their carrying amounts and fair values less costs to sell. Their measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions have been used in preparing the Combined Financial Statements. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Combined Financial Statements, are disclosed in note 4 "Critical Accounting Estimates and Judgements".

3.2 Basis of consolidation

(a) Business combinations under common control

Business combinations arising from transfers of interests in entities or businesses that are under the common control of shareholders are accounted for using merger accounting. Under merger accounting, the net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties' interests. The combined income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. All significant intra-group transactions and balances have been eliminated on combination.

(b) Other business combinations involving acquisitions of subsidiaries and non-controlling interests

Subsidiaries (note 3.3) are consolidated from the date of acquisition, being the date on which the Privateco Group obtains control, and continue to be consolidated until the date that such control ceases. All intercompany transactions, balances and unrealised profit on transactions within the Privateco Group are eliminated on consolidation. Unrealised losses resulting from intercompany transaction are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

The acquisition of subsidiaries during the Relevant Periods has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired and liabilities including contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. For business combination achieved in stages, adjustment to fair values relating to previously held interests of the acquirer is a revaluation which is dealt with in the asset revaluation reserve in equity.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Privateco Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of original business combination and the share of changes in equity by non-controlling interests since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Privateco Group except to the extent that the non-controlling interests have a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the non-controlling interests only after the share of losses of non-controlling interests previously absorbed by the Privateco Group has been recovered.

Acquisitions of non-controlling interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

3.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Privateco Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Privateco Group controls another entity.

3.4 Associates and jointly controlled entities

A jointly controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity. An associate is an entity, not being a subsidiary or a jointly controlled entity, in which the Privateco Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

Interests in associates and jointly controlled entities are accounted for in the Combined Financial Statements under the equity method of accounting. Under equity method of accounting, investments are initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Privateco Group's share of the associates' and the jointly controlled entities' net assets. The income statement includes the Privateco Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the year/period, less any identified impairment loss. Where the profit sharing ratio is different to the Privateco Group's equity interest in a jointly controlled entity, the share of post-acquisition results of the jointly controlled entity is determined based on the agreed profit sharing ratio. The Privateco Group's share of the post-acquisition post-tax items of other comprehensive income of the associates and jointly controlled entities is included in the statement of comprehensive income.

Unrealised profit on transactions between the Privateco Group and its associates and jointly controlled entities are eliminated to the extent of the Privateco Group's interest in the associates and jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

When the Privateco Group's share of losses in an associate/a jointly controlled entity equals or exceeds its interest in the associate/jointly controlled entity, the Privateco Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/jointly controlled entity.

When an interest in an associate or a jointly controlled entity is classified as held for sale, it is accounted for in accordance with HKFRS 5 (note 3.8).

3.5 Goodwill

Goodwill arising from the acquisition of subsidiaries, associates and jointly controlled entities represents the excess of the cost of the business combination over the Privateco Group's interest in the fair value of the identifiable assets acquired and liabilities including contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is initially recognised in the combined statement of financial position as an asset at cost and subsequently measured at cost less any accumulated impairment losses. In case of associates and jointly controlled entities, goodwill is included in the carrying amount of the interests in associates and jointly controlled entities, respectively, rather than recognised as a separate asset on the combined statement of financial position.

Goodwill is reviewed for impairment annually at the end of the reporting period or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired (note 3.11). On subsequent disposal of a subsidiary, associate or jointly controlled entity, the carrying amount of goodwill relating to the entity sold is included in determining the amount of gain or loss on disposal.

3.6 Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purpose.

Investment property is initially stated at cost, including directly attributable costs, and subsequently stated at fair value as determined by external professional valuers to reflect the prevailing market conditions at the end of reporting period. Any gain or loss resulting from either a change in the fair value or disposal of an investment property is immediately recognised in income statement. Rental income from investment properties is accounted for as described in note 3.26(iv).

For a transfer from investment property carried at fair value to owner-occupied property, the property's deemed cost for subsequent accounting is its fair value at the date of change in use. For property occupied by the Privateco Group as an owner-occupied property which becomes an investment property, the Privateco Group accounts for such property in accordance with the policy of property, plant and equipment (note 3.7) up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with in assets revaluation reserve. On disposal of the property, the assets revaluation reserve is transferred to retained profits as a movement in reserves.

3.7 Property, plant and equipment

Freehold land is stated at cost and is not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 3.11). When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5 (note 3.8).

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is provided to write off the cost of each item of property, plant and equipment less its residual value, if applicable, over its estimated useful lives on a straight-line basis at the following rates per annum:

Category of property, plant and equipment	Annual rates
Land and buildings *(note 3.10)*	2% to 5%
Plant, machinery, tools, moulds and equipment	10% to 20%
Furniture, fixtures and office equipment	10% to 33.33%
Motor vehicles (including taxi)	20% to 33.33%

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the item and is recognised in the income statement.

3.8 Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups. Non-current assets and disposal groups (other than investment properties) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3.9 Intangible assets (Other than goodwill)

Intangible assets are recognised initially at cost. After initial recognition, intangible assets with indefinite useful lives are not amortised but reviewed for impairment annually (note 3.11) either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Research and development expenditures

Expenditure incurred on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development expenditure is

recognised only if the Privateco Group can demonstrate the technical feasibility of the intangible asset; how economic benefits are generated from the intangible asset, the availability of resources to complete the development of the intangible asset, the ability to measure the expenditure attributable to the intangible asset reliably, the Privateco Group's intention to complete the intangible asset and the Privateco Group's ability to use or sell it. Other development expenditure is recognised as an expense in the period in which it is incurred. Deferred development expenditures are stated at cost less any impairment losses and are amortised on a straight-line basis over the commercial lives of the underlying products.

Taxi licences

Cost incurred in the acquisition of permanent taxi operating licences, which have indefinite useful lives, are carried at cost less any impairment losses and are not amortised.

3.10 Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Privateco Group is the lessor, assets leased by the Privateco Group under operating leases are included in non-current asset, and rental receivable under the operating leases are credited to the income statement on a straight-line basis over the lease terms. Where the Privateco Group is the lessee, rentals payable under the operating leases, net of any incentives received or receivable, are charged to the income statement on a straight-line basis over the lease terms.

Prepaid lease rental on land are up-front prepayments made for the leasehold land and land use rights which are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on a straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in cost of land and buildings as a finance lease in property, plant and equipment (note 3.7).

3.11 Impairment of non-financial assets

Goodwill, other intangible assets, property, plant and equipment and interests in associates and jointly controlled entities are subject to impairment testing. Goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Privateco Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised.

A reversal of such impairment is credited to income statement in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

3.12 Investments and other financial assets

Financial assets within the scope of HKAS 39 are classified into one of the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and, where allowed and appropriate, re-evaluates this designation at the end of reporting period.

All financial assets are recognised when, and only when, the Privateco Group becomes a party to the contractual provisions of the instrument. The Privateco Group assesses whether a contract contains an embedded derivative when the Privateco Group first becomes a party to it. The embedded derivatives are separated from the host contract when the analysis shows that the economic characteristics and the risks of the embedded derivatives are not closely related to those of the host contract.

All regular way purchases and sales of financial assets are recognised on trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading which are classified as "Investments held for trading" in the statement of financial position and financial assets designated by the Privateco Group on initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Subsequent to initial recognition, financial assets included in this category are measured at fair value with changes in fair value recognised in income statement. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividends or interests earned on these financial assets. Interests or dividends earned on these financial assets are recognised in the income statement in accordance with the policies set out in note 3.26.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Loans and receivables

Loans and receivables including amounts due from related parties are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other categories of financial assets. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income and accumulated in equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income and equity is included in the income statement. Interests or dividends earned on these financial assets are recognised in the income statement in accordance with the policies set out in note 3.26.

The fair value of available-for-sale monetary assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income and equity.

When the fair value of unlisted equity instruments cannot be reliably measured because the variability in the range of reasonable fair value estimates is significant for that investment or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such instruments are stated at cost less any impairment losses.

3.13 Impairment of financial assets

At the end of each reporting period, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that come to the attention of the Privateco Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data include but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group. If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of impairment loss is recognised in the income statement of the period in which the impairment occurs. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Privateco Group.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale financial assets

If there is objective evidence that an available-for-sale financial asset is impaired, an amount comprising the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss on that asset previously recognised in the income statement, is transferred from equity to the income statement.

Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement. Impairment losses in respect of debt instruments are reversed through the income statement if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Financial assets carried at cost

If there is objective evidence that an impairment loss on an unquoted investment that is not carried at fair value has been incurred, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.14 Other inventories

Other inventories are stated at the lower of cost, computed using weighted average method, and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.15 Foreign currencies

The financial statements is presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Privateco. Each entity in the Privateco Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. In the separate financial information of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end/period-end exchange rates are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

The functional currencies of certain entities of the Privateco Group are currencies other than HK$. For the purpose of the Combined Financial Information, assets and liabilities of those entities at the end of each reporting period are translated into HK$ at exchange rate prevailing at the of end each reporting period. Income and expense items are translated into HK$ at the average exchange rate for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the Privateco Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the foreign entity is disposed of.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of combined statement of cash flow presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Privateco Group's cash management.

3.17. Income tax

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year/period.

Deferred tax is calculated using the liability method on temporary differences at the end of reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, including amortisation of discounts or premiums relating to the borrowing, and amortisation of ancillary costs incurred in connection with arranging the borrowing.

3.19 Financial liabilities

Financial liabilities, comprising borrowings and trade and other payables including amounts due to related parties, are recognised when the Privateco Group becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Financial liabilities at amortised costs

Borrowings and trade and other payables including amounts due to related parties are financial liabilities at amortised cost which are recognised initially at fair value (net of transaction costs incurred for borrowings) and subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised as an expense in finance costs in the income statement. Gains or losses are recognised in the income statement when the liabilities are derecognised as well as through amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include interest charged on these financial liabilities.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

3.20 Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Privateco Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Privateco Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income. The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3.23 if and when it becomes probable that the holder of the guarantee will call upon the Privateco Group under the guarantee and the amount of that claim on the Privateco Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3.21 Employee benefits

Salaries, allowance, paid annual leave and other benefits are accrued in the year/period in which the associated services are rendered by the employee. Payments to the Mandatory Provident Fund Scheme and other retirement benefit scheme as set out in note 40 are charged as an expense when employees have rendered service entitling them to the contributions.

3.22 Share-based payment transactions

Equity-settled share-based payment

The Privateco Group operates equity-settled share-based compensation plans for remuneration of its employees. All employee services received in exchange for the grant of financial instruments e.g. share options are measured at their fair values. The cost of equity-settled share-based compensation is measured by reference to the fair value at the date on which they are granted. In determining the fair value, no account is taken of any non-market vesting conditions (for example, profitability and sales growth targets).

In situations where equity instruments are issued and some or all of the goods or services received by the Privateco Group as consideration cannot be specifically identified, the unidentifiable goods or services are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date.

When fair value of equity instruments cannot be estimated reliably, the Privateco Group measures the equity instruments at their intrinsic value initially at the date the grantees rendered service and subsequently at each reporting date and when equity instruments are exercised, forfeited or lapsed, with any change in intrinsic value recognised in the income statement.

All equity-settled share-based compensation is ultimately recognised as an expense in income statement unless it qualifies for recognition as asset with a corresponding increase in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

In respect of share options, the fair value of the share options granted by the Privateco Group to its employees is recognised in income statement with a corresponding increase in share option reserve. Upon exercise of the share options, the amount in the share option reserve is transferred to the share premium account. In case the share options lapsed, the amount in the share option reserve is released directly to retained profits.

Cash-settled share-based payment

The cost of cash-settled share-based payment transactions is measured initially at fair value at the grant date. The fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is measured at the end of each reporting period up to and including the settlement date with changes in fair value recognised in income statement.

3.23 Provisions and contingent liabilities

Provision is recognised when the Privateco Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, provision is stated at the present value of the expenditure expected to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Privateco Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.24 Equity instruments

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

3.25 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within equity, until they have been approved by the shareholders in a general meeting. When these dividends are approved and declared, they are recognised as a liability. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.26 Revenue and other income recognition

Revenue and other income is recognised when it is probable that the economic benefits will flow to the Privateco Group and when the income can be measured reliably on the following bases:

(i) Sales of goods are recognised as revenue when goods are delivered and title has passed.

(ii) Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

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

(iv) Rental income is recognised on a straight-line basis over the periods of the respective tenancies.

(v) Taxi licence fee income is recognised in accordance with the substance of the licence agreement when the taxi licence holders' rights to receive payment have been established.

3.27 Related parties

For the purposes of these financial statements, a party is considered to be related to the Privateco Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Privateco Group or exercise significant influence over the Privateco Group in making financial and operating policy decisions, or has joint control over the Privateco Group;

(ii) the Privateco Group and the party are subject to common control;

(iii) the party is an associate of the Privateco Group or a joint venture in which the Privateco Group is a venturer;

(iv) the party is a member of key management personnel of the Privateco Group or the Privateco Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Privateco Group or of any entity that is a related party of the Privateco Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3.28 Segment reporting

Operating segments, and the amounts of each segment item reported in the Combined Financial Statements, are identified from the financial statements provided regularly to the chief operating decision-maker i.e. the most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Privateco Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Privateco Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimates of fair value of investment properties

As disclosed in note 13, the investment properties were revalued at the end of each reporting period by independent professional valuers. Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Privateco Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Impairment of assets

The Privateco Group reviews at least annually and assesses whether goodwill and other intangible assets with indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit has been determined based on a value in use calculation which requires the use of estimates including expected future cash flows of the asset/cash-generating unit and discount rate adopted to calculate the present value of those cash flows. Details about the estimates used in assessing impairment for goodwill and other intangible asset are set out in notes 16 and 17.

Estimates of current tax and deferred tax

The Privateco Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation.

Allowance for loans and receivables

The policy on allowance for bad and doubtful debts of the Privateco Group is based on the evaluation of collectability and ageing analysis of loans and receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness and the past collection history of each customer. If the financial conditions of the customers or debtors of the Privateco Group deteriorate thus resulting in impairment as to their ability to make payments, additional allowances may be required.

Allowance for inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the Privateco Group would evaluate ageing analysis of inventories and compare the carrying value of inventories to their respective net realisable values. A considerable amount of judgement is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate, additional allowances may be required.

4.2 Critical judgements in applying the entity's accounting policies

Distinction between investment properties and owner-occupied properties

Some properties of the Privateco Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Privateco Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Privateco Group considers each property separately in marking its judgement.

5. REVENUE

Breakdown of revenue, which also represents the Privateco Group's turnover, is as follows:

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales of goods	1,245,517	1,328,667	1,100,008	548,276	486,703
Property rental income	62,618	66,236	63,182	32,034	30,213
Tax licence fee income	16,791	23,395	38,704	17,544	25,379
Total revenue	1,324,926	1,418,298	1,201,894	597,854	542,295

The Privateco Group's customers include two customers, the revenue derived from the sales transactions or sales arrangements with each of them amounts to 10% or more of the Privateco Group's revenue. Revenue derived from one of these two customers for the years ended 31st December, 2006, 2007, 2008 and six months ended 30th June, 2008 and 30th June, 2009 amounted to HK$388,906,000, HK$253,705,000, HK$166,552,000, HK$116,228,000 and HK$71,095,000, respectively, and the revenue derived from another customer for the corresponding years/periods amounted to HK$412,113,000, HK$644,198,000, HK$605,719,000, HK$243,258,000 and HK$264,671,000, respectively. Revenue from these customers is reported under the segment of "Electrical household appliances".

6. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Privateco Group's most senior management for the purposes of resource allocation and assessment of segment performance. The Privateco Group has identified the following reportable segments for its operating segments:

Electrical household appliances	–	This segment manufactures electrical appliances including electric fans, vacuum cleaners, lighting products, fuser and laser scanner. The Privateco Group's manufacturing facilities located primarily in Mainland China and products are mainly sold to customers in Mainland China and overseas such as North America and European countries.
Property leasing	–	This segment leases industrial properties and commercial units located in Hong Kong, Mainland China and the United States to generate rental income and gain from appreciation in the properties' values in long term. Part of the business is carried out through certain associates.
Property investment and development	–	This segment constructs commercial and residential properties in Mainland China for external customers. Part of the business of this segment is conducted by certain associates.
Securities trading	–	This segment mainly carries out trading of securities to generate gain from appreciation in securities.
Car rental	–	This segment carries out taxi rental operation in Mainland China and generates licence fee income.
All other segments	–	Operating segments which are not reportable comprise manufacturing and trading of electric cables and development and trading of computer hardware and software which generate revenue from sales of goods, as well as direct investments which derive gain from holding investments in enterprises engaging in high-tech business.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit/loss includes the Privateco Group's share of profit/loss arising from the activities of the Privateco Group's associates and jointly controlled entities. Reportable segment profit/loss excludes corporate income and expenses from the Privateco Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarter which are not allocated to the operating segments.

Segment assets include all assets with the exception of corporate assets, including available-for-sale financial asset, bank balances and cash and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment results and segment assets

Information regarding the Privateco Group's reportable segments including the reconciliations to combined revenue, combined profit/loss before income tax, total assets and other segment information are as follows:

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Combined *HK$'000*
Year ended 31st December, 2006							
Reportable segment revenue*	1,190,840	62,618	–	–	16,791	54,677	1,324,926
Reportable segment profit/(loss)	55,143	200,888	22,341	55,547	15,407	(32,819)	316,507
Corporate income							18,025
Corporate expenses							(68,781)
Profit before income tax							265,751

	Total *HK$'000*
As at 31st December, 2006	
Reportable segment assets	2,179,440
Corporate assets	522,978
Total assets	2,702,418

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Year ended 31st December, 2006								
Other information:								
Interest income	2,128	2,966	11	781	472	1,305	17,046	24,709
Interest expenses	(3,509)	(7,748)	–	(4,334)	–	–	(15,790)	(31,381)
Depreciation and amortisation	(7,185)	(666)	–	–	(246)	(2,740)	(2,725)	(13,562)
Impairment losses recognised in income statement	(9,898)	–	–	–	–	(4,095)	–	(13,993)
Reversal of allowance/(Allowance) for inventories	6,397	–	–	–	–	(6,579)	–	(182)
Fair value gain on derivative financial instruments	–	–	–	1,292	–	–	–	1,292
Fair value gain on investment properties	–	125,621	–	–	–	–	–	125,621
Share of results of associates	–	25,046	22,541	–	–	5,749	–	53,336
Additions to specified non-current assets	7,695	10,100	–	–	2,648	666	6,998	28,107
Interests in associates	–	239,296	–	–	–	49,986	101	289,383

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Combined *HK$'000*
Year ended 31st December, 2007							
Reportable segment revenue*	1,272,443	66,236	–	–	23,395	56,224	1,418,298
Reportable segment profit	68,812	202,380	47,334	12,857	19,012	13,178	363,573
Corporate income							38,417
Corporate expenses							(66,567)
Profit before income tax							335,423

	Total *HK$'000*
As at 31st December, 2007	
Reportable segment assets	2,177,823
Corporate assets	1,506,719
Total assets	3,684,542

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Year ended 31st December, 2007								
Other information:								
Interest income	1,813	3,346	421	2,415	331	296	30,762	39,384
Interest expenses	(4,642)	(7,664)	–	(3,051)	–	–	(27,972)	(43,329)
Depreciation and amortisation	(8,405)	(934)	–	–	(1,265)	(2,274)	(3,235)	(16,113)
Impairment losses recognised in income statement	(7,678)	–	–	–	–	(7,549)	(288)	(15,515)
Reversal of allowance for inventories	3,282	–	–	–	–	2,161	–	5,443
Fair value loss on derivative financial instruments	–	–	–	(8,030)	–	–	–	(8,030)
Fair value gain on investment properties	–	68,067	–	–	–	–	–	68,067
Share of results of associates	–	74,949	–	–	–	5,563	–	80,512
Share of results of jointly controlled entities	–	–	–	–	–	3,541	–	3,541
Gain on disposal of an associate	–	–	45,302	–	–	–	–	45,302
Additions to specified non-current assets	6,369	3,966	–	–	12,109	1,051	2,779	26,274
Interests in associates	–	312,298	–	–	–	54,664	–	366,962
Interests in jointly controlled entities	–	–	–	–	–	4,321	–	4,321

	Electrical household appliances HK$'000	Property leasing HK$'000	Property investment and development HK$'000	Securities trading HK$'000	Car rental HK$'000	All other segments HK$'000	Combined HK$'000
Year ended 31st December, 2008							
Reportable segment revenue[6]	1,057,136	63,182	–	–	38,704	42,872	1,201,894
Reportable segment profit/(loss)	56,202	22,336	–	(64,062)	25,137	(4,784)	34,829
Corporate income							60,011
Corporate expenses							(76,060)
Profit before income tax							18,780

	Total HK$'000
As at 31st December, 2008	
Reportable segment assets	2,102,145
Corporate assets	1,212,007
Total assets	3,314,152

	Electrical household appliances HK$'000	Property leasing HK$'000	Property investment and development HK$'000	Securities trading HK$'000	Car rental HK$'000	All other segments HK$'000	Corporate HK$'000	Total HK$'000
Year ended 31st December, 2008								
Other information:								
Interest income	2,533	164	–	550	319	1,485	55,769	60,820
Interest expenses	(5,805)	(4,906)	–	(207)	–	–	(32,133)	(43,051)
Depreciation and amortisation	(8,527)	(749)	–	–	(3,647)	(1,073)	(4,043)	(18,039)
(Impairment losses)/Reversal of impairment losses recognised in income statement	(2,262)	(3,491)	–	–	–	(12,257)	357	(17,653)
Reversal of allowance/(Allowance) for inventories	2,257	–	–	–	–	1,089	(411)	2,935
Fair value loss on investment properties	–	(70,251)	–	–	–	–	–	(70,251)
Write back of long outstanding payables	1,003	–	–	–	1,675	–	1,013	3,691
Share of results of associates	–	46,435	–	–	–	(81)	–	46,354
Share of results of jointly controlled entities	–	–	–	–	–	2,456	–	2,456
Additions to specified non-current assets	15,079	413	–	–	16,822	170	1,105	33,589
Interests in associates	–	355,335	–	–	–	63,525	–	418,860
Interests in jointly controlled entities	–	–	–	–	–	4,263	–	4,263

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Combined *HK$'000*
Period ended 30th June, 2008 (Unaudited)							
Reportable segment revenue*	524,217	32,034	–	–	17,544	24,059	597,854
Reportable segment profit/(loss)	23,518	77,055	–	(26,530)	12,138	8,506	94,687
Corporate income							29,379
Corporate expenses							(38,623)
Profit before income tax							85,443

	Total *HK$'000*
As at 30th June, 2008 (Unaudited)	
Reportable segment assets	2,168,591
Corporate assets	1,321,458
Total assets	3,490,049

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Period ended 30th June, 2008 (Unaudited)								
Other information:								
Interest income	1,164	107	–	455	153	958	27,319	30,156
Interest expenses	(3,691)	(2,624)	–	(173)	–	–	(17,478)	(23,966)
Depreciation and amortisation	(4,124)	(413)	–	–	(1,560)	(566)	(2,012)	(8,675)
Impairment losses recognised in income statement	(1,308)	(4,073)	–	–	–	(2,405)	–	(7,786)
Allowance for inventories	(326)	–	–	–	–	(421)	–	(747)
Fair value gain on investment properties	–	17,387	–	–	–	–	–	17,387
Share of results of associates	–	40,477	–	–	–	847	–	41,324
Share of results of jointly controlled entities	–	–	–	–	–	767	–	767
Additions to specified non-current assets	3,464	–	–	–	4,240	25	1,011	8,740
Interests in associates	–	349,442	–	–	–	64,559	–	414,001
Interests in jointly controlled entities	–	–	–	–	–	3,397	–	3,397

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Combined *HK$'000*
Period ended 30th June, 2009							
Reportable segment revenue*	477,599	30,213	–	–	25,379	9,104	542,295
Reportable segment profit/(loss)	24,695	(91,493)	–	17,268	13,438	(16,894)	(52,986)
Corporate income							27,506
Corporate expenses							(32,091)
Loss before income tax							(57,571)

	Total *HK$'000*
As at 30th June, 2009	
Reportable segment assets	1,922,591
Corporate assets	1,117,041
Total assets	3,039,632

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Period ended 30th June, 2009								
Other information:								
Interest income	1,824	–	–	58	–	259	27,263	29,404
Interest expenses	(313)	(1,078)	–	(48)	–	–	(7,779)	(9,218)
Depreciation and amortisation	(4,651)	(1)	–	–	(3,903)	(877)	(1,935)	(11,367)
Impairment losses recognised in income statement	(2,332)	(1,168)	–	–	–	(2,128)	–	(5,628)
(Allowance)/Reversal of allowance for inventories	(2,338)	–	–	–	–	557	–	(1,781)
Fair value loss on derivative financial instruments	–	–	–	(1,073)	–	–	–	(1,073)
Fair value loss on investment properties	–	(120,925)	–	–	–	–	–	(120,925)
Share of results of associates	–	21	–	–	–	(4,837)	–	(4,816)
Share of results of jointly controlled entities	–	–	–	–	–	1,020	–	1,020
Additions to specified non-current assets	212	–	–	–	18,570	16	980	19,778
Interests in associates	–	352,556	–	–	–	60,710	–	413,266
Interests in jointly controlled entities	–	–	–	–	–	3,708	–	3,708

* *There were no inter-segment sales between different business segments for the years ended 31st December, 2006, 2007 and 2008 and six months periods ended 30th June, 2008 and 2009.*

Geographical information

The Privateco Group's operations are located in Hong Kong, other regions in the People's Republic of China (the "PRC"), Asia other than the PRC, North America (comprising Canada and the United States) and Europe (mainly in the United Kingdom).

An analysis of the Privateco Group's revenue by geographical locations, determined based on locations to which the goods are delivered and locations of assets which give rise to the rental income and the licence fee income, is as follows:

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	22,164	25,667	18,624	12,379	8,258
Other regions of the PRC	531,696	771,291	718,115	308,584	270,268
Asia, other than the PRC	46,342	49,188	46,266	36,433	31,090
North America	538,153	342,196	265,291	162,381	130,101
Europe	79,403	105,448	56,427	35,547	47,074
Others	107,168	124,508	97,171	42,530	55,504
	1,324,926	1,418,298	1,201,894	597,854	542,295

An analysis of the Privateco Group's investment properties, other properties, plant and equipment, intangible assets including goodwill and interests in associates and jointly controlled entities (i.e. "specified non-current assets") by geographical locations, determined based on physical location of the assets or location of operations in case of goodwill, and interests in associates and jointly controlled entities, is as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	112,452	153,334	151,630	150,255
Other regions of the PRC	861,361	937,527	1,025,306	983,587
Asia, other than the PRC	30	–	–	–
North America	333,967	338,204	277,985	201,484
	1,195,358	1,275,731	1,303,291	1,185,071
	1,307,810	1,429,065	1,454,921	1,335,326

7. OTHER INCOME

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest income on:					
Bank deposits	5,277	12,184	1,745	653	1,274
Loans to investees	1,485	1,167	1,991	993	785
Loan to a related party	–	19,906	54,461	26,797	26,592
Others, including loans receivable	17,947	6,127	2,623	1,713	753
Total interest income on financial assets not at fair value through profit or loss	24,709	39,384	60,820	30,156	29,404
Dividends from listed equity securities	4,683	1,743	971	718	102
Other rental income	5,943	4,063	2,216	1,773	2,327
Handling fee income	4,758	10,904	13,400	3,540	6,251
Write back of long outstanding payables	–	–	3,691	–	–
Sundry income	15,810	9,119	6,363	7,272	5,342
	55,903	65,213	87,461	43,459	43,426

8. PROFIT/(LOSS) BEFORE INCOME TAX

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(Loss) before income tax is arrived at after charging/(crediting):					
Amortisation of prepaid lease rental on land	438	458	493	246	250
Depreciation of property, plant and equipment	13,124	15,655	17,546	8,429	11,117
Total amortisation and depreciation	13,562	16,113	18,039	8,675	11,367
Auditors' remuneration	2,930	3,230	2,425	1,432	1,865
Cost of inventories recognised as expense	1,042,038	1,108,857	922,223	460,510	401,266
Donations	2,848	3,239	16,991	16,758	2,028
(Gain)/Loss on disposal of property, plant and equipment	(128)	619	(500)	–	(313)
Impairment loss on non-financial assets:					
Property, plant and equipment	393	–	3,224	5,549	157
Prepaid lease rental on land	–	–	199	399	835
Goodwill	1,473	–	–	–	–
Impairment loss on financial assets:					
Loans and receivables*	12,127	10,446	12,925	1,838	4,636
Available-for-sale financial assets	–	5,069	1,305	–	–
Net foreign exchange (gain)/loss**	(5,048)	(27,572)	(22,871)	(33,568)	468
Operating lease charge on land and buildings	5,759	3,306	3,016	1,539	1,330
Outgoings in respect of investment properties	7,614	6,446	10,765	6,255	2,809
Net rental income	(55,004)	(59,791)	(52,417)	(25,779)	(27,404)
Research and development costs* ^	2,396	607	824	27	459
Staff costs *(note)*	128,131	109,750	105,825	57,963	49,933
Allowance/(Reversal of allowance) for inventories#	182	(5,443)	(2,935)	747	1,781
Write-off of property, plant and equipment	576	146	82	7	1
Business tax and other levies	5,198	4,764	11,466	5,256	9,382

\# *included in "Cost of goods and services" on the face of the combined income statements*

* *included in "Other operating expenses" on the face of the combined income statements*

** *included in "Other gains/(losses) – Others" on the face of the combined income statements*

^ *excluding depreciation of property, plant and equipment and staff costs*

Note: Staff costs (including directors' emoluments)

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Salaries, allowances and other benefits	123,441	105,005	102,136	55,849	48,106
Retirement fund contributions *(note 40)*	2,694	3,164	3,553	2,096	1,611
Termination benefits	1,996	1,581	136	18	216
	128,131	109,750	105,825	57,963	49,933

9. FINANCE COSTS

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest charges on:					
Bank loans and overdrafts					
– wholly repayable within five years	23,727	33,640	40,448	22,298	9,171
– wholly repayable over five years	7,654	7,664	–	–	–
Other loans wholly repayable within five years	–	–	1,436	173	47
Total interest expense on financial liabilities not at fair value through profit or loss	31,381	41,304	41,884	22,471	9,218
Bank charges	–	2,025	1,167	1,495	–
Total borrowing costs	31,381	43,329	43,051	23,966	9,218

10. INCOME TAX EXPENSE

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Income tax expenses comprise:					
Current tax for the year/period					
Hong Kong profits tax	9,682	5,017	1,123	1,431	2,814
Other regions of the PRC					
– Enterprise income tax	879	4,709	14,861	4,961	6,769
Others	–	–	1,022	–	664
	10,561	9,726	17,006	6,392	10,247
Under/(Over) provision in prior years					
Hong Kong profits tax	30,164	5,305	(117)	(117)	78,708
Other regions of the PRC					
– Enterprise income tax	–	30	13,955	12,810	2,257
Others	–	–	28	–	–
	30,164	5,335	13,866	12,693	80,965
Deferred tax *(note 38)*	12,299	9,269	7,360	12,326	(5,776)
	53,024	24,330	38,232	31,411	85,436

Hong Kong profits tax for the years ended 31st December, 2006 and 2007 is calculated at 17.5% on the estimated assessable profits of the respective year while that for the year ended 31st December, 2008 and for the six months ended 30th June, 2009 is calculated at the rate of 16.5% (six months ended 30th June, 2008: 16.5%).

Enterprise income tax ("EIT") arising from other regions of the PRC for the years ended 31st December, 2006 and 2007 is calculated at 15% – 33% of the estimated assessable profits.

On 16th March, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New EIT Law"). On 6th December, 2007, the State Council issued Implementation Regulations of the New EIT Law. The New EIT Law introduces a wide range of changes which include, but are not limited to, the unification of the EIT rate for domestic and foreign investment enterprises at a rate of 25% with effect from 1st January, 2008. For those group entities enjoying preferential rate of 15%, the new tax rate is progressively accelerated to 25% over a period of 5 years starting from 1st January, 2008. Under the new EIT Law, a corporate withholding income tax will be levied on the foreign investor for dividend distributed out of the profits of foreign investment enterprises generated since 1st January, 2008. The withholding income tax rate applicable to the Privateco Group is 10%. Accordingly, the tax rate of the EIT for the year ended 31st December, 2008 and the six months ended 30th June, 2009 are 10% – 25% (six months ended 30th June, 2008: 10% – 25%).

The income tax expense can be reconciled to the profit/(loss) before income tax at applicable tax rates as follows:

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008 (Unaudited)	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(Loss) before income tax	265,751	335,423	18,780	85,443	(57,571)
Tax on profit at the rates applicable to profits in the countries concerned	81,253	64,013	(753)	17,390	(27,865)
Expenses not deductible for tax purpose	11,598	25,789	50,047	13,075	48,468
Income not taxable for tax purpose	(49,393)	(35,968)	(18,846)	(8,726)	(13,554)
Share of results of associates and jointly controlled entities	(18,919)	(14,090)	(7,648)	(6,945)	795
Tax exemption	(3,599)	(4,837)	(5,087)	(970)	–
Effect of change in tax rate on deferred tax assets/liabilities	–	861	(1,117)	(1,117)	–
Utilisation of tax losses previously not recognised	(8,890)	(8,827)	(8,647)	(2,769)	(3,768)
Tax losses not recognised	8,907	1,205	12,791	4,982	2,222
Under provision in prior years	30,164	5,335	13,866	12,693	80,965
Others	1,903	(9,151)	3,626	3,798	(1,827)
Income tax expense	53,024	24,330	38,232	31,411	85,436

11. DIVIDENDS

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008 (Unaudited)	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Dividends declared and paid by the Privateco Group	20,019	42,039	15,765	–	–
Dividends proposed by the Privateco Group	42,039	63,058	15,705	15,765	10,470
	62,058	105,097	31,470	15,765	10,470

No dividend was proposed or declared by the Privateco during the Relevant Periods as the Privateco has not been incorporated during the Relevant Periods.

Dividend recognised as distributions during the years ended 31st December, 2006, 2007 and 2008, and the six months ended 30th June, 2008 and 2009 amounted to HK$60,058,000, HK$84,078,000, HK$78,823,000, HK$63,058,000 and HK$15,705,000 respectively. The proposed dividend of HK$10,470,000 for the six months ended 30th June, 2009 was paid on 28th October, 2009. Dividend per share is not presented as such information is not meaningful for the purpose of this report.

12. DIRECTORS' EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

	Salaries, allowances and other benefits *HK$'000*	Retirement fund contributions *HK$'000*	Total *HK$'000*
Year ended 31st December, 2006			
Executive directors			
Mr. Billy K Yung	5,166	226	5,392
Mdm Yung Ho Wun Ching	1,677	–	1,677
Ms. Vivian Hsu	–	–	–
	6,843	226	7,069

	Salaries, allowances and other benefits *HK$'000*	Retirement fund contributions *HK$'000*	Total *HK$'000*
Year ended 31st December, 2007			
Executive directors			
Mr. Billy K Yung	5,631	230	5,861
Mdm Yung Ho Wun Ching	1,721	–	1,721
Ms. Vivian Hsu	–	–	–
	7,352	230	7,582

	Salaries, allowances and other benefits *HK$'000*	Retirement fund contributions *HK$'000*	Total *HK$'000*
Year ended 31st December, 2008			
Executive directors			
Mr. Billy K Yung	4,814	191	5,005
Mdm Yung Ho Wun Ching	1,645	–	1,645
Ms. Vivian Hsu	–	–	–
	6,459	191	6,650

	Salaries, allowances and other benefits *HK$'000*	Retirement fund contributions *HK$'000*	Total *HK$'000*
Six months ended 30th June, 2008 (Unaudited)			
Executive directors			
Mr. Billy K Yung	2,135	96	2,231
Mdm Yung Ho Wun Ching	706	–	706
Ms. Vivian Hsu	–	–	–
	2,841	96	2,937

	Salaries, allowances and other benefits *HK$'000*	Retirement fund contributions *HK$'000*	Total *HK$'000*
Six months ended 30th June, 2009			
Executive directors			
Mr. Billy K Yung	2,084	96	2,180
Mdm Yung Ho Wun Ching	677	–	677
Ms. Vivian Hsu	–	–	–
	2,761	96	2,857

There is no arrangement under which a director waived or agreed to waive any emoluments during the Relevant Periods.

Five highest paid individuals

The five individuals with the highest emoluments in the Privateco Group for the years ended 31st December, 2006, 2007 and 2008, and the six months ended 30th June, 2008 and 2009 included 1, 1, 2, 2 and 2 directors, respectively, whose emoluments are included in the disclosures above. The emoluments of the remaining 4, 4, 3, 3 and 3 non-director individuals for the years ended 31st December, 2006, 2007 and 2008, and the six months ended 30th June, 2008 and 2009, respectively, were as follows:

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008 (Unaudited)	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Salaries, allowances and other benefits	13,788	9,536	7,049	3,372	2,439
Retirement fund contributions	143	100	12	6	34
	13,931	9,636	7,061	3,378	2,473

Their emoluments were within the following bands:

	Number of employee				
	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008	2009
				(Unaudited)	
HK$500,001-HK$1,000,000	–	–	–	1	2
HK$1,000,001-HK$1,500,000	–	–	–	2	1
HK$1,500,001-HK$2,000,000	2	1	1	–	–
HK$2,000,001-HK$2,500,000	1	1	1	–	–
HK$2,500,001-HK$3,000,000	–	2	1	–	–
HK$7,500,001-HK$8,000,000	1	–	–	–	–

No emolument was paid by the Privateco Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Privateco Group, or as compensation for loss of office.

13. INVESTMENT PROPERTIES

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at the beginning of the year/period	590,615	698,265	715,494	660,068
Translation adjustment	675	1,629	14,412	111
Additions	6,268	3,921	413	980
Reclassification (to)/from assets classified as held for sale	(24,914)	7,212	–	–
Disposals	–	(63,600)	–	–
Increase/(Decrease) in fair value	125,621	68,067	(70,251)	(120,925)
Carrying amount at the end of the year/period	698,265	715,494	660,068	540,234

The carrying amount of the Privateco Group's interests in investment properties is analysed as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
In Hong Kong, held under long leases	98,220	135,280	136,000	137,000
In other regions of the PRC, held under medium-term leases	274,005	248,714	252,628	208,234
In the USA, freehold	326,040	331,500	271,440	195,000
	698,265	715,494	660,068	540,234

Investment properties which are situated in Hong Kong and other regions of the PRC were revalued by Knight Frank Petty Limited at the end of respective reporting years/period on an open market basis. The valuations were arrived at by reference to comparable market transactions and where appropriate, on the basis of capitalisation of net income. Investment properties situated in the USA were revalued at the end of respective reporting years/period by Cushman & Wakefield of California on an income approach with reference to comparable market conditions. Knight Frank Petty Limited and Cushman & Wakefield of California are independent firms of professionally qualified valuers and have appropriate qualifications and recent experiences in the valuation of similar properties in nearby locations.

The investment properties are leased to third parties under operating leases to earn rental income, further details of which are included in note 42.

In securing a three-year term loan borrowed from a bank during the year ended 31st December, 2008, the Privateco Group undertook, under a negative pledge clause, to obtain prior written consent from the bank regarding the transfer, sales or disposal of certain investment properties with carrying value of HK$136,000,000 and HK$137,000,000, respectively, as at 31st December, 2008 and 30th June, 2009.

Certain investment properties of the Privateco Group are pledged as further detailed in note 41.

Further particulars of the investment properties are included on pages II-93.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Plant and machinery *HK$'000*	Tools and moulds *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST						
At 1st January, 2006	111,990	36,319	58,470	59,166	7,946	273,891
Translation adjustment	3,097	1,175	1,519	1,056	130	6,977
Additions	254	2,250	8	10,721	7,133	20,366
Disposals	(162)	(265)	–	(1,521)	(1,717)	(3,665)
Write-off	–	(259)	(12)	(1,423)	(158)	(1,852)
Reclassification	(938)	938	–	–	–	–
At 31st December, 2006 and 1st January, 2007	114,241	40,158	59,985	67,999	13,334	295,717
Translation adjustment	6,532	2,619	3,225	1,950	433	14,759
Additions	138	3,531	99	3,662	14,143	21,573
Disposals	(167)	(1,058)	–	(5,028)	(624)	(6,877)
Disposal of a subsidiary	–	–	–	(2,291)	–	(2,291)
Write-off	–	(42)	–	(3,878)	–	(3,920)
At 31st December, 2007 and 1st January, 2008	120,744	45,208	63,309	62,414	27,286	318,961
Translation adjustment	5,908	2,556	2,931	1,778	1,121	14,294
Additions	10,090	1,996	–	2,958	18,132	33,176
Disposals	(1,606)	–	–	(32)	(517)	(2,155)
Write-off	–	(166)	(1,192)	(262)	(406)	(2,026)
At 31st December, 2008 and 1st January, 2009	135,136	49,594	65,048	66,856	45,616	362,250
Translation adjustment	60	20	22	14	16	132
Additions	–	142	–	95	18,561	18,798
Disposals	–	–	–	(808)	(1,021)	(1,829)
Write-off	–	–	–	(17)	–	(17)
At 30th June, 2009	135,196	49,756	65,070	66,140	63,172	379,334

	Land and buildings *HK$'000*	Plant and machinery *HK$'000*	Tools and moulds *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
DEPRECIATION AND IMPAIRMENT						
At 1st January, 2006	22,537	23,051	57,958	38,532	6,352	148,430
Translation adjustment	582	752	1,514	664	101	3,613
Impairment	–	–	–	393	–	393
Depreciation provided	2,855	2,255	144	6,506	1,364	13,124
Disposals	(44)	(59)	–	(661)	(1,645)	(2,409)
Write-off	–	(100)	(5)	(1,025)	(146)	(1,276)
Reclassification	(145)	145	–	–	–	–
At 31st December, 2006 and 1st January, 2007	25,785	26,044	59,611	44,409	6,026	161,875
Translation adjustment	1,410	1,792	3,216	1,359	251	8,028
Depreciation provided	2,953	3,445	132	6,118	3,007	15,655
Disposals	(48)	(690)	–	(3,355)	(467)	(4,560)
Disposal of a subsidiary	–	–	–	(1,117)	–	(1,117)
Write-off	–	(25)	–	(3,749)	–	(3,774)
At 31st December, 2007 and 1st January, 2008	30,100	30,566	62,959	43,665	8,817	176,107
Translation adjustment	1,386	1,728	2,925	1,175	284	7,498
Impairment	3,224	–	–	–	–	3,224
Depreciation provided	3,014	3,352	138	5,441	5,601	17,546
Disposals	(359)	–	–	(26)	(465)	(850)
Write-off	–	(118)	(1,192)	(228)	(406)	(1,944)
At 31st December, 2008 and 1st January, 2009	37,365	35,528	64,830	50,027	13,831	201,581
Translation adjustment	25	14	22	10	3	74
Impairment	157	–	–	–	–	157
Depreciation provided	1,605	1,472	70	3,093	4,877	11,117
Disposals	–	–	–	(774)	(854)	(1,628)
Write-off	–	–	–	(16)	–	(16)
At 30th June, 2009	39,152	37,014	64,922	52,340	17,857	211,285
NET CARRYING AMOUNT						
At 31st December, 2006	88,456	14,114	374	23,590	7,308	133,842
At 31st December, 2007	90,644	14,642	350	18,749	18,469	142,854
At 31st December, 2008	97,771	14,066	218	16,829	31,785	160,669
At 30th June, 2009	96,044	12,742	148	13,800	45,315	168,049

The carrying amounts of land and buildings and prepaid lease rental on land held by the Privateco Group are analysed as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
In Hong Kong held under long leases	4,273	4,073	3,873	3,773
In other regions of the PRC, held under				
– medium-term leases	88,586	91,940	101,102	98,483
– long leases	6,061	5,950	4,606	4,567
In the USA, freehold	6,547	6,456	6,365	6,319
	105,467	108,419	115,946	113,142
Land and buildings included in property, plant and equipment	88,456	90,644	97,771	96,044
Prepaid lease rental on land *(note 15)*	17,011	17,775	18,175	17,098
	105,467	108,419	115,946	113,142

In securing a three-year term loan borrowed from a bank during the year ended 31st December, 2008, the Privateco Group undertook, under a negative pledge clause, to obtain prior written consent from the bank regarding the transfer, sales or disposal of certain property, plant and equipment with carrying value of HK$77,835,000 and HK$76,525,000, respectively, as at 31st December, 2008 and 30th June, 2009.

15. PREPAID LEASE RENTAL ON LAND

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at the beginning of the year/period	16,854	17,011	17,775	18,175
Translation adjustment	595	1,222	1,092	8
Amortisation charged	(438)	(458)	(493)	(250)
Impairment loss	–	–	(199)	(835)
Carrying amount at the end of the year/period	17,011	17,775	18,175	17,098

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Analysed into:				
Non-current portion included in non-current assets	16,621	17,357	17,731	16,654
Current portion included in current assets	390	418	444	444
	17,011	17,775	18,175	17,098

16. GOODWILL

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at the beginning of the year/period	–	–	–	–
Acquisition of additional interest in a subsidiary	1,473	–	–	–
Impairment loss	(1,473)	–	–	–
Carrying amount at the end of the year/period	–	–	–	–

17. OTHER INTANGIBLE ASSET

	Taxi licences *HK$'000*
COST	
At 1st January, 2006	202,267
Translation adjustment	7,198
At 31st December, 2006 and 1st January, 2007	209,465
Translation adjustment	15,279
At 31st December, 2007 and 1st January, 2008	224,744
Translation adjustment	13,890
At 31st December, 2008 and 1st January, 2009	238,634
Translation adjustment	105
At 30th June, 2009	238,739
AMORTISATION AND IMPAIRMENT	
At 1st January, 2006	38,400
Translation adjustment	1,366
At 31st December, 2006 and 1st January, 2007	39,766
Translation adjustment	2,901
At 31st December, 2007 and 1st January, 2008	42,667
Translation adjustment	2,637
At 31st December, 2008 and 1st January, 2009	45,304
Translation adjustment	20
At 30th June, 2009	45,324
NET CARRYING AMOUNT	
At 31st December, 2006	169,699
At 31st December, 2007	182,077
At 31st December, 2008	193,330
At 30th June, 2009	193,415

The carrying amounts of taxi licences as at 31st December, 2006, 2007, 2008 and 30th June, 2009 are tested for impairment by the management by estimating its recoverable amount based on a value in use calculation. The calculations use cash flow projections based on the financial budgets approved by the management.

The financial budgets prepared for the years ended 31st December, 2006 and 2007 are up to year 2013 which is the year in which the business licence of the respective subsidiary engaging in taxi rental operation would expire. The financial budgets prepared for the year ended 31st December, 2008 and six months ended 30th June, 2009 are up to year 2023 as management considers that the application for extending the business period of the subsidiary by 10 years to year 2023 will be approved by the PRC government.

Other key assumptions used by management in the value in use calculation of the taxi licences have been determined based on past performance and its expectations for the market development. Key assumptions underlying the cash flow projections include (i) the number of taxi licences held by the Privateco Group remains the same throughout the forecast period, and (ii) the forecast taxi licence fee income is determined based on the fee income received during the respective year/period, adjusted by the expected market development. The discount rate applied to the cash flow projections is 6% (post-tax) for the year ended 31st December, 2006, 9% (pre-tax) for the year ended 31st December, 2007, 8% (pre-tax) for the year ended 31st December, 2008 and 8% (pre-tax) for the six months ended 30th June, 2009 (six months ended 30th June, 2008: 8% (pre-tax)) which reflects specific risks relating to the taxi rental operation.

18. INTERESTS IN ASSOCIATES

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	288,533	366,112	418,010	412,416
Goodwill on acquisition of an associate	850	850	850	850
	289,383	366,962	418,860	413,266

Details of the Privateco Group's associates are set out in note 50.

The following illustrates the summarised financial statements of the Privateco Group's associates extracted from their management accounts which have been adjusted to ensure consistency in accounting policies adopted by the Privateco Group:

	100% basis			
	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Results for the year/period				
Revenue	876,203	835,591	1,104,349	459,206
Profit/(Loss)	250,363	286,170	167,345	(98,623)

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial positions				
Assets	3,368,063	3,820,224	3,910,594	3,527,976
Liabilities	(2,353,083)	(2,527,368)	(2,437,661)	(2,155,488)
Net assets	1,014,980	1,292,856	1,472,933	1,372,488

For the year ended 31st December, 2006, the associates, Yue Tian Development Limited and Guangzhou Cheng Jian Tian Yu Real Estate Development Company Limited (collectively referred to as the "Yue Tian Group"), are accounted for using equity method up to the date on which they are classified as assets held for sale in accordance with HKFRS 5. The Privateco Group's interests in Yue Tian Group as at 31st December, 2006 was reclassified and presented as assets classified as held for sale on the face of the combined statement of financial position as at 31st December, 2006 as further detailed in note 31(b).

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	–	3,931	3,873	3,318
Goodwill on acquisition	–	390	390	390
	–	4,321	4,263	3,708

Details of the Privateco Group's jointly controlled entities are set out in note 51.

The following illustrates the summarised financial statements of the Privateco Group's jointly controlled entities extracted from their management accounts which have been adjusted to ensure consistency in accounting policies adopted by the Privateco Group:

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of results for the year/period				
Revenue	–	5,719	5,700	2,567
Profit after income tax expenses	–	3,541	2,456	1,020

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of assets and liabilities				
Total non-current assets	–	354	27	82
Total current assets	–	5,474	4,580	3,814
Total current liabilities	–	(1,897)	(734)	(578)
	–	3,931	3,873	3,318

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted investments				
Convertible notes *(note (a))*	–	5,070	–	–
Club debentures *(note (b))*	2,920	2,920	2,920	2,920
	2,920	7,990	2,920	2,920

Notes:

(a) As mentioned in note 22, the Company subscribed certain convertible notes during the year ended 31st December, 2007. Based on the assessment of the Directors, the convertible notes are impaired with impairment loss of HK$5,069,000 being recognised in the combined income statement for the year ended 31st December, 2007. The recoverable amount of the convertible notes of HK$5,070,000 as at 31st December, 2007 is determined based on the cash flow projections discounted using the market interest rate. The convertible notes were redeemed in cash of S$1,000,000 (equivalent to approximately HK$5,070,000) during the six months ended 30th June, 2009.

(b) Club debentures are stated at cost less impairment since the Directors are of the opinion that the fair value cannot be determined reliably.

21. LOANS RECEIVABLE

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans receivable from				
Investees *(note (a))*	15,600	–	14,212	13,253
Associates *(note (b))*	164,974	152,668	128,928	120,377
Others *(note (c))*	42,269	49,730	40,593	41,947
	222,843	202,398	183,733	175,577
Less: Impairment *(notes (a) and (c))*	(38,251)	(45,877)	(38,250)	(38,942)
	184,592	156,521	145,483	136,635
Analysed into:				
Amount repayable in more than one year included in non-current assets	166,805	152,668	130,138	121,284
Amount repayable within one year included in current assets	17,787	3,853	15,345	15,351
	184,592	156,521	145,483	136,635

Notes:

(a) The balance as at 31st December, 2006 was unsecured, interest-bearing at 4% per annum and repayable on 15th December, 2007. The balance as at 31st December, 2008 was unsecured, interest-bearing at 4% – 9% per annum and repayable as to HK$5,796,000 within twelve months from 31st December, 2008 and HK$8,416,000 after twelve months from 31st December, 2008. The balance as at 30th June, 2009 was unsecured, interest-bearing at 4% – 9% per annum and repayable as to HK$5,140,000 within twelve months from 30th June, 2009 and HK$8,113,000 after twelve months from 30th June, 2009. Having considered the financial position of the borrowers, management assessed that only a portion of the balance can be recovered and accordingly, impairment provision of HK$8,996,000 and HK$8,339,000, respectively, were made in respect of the loan receivables from investees as at 31st December, 2008 and 30th June, 2009.

(b) The loans to associates are unsecured and interest-free. The amortised costs of the loans to associates as at 31st December, 2006, 2007 and 2008, and 30th June, 2009 are calculated at the present values of the expected settlements from the associates in accordance with the business plans of the respective associates, discounted at the rates of return of similar financial assets. The loans to associates will not be repayable within twelve months from the end of respective reporting years/period and accordingly, they are classified as non-current assets. Having considered the financial position of these associates, and the status of settlements from them, the management assessed that there is no indication of impairment in respect of these loans.

(c) The balance as at 31st December, 2006 was unsecured, interest-bearing at 5% – 7% per annum and repayable on demand except for an amount of HK$1,831,000 which was not repayable within twelve months from 31st December, 2006 and was thereby included in non-current assets. The balances as at 31st December, 2007 and 2008 and 30th June, 2009 were unsecured, interest-bearing at 5% – 8% per annum and repayable on demand. Having considered the financial position of the borrowers, management assessed that only a portion of the balances can be recovered and accordingly, impairment provision of HK$38,251,000, HK$45,877,000, HK$29,254,000 and HK$30,603,000, respectively, were made in respect of the respective balances as at 31st December, 2006, 2007 and 2008 and 30th June, 2009.

In the opinion of the Directors, the carrying amounts of these loans receivable at the balance sheet dates approximate their fair values.

22. DEPOSIT PAID FOR ACQUISITION OF OTHER INVESTMENT

On 27th December, 2006, the Company entered into a legally binding memorandum of undertaking with certain independent third parties to subscribe for convertible and non-convertible notes in an aggregate principal amount of S$17,000,000 (equivalent to approximately HK$87,635,000) in cash (the "Subscription"). As at 31st December, 2006, deposit amounting to S$2,000,000 (equivalent to approximately HK$10,139,000) (the "1st Deposit") as required under the memorandum of undertaking was paid which was classified as "Deposit paid for acquisition of other investment" on the face of the combined statement of financial position as at 31st December, 2006.

On 26th April, 2007, the Company and the third parties entered into an agreement for the subscription and the Company paid further deposit of S$15,000,000 (equivalent to approximately HK$77,496,000) (the "2nd Deposit") to an escrow account. At the same time, the Company has subscribed for the underlying convertible notes in respect of the 1st Deposit paid to the issuer during the year ended 31st December, 2006 and the convertible notes subscribed are accounted for as available-for-sale financial assets as at 31st December, 2007. As certain conditions for subscribing the underlying convertible and non-convertible notes in respect of the 2nd Deposit were not yet fulfilled by the third parties up to the fulfillment date, the 2nd Deposit was accounted as "Deposit paid for acquisition of other investment" as at 31st December, 2007.

During the year ended 31st December, 2008, management has decided to terminate the Subscription and the 2nd Deposit was returned to the Company in the same year.

23. INVENTORIES

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	65,603	69,813	71,394	40,785
Work-in-progress	10,526	4,501	6,636	8,519
Finished goods	22,488	38,602	45,302	33,825
	98,617	112,916	123,332	83,129
Inventories stated				
At cost	84,942	102,129	106,772	75,276
At net realisable value	13,675	10,787	16,560	7,853
	98,617	112,916	123,332	83,129

24. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	161,716	192,310	263,843	170,628
Less: Impairment of trade receivables	(18,964)	(12,530)	(13,436)	(15,100)
Trade receivables, net *(note)*	142,752	179,780	250,407	155,528
Prepayments and deposits	24,347	33,703	18,306	26,131
Other receivables	57,718	63,884	18,545	17,539
	224,817	277,367	287,258	199,198

Note:

The ageing analysis of the trade receivables (based on invoice date) net of impairment allowance is as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
30 days or below	74,884	84,025	99,855	70,097
31-60 days	53,355	71,379	66,713	54,093
61-90 days	8,879	13,722	44,515	23,494
91-180 days	4,051	7,556	37,838	6,541
181-360 days	978	1,798	383	1,069
Over 360 days	605	1,300	1,103	234
	142,752	179,780	250,407	155,528

The Privateco Group maintains a defined credit policy. For sales of goods, the Privateco Group normally allows a credit period of 45 days or 60 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices.

In general, trade receivables that are aged below one year are not considered impaired based on management's historical experience and management would consider allowance for impairment of trade receivables which are aged one year or above.

The movement in the allowance for impairment of trade receivables during the Relevant Periods is as follows:

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at the beginning of the year/period	19,826	18,964	12,530	13,436
Translation adjustment	179	227	214	7
Impairment losses recognised	1,542	1,414	2,202	3,326
Impairment losses reversed	(2,350)	(192)	(1,405)	–
Amounts written off as uncollectible	(60)	(7,883)	(105)	(1,669)
Amounts recovered	(173)	–	–	–
Carrying amount at the end of the year/period	18,964	12,530	13,436	15,100

At the end of each reporting year/period, management reviewed receivables for evidence of impairment on both an individual and collective basis. The Privateco Group's trade receivables of HK$18,964,000, HK$12,530,000, HK$13,436,000 and HK$15,100,000 as at 31st December, 2006, 2007 and 2008 and 30th June, 2009, respectively, were impaired and accordingly, full allowance were made in respect of these balances. The individually impaired receivables mainly relate to customers that were in financial difficulties and management assessed that the entire amount of the receivable balances is unlikely to be recovered.

The Privateco Group does not hold any collateral over these balances. The ageing analysis of trade receivables which were impaired and for which allowances were made for as at the end of the respective reporting years/period are as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
30 days or below	4,048	341	298	297
31-60 days	161	697	132	121
61-90 days	–	2	132	124
91-180 days	35	207	500	556
181-360 days	48	161	1,270	2,640
Over 360 days	14,672	11,122	11,104	11,362
	18,964	12,530	13,436	15,100

The ageing analysis of trade receivables that are past due, based on due date, but are not considered impaired as at the end of the respective reporting years/period are as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
61-90 days	8,879	13,722	44,515	23,494
91-180 days	4,051	7,556	37,838	6,541
181-360 days	978	1,798	383	1,069
Over 360 days	605	1,300	1,103	234
	14,513	24,376	83,839	31,338

Trade receivables that were not yet past due 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 payment record with the Privateco Group. Based on past experience, the 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 Privateco Group does not hold any collateral over these balances.

Trade and other receivables are short term and hence the carrying amounts of trade and other receivables approximate their fair values.

25. AMOUNT(S) DUE FROM ASSOCIATES/A JOINTLY CONTROLLED ENTITY/INVESTEES

The amounts due are unsecured, interest-free and repayable on demand. The Directors consider that the carrying amounts of the above balances approximate their fair values.

26. AMOUNTS DUE FROM RELATED PARTIES

The balances of HK$179,705,000, HK$340,386,000, HK$779,425,000 and HK$800,731,000, respectively, as at 31st December, 2006, 2007 and 2008, and 30th June, 2009 are due from a subsidiary of the Remaining Group. The balances are unsecured and repayable on demand. Except for an amount of HK$202,270,000, HK$615,025,000 and HK$619,823,000, respectively, which is interest-bearing at interest rate of 5.86% – 8%, 5.86% – 8.47%, and 5.86% – 8.47%, respectively, as at 31st December, 2007 and 2008 and 30th June, 2009, the balances due are interest-free.

The balance of HK$1,367,000 as at 31st December, 2007 is due from another related company which is unsecured, interest-free and repayable on demand.

27. INVESTMENTS HELD FOR TRADING

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity securities, at fair value				
Unlisted	4	–	–	–
Listed in Hong Kong	109,043	30,531	11,349	20,764
Listed outside Hong Kong	75,837	17,850	9,294	5,926
Debt securities, at fair value				
Listed outside Hong Kong	–	–	–	14,611
	184,884	48,381	20,643	41,301

The fair values of the listed equity and debt securities are determined based on quoted market prices available on the relevant stock exchanges. Certain equity and debt securities are pledged as further detailed in note 41.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity derivatives – assets/(liabilities)	1,292	(6,738)	–	(1,073)

As at 31st December, 2006, a Privateco Entity held two forward contracts in respect of the shares of a listed company in Hong Kong. As at 31st December, 2007, the Privateco Entity held another three forward contracts in respect of the shares of a listed company in the United Kingdom, a listed company in Singapore and another listed company in Hong Kong. The aggregate notional amount of the contracts as at 31st December, 2006 and 2007 were HK$123,173,000 and HK$85,287,000 respectively. Under the contracts, the Privateco Entity is required to buy certain numbers of the shares, depending on the market price of the listed companies' shares on the settlement dates during the period of the contracts at the underlying forward prices. When the market price of the listed companies' shares exceeds the knock-out prices as set forth in the contracts, the contracts would be terminated. Further details about the terms of these contracts are as follows:

	Forward price	Number of Shares#		Knock-out price	Maturity date
		Lower	Higher		
	HK$			*HK$*	
2006					
Contract 1	14.625	43,500	87,000	17.0625	14th May, 2007
Contract 2	14.4254	38,000	76,000	17.064	17th July, 2007
2007					
Contract 1	GBP5.4395	4,000	8,000	GBP6.129	21st July, 2008
Contract 2	SGD6.63	8,000	16,000	SGD7.875	17th July, 2008
Contract 3	HK$81.6387	4,000	8,000	HK$99.6751	12th November, 2008

\# *To be settled on weekly basis*

As at 30th June, 2009, the Privateco Entity held a call option contract with a third party financial institution. Under the contract, the Privateco Entity has an obligation to deliver the shares of a listed company in Hong Kong to the third party financial institution at an agreed price on an agreed date. According to the contract, the number of shares to be delivered is 933,000, the agreed price is HK$3.91 per share and the agreed date is 14th August, 2009.

The equity derivatives are not designated as hedging instrument and their fair values are determined by reference to the valuation conducted by a third party financial institution.

These financial instruments are subject to financial risk exposure in term of price risk (note 48.4(a)).

29. RESTRICTED CASH AND DEPOSITS

Cash balance placed with certain security brokers amounting to HK$16,398,000 as at 31st December, 2007 was restricted for the purpose of securities trading. The cash balance deposited with these security brokers as at 31st December, 2006 and 2008 and 30th June, 2009 were not subject to such restriction and was therefore included in cash and cash equivalents.

30. CASH AND CASH EQUIVALENTS

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank, in hand and deposited with security brokers	336,279	1,213,273	470,827	427,309
Less: Restricted cash and deposits classified under current assets *(note 29)*	–	(16,398)	–	–
Less: Pledged cash deposits classified under current assets	–	(876,858)	–	–
	336,279	320,017	470,827	427,309

Cash balance denominated in Renminbi ("RMB") amounted to approximately HK$250,686,000, HK$233,216,000, HK$440,142,000 and HK$342,181,000 as at 31st December, 2006, 2007, 2008 and 30th June, 2009 respectively. The RMB is not freely convertible into other currencies.

Cash at bank earns interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for period depending on the immediate cash requirements of the Privateco Group, and earn interest at the respective short-term time deposit rates. The fair value of the short-term deposits is not materially different from their carrying amount because of the short maturity period.

31. ASSETS CLASSIFIED AS HELD FOR SALE

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties *(note (a))*	24,914	–	–	–
Interest in an associate *(note (b))*	131,590	–	–	–
	156,504	–	–	–

Notes:

(a) During the year ended 31st December, 2006, a Privateco Entity entered into provisional sale and purchase agreements with independent third parties to dispose of these properties. These properties were revalued as at 31st December, 2006 based on the selling price as stipulated in the provisional sale and purchase agreements and were reclassified as assets classified as held for sale.

(b) In September, 2006, a Privateco Entity entered into a non-legally binding letter of intent in relation to the proposed disposal of its 20% effective interest in a property development project (the "Development Project"). On 2nd March, 2007, the Privateco Entity entered into a sale and purchase agreement with a related company and an independent third party in relation to the disposal of the entire issued share capital of Allright Investments Limited ("Allright"), the then wholly-owned subsidiary of the Privateco Entity, and assigned to the purchaser the total principal amount due from Allright to the Privateco Entity at an aggregate consideration of HK$177,302,000 (the "Allright Sale"). The Development Project is effectively held by Yue Tian Group, associates of the Privateco Group in which Allright holds 20% equity interest. Further details about the Allright Sale are set out in the circular to the shareholders of the Company dated 28th March, 2007.

In the opinion of the Directors, the Allright Sale is highly probable and thus the Privateco Group's interests in Yue Tian Group are reclassified and presented in the combined statement of financial position as at 31st December, 2006 as assets classified as held for sale. The Allright Sale was completed in 2007 and a gain on disposal of an associate of HK$45,302,000 is recorded for the year ended 31st December, 2007.

32. TRADE AND OTHER PAYABLES

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	89,850	107,984	123,230	68,863
Temporary receipts	37,904	33,651	37,690	36,527
Deferred income	29,725	23,672	17,509	14,812
Other payables and accruals	118,810	129,352	139,404	93,277
Deposit received	16,410	18,548	17,730	18,180
	292,699	313,207	335,563	231,659

The ageing analysis of trade payables (based on invoice date) is as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
30 days or below	39,649	35,266	58,975	22,801
31-60 days	25,964	43,480	27,462	22,928
61-90 days	6,994	18,597	15,521	9,888
91-180 days	5,390	7,556	10,205	2,828
181-360 days	9,501	439	4,031	4,030
Over 360 days	2,352	2,646	7,036	6,388
	89,850	107,984	123,230	68,863

Trade and other payables are short term and hence the Directors consider the carrying amounts of trade and other payables approximate their fair values.

33. AMOUNT(S) DUE TO A JOINTLY CONTROLLED ENTITY/RELATED PARTIES

The amounts due are unsecured, interest-free and repayable on demand. The Directors consider that the carrying amounts of the balances approximate their fair values.

34. BANK BORROWINGS

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans				
Secured	109,809	497,478	352,404	349,688
Unsecured	376,340	565,735	328,193	348,595
	486,149	1,063,213	680,597	698,283

The movement of bank borrowings is as follows:

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at the beginning of the year/period	429,869	486,149	1,063,213	680,597
Translation adjustment	556	–	24,156	–
New bank loans raised	1,075,763	1,693,151	1,308,007	258,742
Repayment of bank loans	(1,020,039)	(1,116,087)	(1,714,779)	(241,056)
Carrying amount at the end of the year/period	486,149	1,063,213	680,597	698,283

The maturity of bank borrowings is as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans				
Due within one year	379,573	959,819	209,152	354,167
Due more than one year, but not exceeding two years	3,470	3,470	54,951	5,690
Due more than two years, but not exceeding five years	11,720	11,720	416,494	338,426
Due more than five years	91,386	88,204	–	–
	486,149	1,063,213	680,597	698,283
Less: Amounts due within one year included in current liabilities	(379,573)	(959,819)	(209,152)	(354,167)
Amounts due after one year included in non-current liabilities	106,576	103,394	471,445	344,116

The carrying amounts of the bank loans are denominated in the following currencies:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong Dollar	363,923	378,403	400,357	458,000
RMB	–	390,852	–	–
US Dollar	122,226	293,958	280,240	240,283
	486,149	1,063,213	680,597	698,283

The bank borrowings as at 31st December, 2006, 2007 and 2008 and 30th June, 2009, HK$126,340,000, HK$607,272,000, HK$178,097,000 and HK$108,000,000, respectively, were arranged at fixed annual interest rates of 5.76% – 7.49%, 5.83% – 6.90%, 0.95% – 3.84% and 0.60% – 0.90%, respectively, and the remaining balance of bank borrowings of HK$359,809,000, HK$455,941,000, HK$502,500,000 and HK$590,283,000, respectively, as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 were arranged at floating annual interest rates of 4.68% – 5.9%, 4.05% – 6.65%, 3.15% – 5.57% and 1.38% – 2.99%, respectively.

The Company has been granted certain loan facilities from a bank which requires the Company to fulfill certain covenants. Subsequent to the year ended 31st December, 2008, the Company was not able to meet certain of the financial covenants as set out in the banking facility agreements. As a result of this, the non-current portion of the relevant borrowings amounting to HK$193,030,000 as at 30th June, 2009 is reclassified as current liabilities by the Privateco Group. The Directors have been negotiating with the bank for a relaxation of the financial covenants and the bank has verbally confirmed to the Company that it has not, so far, taken any action against the Company for breach of the financial covenants. The directors have also assessed that the violation of the loan covenants would not have significant financial impact to the Privateco Group.

The carrying amounts of the current and non-current bank borrowings approximate their fair values. The fair values of the non-current borrowings are calculated by discounting their expected future cash flows at market rates.

35. SHARE CAPITAL

The Privateco was incorporated on 20th August, 2009 and is authorised to issue up to a maximum of 500,000,000 shares of US$0.00002 each, 1 share of which was issued on the incorporation date.

A written resolution was passed on 25th November, 2009 to increase the authorised capital from US$10,000 divided into 500,000,000 shares of US$0.00002 each to US$12,000 divided into 600,000,000 shares of US$0.00002 by the creation of additional 100,000,000 shares ranking pari-passu with the existing shares of the Privateco.

The issued capital of the Privateco was increased to 523,484,562 shares by issuing 523,484,561 ordinary shares to the Company on 3rd December, 2009 pursuant to the Group Restructuring as detailed in note 2.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Privateco. All ordinary shares rank equally with regard to the Privateco's residual assets.

36. RESERVES

Details of the movements on the Privateco Group's reserves are set out in the combined statements of changes in equity on pages 9 to 11 in Appendix II. The nature and purpose of the reserves are as follows:

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy adopted in note 3.15.

Assets revaluation reserve

Assets revaluation reserve has been set up in accordance with the accounting policies set out in notes 3.2(b) and 3.6.

Available-for-sale financial assets revaluation reserve

Available-for-sale financial assets revaluation reserve comprises the cumulative net changes in the fair value of available-for-sale financial assets and is dealt with in accordance with accounting policy in notes 3.12 and 3.13.

Capital reserve

Capital reserve of the Privateco Group represents the capital contributions from the shareholders of the Company.

37. LOAN FROM A MINORITY SHAREHOLDER

The loan is unsecured, interest-free and not repayable within twelve months from the end of the reporting year/period. The fair value of the loan is calculated by discounting the expected future cash flows at prevailing interest rate.

38. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised and movements thereon during the Relevant Periods:

	Accelerated tax depreciation *HK$'000*	Amortisation on intangible assets *HK$'000*	Allowance on trade receivables *HK$'000*	Revaluation of properties *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1st January, 2006	3,312	3,548	(496)	18,007	252	(12)	24,611
Charged/(Credited) to income statement	2,329	5,776	13	3,241	(253)	1,193	12,299
(Credited)/Charged to equity	(7)	125	–	3	1	1	123
At 31st December, 2006 and 1st January, 2007	5,634	9,449	(483)	21,251	–	1,182	37,033
Translation adjustment	269	782	–	503	–	93	1,647
(Credited)/Charged to income statement:							
- Effect of change in tax rate	–	(2,449)	–	2,970	–	340	861
- Others	(4,125)	4,586	20	8,225	–	(298)	8,408
	(4,125)	2,137	20	11,195	–	42	9,269
At 31st December, 2007 and 1st January, 2008	1,778	12,368	(463)	32,949	–	1,317	47,949
Translation adjustment	–	807	–	902	–	86	1,795
(Credited)/Charged to income statement:							
- Effect of change in tax rate	(100)	–	27	(1,049)	–	5	(1,117)
- Others	(694)	4,911	381	5,287	–	(1,408)	8,477
	(794)	4,911	408	4,238	–	(1,403)	7,360
At 31st December, 2008 and 1st January, 2009	984	18,086	(55)	38,089	–	–	57,104
Translation adjustment	–	9	–	10	–	–	19
(Credited)/Charged to income statement	(81)	2,135	–	(7,830)	–	–	(5,776)
At 30th June, 2009	903	20,230	(55)	30,269	–	–	51,347

Represented by:

	As at 31st December,			As at 30th June,
	2006 *HK$'000*	2007 *HK$'000*	2008 *HK$'000*	2009 *HK$'000*
Deferred tax liabilities	37,033	47,949	59,012	53,327
Deferred tax assets	–	–	(1,908)	(1,980)
	37,033	47,949	57,104	51,347

At the end of the reporting year/period, the expiry dates of the Privateco Group's unused tax losses available for offset against future profits, not recognised as deferred tax assets, are analysed as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2007	19,375	N/A	N/A	N/A
2008	25,511	6,788	N/A	N/A
2009	52,709	22,395	23,679	9,797
2010	96,356	68,971	64,540	64,569
2011	55,049	24,873	9,969	9,973
2012	35,341	40,399	23,958	19,500
2013	3,471	1,910	13,217	13,525
2014	4,867	4,867	–	6,474
2015	1	–	–	–
2016	4	–	–	–
2018	22,376	22,376	–	–
2019	63,782	63,782	9,980	5,785
2020	20,101	20,101	10,629	10,629
2021	7,482	7,482	7,482	7,482
2022	4,230	4,230	2,970	2,970
2024	9,834	9,834	9,805	9,805
2025	2,868	2,868	2,868	2,868
2026	752	1,383	1,380	1,380
Carried forward indefinitely	80,570	44,284	100,515	78,202
	504,679	346,543	280,992	242,959

No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. The tax losses of the subsidiaries in Hong Kong may be carried forward indefinitely. The tax losses of the subsidiaries in the PRC except Hong Kong and the U.S.A. may be carried forward for five years and twenty years respectively from the financial year when the corresponding loss was incurred.

Deferred tax liabilities of approximately HK$4,866,000 and HK$4,761,000, respectively, as at 31st December, 2008 and 30th June, 2009 have not been established for the withholding and other taxation that would be payable on the unremitted earnings of certain PRC subsidiaries for the year end 31st December, 2008 and the six months ended 30th June, 2009, as in the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. Such unremitted earnings amounted to approximately HK$48,660,000 and HK$47,608,000, respectively, for the year ended 31st December, 2008 and the six months ended 30th June, 2009.

For the purposes of presentation of statement of financial position, the deferred tax assets and liabilities have been offset as they are related to income taxes levied by the same tax authority and the assets and liabilities are intended to be settled in net, or settled/realised simultaneously.

39. SHARE OPTION SCHEMES

The share option schemes of Appeon Corporation ("Appeon") and Galactic Computing Corporation ("Galactic"), subsidiaries of the Privateco Group, became effective on 11th November, 2002. Certain directors, employees and consultants of Appeon and Galactic were granted options as an incentive to them for their continuing contribution to the companies they worked for at a consideration of HK$1 on acceptance of the option offer. Details of the share option schemes of the subsidiaries are set out in the Company's circular to the shareholders dated 25th October, 2002.

(a) Appeon

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme of Appeon ("Appeon Scheme"), together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of Appeon and/or its subsidiary, must not exceed 30% of the number of the issued shares from time to time (subject to the approval of the shareholders of the Company). The total maximum number of options available for further issue under the Appeon Scheme amounted to 866,985, 991,984, 1,000,984 and 1,000,984, respectively, as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 (subject to approval of the shareholders of the Company) which represented 23.70%, 27.12%, 27.36% and 27.36%, respectively, of the issued share capital of Appeon (excluding any shares issued pursuant to the Appeon Scheme) on the same date.

Movements in the options to subscribe for shares in Appeon for the year ended 31st December, 2006 are as follows:

				Number of share options			
Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	As at 1.1.2006	Cancelled during the year	Granted during the year	As at 31.12.2006
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	2.50	6,750	-	-	6,750
	09.06.2003	01.10.2003 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2006 - 10.11.2012	2.50	3,375	-	-	3,375
				27,000	-	-	27,000
Other directors of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	11,812	(11,250)	-	562
	25.11.2002	01.04.2003 - 10.11.2012	2.50	11,813	(11,250)	-	563
	25.11.2002	01.10.2003 - 10.11.2012	2.50	11,812	(11,250)	-	562
	25.11.2002	01.04.2004 - 10.11.2012	2.50	11,813	(11,250)	-	563
	25.11.2002	01.10.2004 - 10.11.2012	2.50	11,812	(11,250)	-	562
	25.11.2002	01.04.2005 - 10.11.2012	2.50	11,813	(11,250)	-	563
	25.11.2002	01.10.2005 - 10.11.2012	2.50	11,812	(11,250)	-	562
	25.11.2002	01.04.2006 - 10.11.2012	2.50	11,813	(11,250)	-	563
	02.06.2003	02.06.2003 - 10.11.2012	2.50	2,250	-	-	2,250
	02.06.2003	01.10.2003 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.04.2004 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.10.2004 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.04.2005 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.10.2005 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.04.2006 - 10.11.2012	2.50	1,125	-	-	1,125
	25.05.2005	25.05.2005 - 10.11.2012	3.00	10,000	-	-	10,000
	25.05.2005	01.07.2005 - 10.11.2012	3.00	10,000	-	-	10,000
	25.05.2005	01.01.2006 - 10.11.2012	3.00	10,000	-	-	10,000
	25.05.2005	01.07.2006 - 10.11.2012	3.00	10,000	-	-	10,000
	25.05.2005	01.01.2007 - 10.11.2012	3.00	10,000	-	-	10,000
	25.05.2005	01.07.2007 - 10.11.2012	3.00	10,000	-	-	10,000
	25.05.2005	01.01.2008 - 10.11.2012	3.00	10,000	-	-	10,000
	25.05.2005	01.07.2008 - 10.11.2012	3.00	10,000	-	-	10,000
				183,500	(90,000)	-	93,500

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2006	Cancelled during the year	Granted during the year	As at 31.12.2006
Employees	25.11.2002	25.11.2002 – 10.11.2012	2.50	7,687	–	–	7,687
	25.11.2002	01.04.2003 – 10.11.2012	2.50	5,813	–	–	5,813
	25.11.2002	01.10.2003 – 10.11.2012	2.50	5,812	–	–	5,812
	25.11.2002	01.04.2004 – 10.11.2012	2.50	5,813	–	–	5,813
	25.11.2002	01.10.2004 – 10.11.2012	2.50	5,812	–	–	5,812
	25.11.2002	01.04.2005 – 10.11.2012	2.50	5,813	–	–	5,813
	25.11.2002	01.10.2005 – 10.11.2012	2.50	5,812	–	–	5,812
	25.11.2002	01.04.2006 – 10.11.2012	2.50	3,938	–	–	3,938
	02.06.2003	02.06.2003 – 10.11.2012	2.50	750	–	–	750
	02.06.2003	01.10.2003 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.04.2004 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.10.2004 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.04.2005 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.10.2005 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.04.2006 – 10.11.2012	2.50	375	–	–	375
	25.05.2005	25.05.2005 – 10.11.2012	3.00	625	(625)	–	–
	25.05.2005	01.10.2005 – 10.11.2012	3.00	625	(625)	–	–
	25.05.2005	01.04.2006 – 10.11.2012	3.00	625	(625)	–	–
	25.05.2005	01.10.2006 – 10.11.2012	3.00	625	(625)	–	–
	25.05.2005	01.04.2007 – 10.11.2012	3.00	625	(625)	–	–
	25.05.2005	01.10.2007 – 10.11.2012	3.00	625	(625)	–	–
	25.05.2005	01.04.2008 – 10.11.2012	3.00	625	(625)	–	–
	25.05.2005	01.10.2008 – 10.11.2012	3.00	625	(625)	–	–
	26.09.2005	01.03.2006 – 10.11.2012	3.00	1,625	–	–	1,625
	26.09.2005	01.09.2006 – 10.11.2012	3.00	1,625	–	–	1,625
	26.09.2005	01.03.2007 – 10.11.2012	3.00	1,625	–	–	1,625
	26.09.2005	01.09.2007 – 10.11.2012	3.00	1,625	–	–	1,625
	26.09.2005	01.03.2008 – 10.11.2012	3.00	1,625	–	–	1,625
	26.09.2005	01.09.2008 – 10.11.2012	3.00	1,625	–	–	1,625
	26.09.2005	01.03.2009 – 10.11.2012	3.00	1,625	–	–	1,625
	26.09.2005	01.09.2009 – 10.11.2012	3.00	1,625	–	–	1,625
	17.10.2005	18.02.2006 – 10.11.2012	3.00	1,000	(1,000)	–	–
	17.10.2005	18.08.2006 – 10.11.2012	3.00	1,000	(1,000)	–	–
	17.10.2005	18.02.2007 – 10.11.2012	3.00	1,000	(1,000)	–	–
	17.10.2005	18.08.2007 – 10.11.2012	3.00	1,000	(1,000)	–	–
	17.10.2005	18.02.2008 – 10.11.2012	3.00	1,000	(1,000)	–	–
	17.10.2005	18.08.2008 – 10.11.2012	3.00	1,000	(1,000)	–	–
	17.10.2005	18.02.2009 – 10.11.2012	3.00	1,000	(1,000)	–	–
	17.10.2005	18.08.2009 – 10.11.2012	3.00	1,000	(1,000)	–	–
	18.01.2006	17.07.2006 – 10.11.2012	3.00	–	–	1,250	1,250
	18.01.2006	17.01.2007 – 10.11.2012	3.00	–	–	1,250	1,250
	18.01.2006	17.07.2007 – 10.11.2012	3.00	–	–	1,250	1,250
	18.01.2006	17.01.2008 – 10.11.2012	3.00	–	–	1,250	1,250
	18.01.2006	17.07.2008 – 10.11.2012	3.00	–	–	1,250	1,250
	18.01.2006	17.01.2009 – 10.11.2012	3.00	–	–	1,250	1,250
	18.01.2006	17.07.2009 – 10.11.2012	3.00	–	–	1,250	1,250
	18.01.2006	17.01.2010 – 10.11.2012	3.00	–	–	1,250	1,250

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2006	Cancelled during the year	Granted during the year	As at 31.12.2006
	01.06.2006	14.10.2006 - 10.11.2012	3.00	-	-	875	875
	01.06.2006	14.04.2007 - 10.11.2012	3.00	-	-	875	875
	01.06.2006	14.10.2007 - 10.11.2012	3.00	-	-	875	875
	01.06.2006	14.04.2008 - 10.11.2012	3.00	-	-	875	875
	01.06.2006	14.10.2008 - 10.11.2012	3.00	-	-	875	875
	01.06.2006	14.04.2009 - 10.11.2012	3.00	-	-	875	875
	01.06.2006	14.10.2009 - 10.11.2012	3.00	-	-	875	875
	01.06.2006	14.04.2010 - 10.11.2012	3.00	-	-	875	875
				75,500	(13,000)	17,000	79,500
Consultants of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2006 - 10.11.2012	2.50	1,250	-	-	1,250
	09.06.2003	09.06.2003 - 10.11.2012	0.10	5,106	-	-	5,106
	09.06.2003	01.10.2003 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2006 - 10.11.2012	0.10	2,554	-	-	2,554
				30,425	-	-	30,425
				316,425	(103,000)	17,000	230,425
Weighted average exercise price (HK$)				19.60	19.99	23.40	19.70

Movements in the options to subscribe for shares in Appeon for the year ended 31st December, 2007 are as follows:

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options As at 1.1.2007	Cancelled during the year	Granted during the year	As at 31.12.2007
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	2.50	6,750	-	-	6,750
	09.06.2003	01.10.2003 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2006 - 10.11.2012	2.50	3,375	-	-	3,375
				27,000	-	-	27,000
Other directors of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2003 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2003 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2004 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2004 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2005 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2005 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2006 - 10.11.2012	2.50	563	-	-	563
	02.06.2003	02.06.2003 - 10.11.2012	2.50	2,250	-	-	2,250
	02.06.2003	01.10.2003 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.04.2004 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.10.2004 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.04.2005 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.10.2005 - 10.11.2012	2.50	1,125	-	-	1,125
	02.06.2003	01.04.2006 - 10.11.2012	2.50	1,125	-	-	1,125
	25.05.2005	25.05.2005 - 10.11.2012	3.00	10,000	(10,000)	-	-
	25.05.2005	01.07.2005 - 10.11.2012	3.00	10,000	(10,000)	-	-
	25.05.2005	01.01.2006 - 10.11.2012	3.00	10,000	(10,000)	-	-
	25.05.2005	01.07.2006 - 10.11.2012	3.00	10,000	(10,000)	-	-
	25.05.2005	01.01.2007 - 10.11.2012	3.00	10,000	(10,000)	-	-
	25.05.2005	01.07.2007 - 10.11.2012	3.00	10,000	(10,000)	-	-
	25.05.2005	01.01.2008 - 10.11.2012	3.00	10,000	(10,000)	-	-
	25.05.2005	01.07.2008 - 10.11.2012	3.00	10,000	(10,000)	-	-
				93,500	(80,000)	-	13,500
Employees	25.11.2002	25.11.2002 - 10.11.2012	2.50	7,687	(5,000)	-	2,687
	25.11.2002	01.04.2003 - 10.11.2012	2.50	5,813	(3,125)	-	2,688
	25.11.2002	01.10.2003 - 10.11.2012	2.50	5,812	(3,125)	-	2,687
	25.11.2002	01.04.2004 - 10.11.2012	2.50	5,813	(3,125)	-	2,688
	25.11.2002	01.10.2004 - 10.11.2012	2.50	5,812	(3,125)	-	2,687
	25.11.2002	01.04.2005 - 10.11.2012	2.50	5,813	(3,125)	-	2,688
	25.11.2002	01.10.2005 - 10.11.2012	2.50	5,812	(3,125)	-	2,687
	25.11.2002	01.04.2006 - 10.11.2012	2.50	3,938	(1,250)	-	2,688
	02.06.2003	02.06.2003 - 10.11.2012	2.50	750	-	-	750
	02.06.2003	01.10.2003 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2004 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.10.2004 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2005 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.10.2005 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2006 - 10.11.2012	2.50	375	-	-	375

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2007	Cancelled during the year	Granted during the year	As at 31.12.2007
	26.09.2005	01.03.2006 - 10.11.2012	3.00	1,625	(375)	-	1,250
	26.09.2005	01.09.2006 - 10.11.2012	3.00	1,625	(375)	-	1,250
	26.09.2005	01.03.2007 - 10.11.2012	3.00	1,625	(375)	-	1,250
	26.09.2005	01.09.2007 - 10.11.2012	3.00	1,625	(375)	-	1,250
	26.09.2005	01.03.2008 - 10.11.2012	3.00	1,625	(375)	-	1,250
	26.09.2005	01.09.2008 - 10.11.2012	3.00	1,625	(375)	-	1,250
	26.09.2005	01.03.2009 - 10.11.2012	3.00	1,625	(375)	-	1,250
	26.09.2005	01.09.2009 - 10.11.2012	3.00	1,625	(375)	-	1,250
	18.01.2006	17.07.2006 - 10.11.2012	3.00	1,250	(1,250)	-	-
	18.01.2006	17.01.2007 - 10.11.2012	3.00	1,250	(1,250)	-	-
	18.01.2006	17.07.2007 - 10.11.2012	3.00	1,250	(1,250)	-	-
	18.01.2006	17.01.2008 - 10.11.2012	3.00	1,250	(1,250)	-	-
	18.01.2006	17.07.2008 - 10.11.2012	3.00	1,250	(1,250)	-	-
	18.01.2006	17.01.2009 - 10.11.2012	3.00	1,250	(1,250)	-	-
	18.01.2006	17.07.2009 - 10.11.2012	3.00	1,250	(1,250)	-	-
	18.01.2006	17.01.2010 - 10.11.2012	3.00	1,250	(1,250)	-	-
	01.06.2006	14.10.2006 - 10.11.2012	3.00	875	(875)	-	-
	01.06.2006	14.04.2007 - 10.11.2012	3.00	875	(875)	-	-
	01.06.2006	14.10.2007 - 10.11.2012	3.00	875	(875)	-	-
	01.06.2006	14.04.2008 - 10.11.2012	3.00	875	(875)	-	-
	01.06.2006	14.10.2008 - 10.11.2012	3.00	875	(875)	-	-
	01.06.2006	14.04.2009 - 10.11.2012	3.00	875	(875)	-	-
	01.06.2006	14.10.2009 - 10.11.2012	3.00	875	(875)	-	-
	01.06.2006	14.04.2010 - 10.11.2012	3.00	875	(875)	-	-
				79,500	(45,000)	-	34,500
Consultants of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2006 - 10.11.2012	2.50	1,250	-	-	1,250
	09.06.2003	09.06.2003 - 10.11.2012	0.10	5,106	-	-	5,106
	09.06.2003	01.10.2003 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2006 - 10.11.2012	0.10	2,554	-	-	2,554
				30,425	-	-	30,425
				230,425	(125,000)	-	105,425
Weighted average exercise price (HK$)				19.70	22.62	-	16.24

Movements in the options to subscribe for shares in Appeon for the year ended 31st December, 2008 are as follows:

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2008	Cancelled during the year	Granted during the year	As at 31.12.2008
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	2.50	6,750	-	-	6,750
	09.06.2003	01.10.2003 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2006 - 10.11.2012	2.50	3,375	-	-	3,375
				27,000	-	-	27,000
Other directors of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2003 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2003 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2004 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2004 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2005 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2005 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2006 - 10.11.2012	2.50	563	-	-	563
	02.06.2003	02.06.2003 - 10.11.2012	2.50	2,250	(2,250)	-	-
	02.06.2003	01.10.2003 - 10.11.2012	2.50	1,125	(1,125)	-	-
	02.06.2003	01.04.2004 - 10.11.2012	2.50	1,125	(1,125)	-	-
	02.06.2003	01.10.2004 - 10.11.2012	2.50	1,125	(1,125)	-	-
	02.06.2003	01.04.2005 - 10.11.2012	2.50	1,125	(1,125)	-	-
	02.06.2003	01.10.2005 - 10.11.2012	2.50	1,125	(1,125)	-	-
	02.06.2003	01.04.2006 - 10.11.2012	2.50	1,125	(1,125)	-	-
				13,500	(9,000)	-	4,500
Employees	25.11.2002	25.11.2002 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2003 - 10.11.2012	2.50	2,688	-	-	2,688
	25.11.2002	01.10.2003 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2004 - 10.11.2012	2.50	2,688	-	-	2,688
	25.11.2002	01.10.2004 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2005 - 10.11.2012	2.50	2,688	-	-	2,688
	25.11.2002	01.10.2005 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2006 - 10.11.2012	2.50	2,688	-	-	2,688
	02.06.2003	02.06.2003 - 10.11.2012	2.50	750	-	-	750
	02.06.2003	01.10.2003 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2004 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.10.2004 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2005 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.10.2005 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2006 - 10.11.2012	2.50	375	-	-	375
	26.09.2005	01.03.2006 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2006 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.03.2007 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2007 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.03.2008 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2008 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.03.2009 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2009 - 10.11.2012	3.00	1,250	-	-	1,250
				34,500	-	-	34,500

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2008	Cancelled during the year	Granted during the year	As at 31.12.2008
Consultants of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2006 - 10.11.2012	2.50	1,250	-	-	1,250
	09.06.2003	09.06.2003 - 10.11.2012	0.10	5,106	-	-	5,106
	09.06.2003	01.10.2003 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2006 - 10.11.2012	0.10	2,554	-	-	2,554
				30,425	-	-	30,425
				105,425	(9,000)	-	96,425
Weighted average exercise price (HK$)				16.24	19.50	-	15.94

Movements in the options to subscribe for shares in Appeon for the period ended 30th June, 2009 are as follows:

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2009	Cancelled during the period	Granted during the period	As at 30.06.2009
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	2.50	6,750	-	-	6,750
	09.06.2003	01.10.2003 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2004 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.10.2005 - 10.11.2012	2.50	3,375	-	-	3,375
	09.06.2003	01.04.2006 - 10.11.2012	2.50	3,375	-	-	3,375
				27,000	-	-	27,000
Other directors of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2003 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2003 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2004 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2004 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2005 - 10.11.2012	2.50	563	-	-	563
	25.11.2002	01.10.2005 - 10.11.2012	2.50	562	-	-	562
	25.11.2002	01.04.2006 - 10.11.2012	2.50	563	-	-	563
				4,500	-	-	4,500

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2009	Cancelled during the period	Granted during the period	As at 30.06.2009
Employees	25.11.2002	25.11.2002 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2003 - 10.11.2012	2.50	2,688	-	-	2,688
	25.11.2002	01.10.2003 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2004 - 10.11.2012	2.50	2,688	-	-	2,688
	25.11.2002	01.10.2004 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2005 - 10.11.2012	2.50	2,688	-	-	2,688
	25.11.2002	01.10.2005 - 10.11.2012	2.50	2,687	-	-	2,687
	25.11.2002	01.04.2006 - 10.11.2012	2.50	2,688	-	-	2,688
	02.06.2003	02.06.2003 - 10.11.2012	2.50	750	-	-	750
	02.06.2003	01.10.2003 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2004 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.10.2004 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2005 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.10.2005 - 10.11.2012	2.50	375	-	-	375
	02.06.2003	01.04.2006 - 10.11.2012	2.50	375	-	-	375
	26.09.2005	01.03.2006 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2006 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.03.2007 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2007 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.03.2008 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2008 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.03.2009 - 10.11.2012	3.00	1,250	-	-	1,250
	26.09.2005	01.09.2009 - 10.11.2012	3.00	1,250	-	-	1,250
				34,500	-	-	34,500
Consultants of Appeon	25.11.2002	25.11.2002 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2003 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2004 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.10.2005 - 10.11.2012	2.50	1,250	-	-	1,250
	25.11.2002	01.04.2006 - 10.11.2012	2.50	1,250	-	-	1,250
	09.06.2003	09.06.2003 - 10.11.2012	0.10	5,106	-	-	5,106
	09.06.2003	01.10.2003 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2004 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.10.2005 - 10.11.2012	0.10	2,553	-	-	2,553
	09.06.2003	01.04.2006 - 10.11.2012	0.10	2,554	-	-	2,554
				30,425	-	-	30,425
				96,425	-	-	96,425
Weighted average exercise price (HK$)				15.94	-	-	15.94

No option was exercised by the grantees during the Relevant Periods.

The number of options which are exercisable under the Appeon Scheme as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 is 173,300, 100,425, 93,925 and 95,175, respectively. The weighted average remaining contractual life of the outstanding share options under the Appeon Scheme as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 is 5.86, 4.86, 3.86 and 3.36 years, respectively.

During the year ended 31st December, 2006, 17,000 options were granted under the Appeon Scheme and consideration received from the grantees for taking up the options granted amounted to HK$2 in aggregate.

The fair values of the share options granted under the Appeon Scheme are insignificant and accordingly, they are not accounted for in the financial statements.

(b) Galactic

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme of Galactic ("Galactic Scheme"), together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of Galactic and/or its subsidiary, must not exceed 30% of the number of issued shares from time to time (subject to the approval of the shareholders of the Company). The total maximum number of options available for further issue under the Galactic Scheme amounted to 6,022,122, 681,328, 1,762,744 and 1,483,120, respectively, as at 31st December, 2006, 2007 and 2008 and 30th June, 2009, (subject to approval of the shareholders of the Company) which represented 25.24%, 2.86%, 7.39% and 6.22%, respectively, of the issued share capital of Galactic (excluding any shares issued pursuant to the Galactic Scheme) on the same date.

Movements in the options to subscribe for shares in Galactic for the year ended 31st December, 2006 are as follows:

				Number of share options			
Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	As at 1.1.2006	Cancelled during the year	Granted during the year	As at 31.12.2006
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2006 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2006 - 10.11.2012	0.45	25,000	-	-	25,000
				200,000	-	-	200,000
Other directors of Galactic	25.11.2002	01.06.2003 - 10.11.2012	0.45	28,750	(6,250)	-	22,500
	25.11.2002	01.12.2003 - 10.11.2012	0.45	28,750	(6,250)	-	22,500
	25.11.2002	01.06.2004 - 10.11.2012	0.45	28,750	(6,250)	-	22,500
	25.11.2002	01.12.2004 - 10.11.2012	0.45	28,750	(6,250)	-	22,500
	25.11.2002	01.06.2005 - 10.11.2012	0.45	28,750	(6,250)	-	22,500
	25.11.2002	01.12.2005 - 10.11.2012	0.45	28,750	(6,250)	-	22,500
	25.11.2002	01.06.2006 - 10.11.2012	0.45	28,750	(6,250)	-	22,500
	25.11.2002	01.12.2006 - 10.11.2012	0.45	28,750	(6,250)	-	22,500

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2006	Cancelled during the year	Granted during the year	As at 31.12.2006
	09.06.2003	09.06.2003 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	09.06.2003	01.12.2003 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	09.06.2003	01.06.2004 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	09.06.2003	01.12.2004 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	09.06.2003	01.06.2005 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	09.06.2003	01.12.2005 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	09.06.2003	01.06.2006 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	09.06.2003	01.12.2006 - 10.11.2012	0.45	47,500	(6,250)	-	41,250
	25.05.2005	25.05.2005 - 10.11.2012	0.60	50,000	(50,000)	-	-
	25.05.2005	01.07.2005 - 10.11.2012	0.60	18,750	(18,750)	-	-
	25.05.2005	01.10.2005 - 10.11.2012	0.60	12,500	(12,500)	-	-
	25.05.2005	01.01.2006 - 10.11.2012	0.60	18,750	(18,750)	-	-
	25.05.2005	01.04.2006 - 10.11.2012	0.60	12,500	(12,500)	-	-
	25.05.2005	01.07.2006 - 10.11.2012	0.60	18,750	(18,750)	-	-
	25.05.2005	01.10.2006 - 10.11.2012	0.60	12,500	(12,500)	-	-
	25.05.2005	01.01.2007 - 10.11.2012	0.60	18,750	(18,750)	-	-
	25.05.2005	01.04.2007 - 10.11.2012	0.60	12,500	(12,500)	-	-
	25.05.2005	01.07.2007 - 10.11.2012	0.60	18,750	(18,750)	-	-
	25.05.2005	01.10.2007 - 10.11.2012	0.60	12,500	(12,500)	-	-
	25.05.2005	01.01.2008 - 10.11.2012	0.60	18,750	(18,750)	-	-
	25.05.2005	01.04.2008 - 10.11.2012	0.60	12,500	(12,500)	-	-
	25.05.2005	01.10.2008 - 10.11.2012	0.60	12,500	(12,500)	-	-
				860,000	(350,000)	-	510,000
Employees	25.11.2002	01.06.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	01.06.2004	01.06.2004 - 10.11.2012	0.45	18,750	-	-	18,750
	01.06.2004	01.01.2005 - 10.11.2012	0.45	18,750	-	-	18,750
	01.06.2004	01.03.2005 - 10.11.2012	0.45	25,000	(25,000)	-	-
	01.06.2004	01.07.2005 - 10.11.2012	0.45	18,750	-	-	18,750
	01.06.2004	01.01.2006 - 10.11.2012	0.45	18,750	-	-	18,750
	01.06.2004	01.07.2006 - 10.11.2012	0.45	18,750	-	-	18,750
	01.06.2004	01.01.2007 - 10.11.2012	0.45	18,750	-	-	18,750
	01.06.2004	01.07.2007 - 10.11.2012	0.45	18,750	-	-	18,750
	01.06.2004	01.01.2008 - 10.11.2012	0.45	18,750	-	-	18,750

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2006	Cancelled during the year	Granted during the year	As at 31.12.2006
	25.05.2005	25.05.2005 - 10.11.2012	0.60	38,750	(22,500)	-	16,250
	25.05.2005	01.10.2005 - 10.11.2012	0.60	38,750	(22,500)	-	16,250
	25.05.2005	01.04.2006 - 10.11.2012	0.60	22,500	(16,250)	-	6,250
	25.05.2005	01.10.2006 - 10.11.2012	0.60	22,500	(16,250)	-	6,250
	25.05.2005	01.04.2007 - 10.11.2012	0.60	22,500	(16,250)	-	6,250
	25.05.2005	01.10.2007 - 10.11.2012	0.60	22,500	(16,250)	-	6,250
	25.05.2005	01.04.2008 - 10.11.2012	0.60	22,500	(16,250)	-	6,250
	25.05.2005	01.10.2008 - 10.11.2012	0.60	22,500	(16,250)	-	6,250
				437,500	(167,500)	-	270,000
Consultants of Galactic	25.11.2002	01.06.2003 - 16.12.2007	0.45	31,250	-	-	31,250
	25.11.2002	01.12.2003 - 16.12.2007	0.45	31,250	-	-	31,250
	25.11.2002	01.06.2004 - 16.12.2007	0.45	31,250	-	-	31,250
	25.11.2002	01.12.2004 - 16.12.2007	0.45	31,250	-	-	31,250
	25.11.2002	01.06.2005 - 16.12.2007	0.45	31,250	-	-	31,250
				156,250	-	-	156,250
				1,653,750	(517,500)	-	1,136,250
Weighted average exercise price (HK$)				3.84	4.40	-	3.58

Movements in the options to subscribe for shares in Galactic for the year ended 31st December, 2007 are as follows:

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2007	Cancelled during the year	Granted during the year	As at 31.12.2007
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2006 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2006 - 10.11.2012	0.45	25,000	-	-	25,000
				200,000	-	-	200,000
Other directors of Galactic	25.11.2002	01.06.2003 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2003 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2004 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2004 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2005 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2005 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2006 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2006 - 10.11.2012	0.45	22,500	-	-	22,500
	09.06.2003	09.06.2003 - 10.11.2012	0.45	41,250	-	-	41,250
	09.06.2003	01.12.2003 - 10.11.2012	0.45	41,250	-	-	41,250
	09.06.2003	01.06.2004 - 10.11.2012	0.45	41,250	-	-	41,250
	09.06.2003	01.12.2004 - 10.11.2012	0.45	41,250	-	-	41,250
	09.06.2003	01.06.2005 - 10.11.2012	0.45	41,250	-	-	41,250
	09.06.2003	01.12.2005 - 10.11.2012	0.45	41,250	-	-	41,250
	09.06.2003	01.06.2006 - 10.11.2012	0.45	41,250	-	-	41,250
	09.06.2003	01.12.2006 - 10.11.2012	0.45	41,250	-	-	41,250

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2007	Cancelled during the year	Granted during the year	As at 31.12.2007
	31.12.2007	01.01.2008 - 10.11.2012	0.45	-	-	372,832	372,832
	31.12.2007	01.07.2008 - 10.11.2012	0.45	-	-	372,832	372,832
	31.12.2007	01.01.2009 - 10.11.2012	0.45	-	-	372,832	372,832
	31.12.2007	01.07.2009 - 10.11.2012	0.45	-	-	372,832	372,832
	31.12.2007	01.01.2010 - 10.11.2012	0.45	-	-	372,832	372,832
	31.12.2007	01.07.2010 - 10.11.2012	0.45	-	-	372,832	372,832
	31.12.2007	01.01.2011 - 10.11.2012	0.45	-	-	372,832	372,832
	31.12.2007	01.07.2011 - 10.11.2012	0.45	-	-	372,831	372,831
				510,000	-	2,982,655	3,492,655
Employees	25.11.2002	01.06.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	01.06.2004	01.06.2004 - 10.11.2012	0.45	18,750	(18,750)	-	-
	01.06.2004	01.01.2005 - 10.11.2012	0.45	18,750	(18,750)	-	-
	01.06.2004	01.07.2005 - 10.11.2012	0.45	18,750	(18,750)	-	-
	01.06.2004	01.01.2006 - 10.11.2012	0.45	18,750	(18,750)	-	-
	01.06.2004	01.07.2006 - 10.11.2012	0.45	18,750	(18,750)	-	-
	01.06.2004	01.01.2007 - 10.11.2012	0.45	18,750	(18,750)	-	-
	01.06.2004	01.07.2007 - 10.11.2012	0.45	18,750	(18,750)	-	-
	01.06.2004	01.01.2008 - 10.11.2012	0.45	18,750	(18,750)	-	-
	25.05.2005	25.05.2005 - 10.11.2012	0.60	16,250	(10,000)	-	6,250
	25.05.2005	01.10.2005 - 10.11.2012	0.60	16,250	(10,000)	-	6,250
	25.05.2005	01.04.2006 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2006 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2007 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2007 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2008 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2008 - 10.11.2012	0.60	6,250	-	-	6,250
	31.12.2007	01.01.2008 - 10.11.2012	0.45	-	-	335,554	335,554
	31.12.2007	01.07.2008 - 10.11.2012	0.45	-	-	335,542	335,542
	31.12.2007	01.01.2009 - 10.11.2012	0.45	-	-	335,554	335,554
	31.12.2007	01.07.2009 - 10.11.2012	0.45	-	-	335,542	335,542
	31.12.2007	01.01.2010 - 10.11.2012	0.45	-	-	335,553	335,553
	31.12.2007	01.07.2010 - 10.11.2012	0.45	-	-	335,546	335,546
	31.12.2007	01.01.2011 - 10.11.2012	0.45	-	-	335,550	335,550
	31.12.2007	01.07.2011 - 10.11.2012	0.45	-	-	335,548	335,548
				270,000	(170,000)	2,684,389	2,784,389
Consultants of Galactic	25.11.2002	01.06.2003 - 16.12.2007	0.45	31,250	(31,250)	-	-
	25.11.2002	01.12.2003 - 16.12.2007	0.45	31,250	(31,250)	-	-
	25.11.2002	01.06.2004 - 16.12.2007	0.45	31,250	(31,250)	-	-
	25.11.2002	01.12.2004 - 16.12.2007	0.45	31,250	(31,250)	-	-
	25.11.2002	01.06.2005 - 16.12.2007	0.45	31,250	(31,250)	-	-
				156,250	(156,250)	-	-
				1,136,250	(326,250)	5,667,044	6,477,044
Weighted average exercise price (HK$)				3.58	3.58	3.51	3.52

Movements in the options to subscribe for shares in Galactic for the year ended 31st December, 2008 are as follows:

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2008	Cancelled during the year	Granted during the year	As at 31.12.2008
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2006 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2006 - 10.11.2012	0.45	25,000	-	-	25,000
				200,000	-	-	200,000
Other directors of Galactic	25.11.2002	01.06.2003 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2003 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2004 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2004 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2005 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2005 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2006 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2006 - 10.11.2012	0.45	22,500	-	-	22,500
	09.06.2003	09.06.2003 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	09.06.2003	01.12.2003 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	09.06.2003	01.06.2004 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	09.06.2003	01.12.2004 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	09.06.2003	01.06.2005 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	09.06.2003	01.12.2005 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	09.06.2003	01.06.2006 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	09.06.2003	01.12.2006 - 10.11.2012	0.45	41,250	(31,250)	-	10,000
	31.12.2007	01.01.2008 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2008 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.01.2009 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2009 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.01.2010 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2010 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.01.2011 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2011 - 10.11.2012	0.45	372,831	-	-	372,831
				3,492,655	(250,000)	-	3,242,655
Employees	25.11.2002	01.06.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	25.05.2005	25.05.2005 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2005 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2006 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2006 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2007 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2007 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2008 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2008 - 10.11.2012	0.60	6,250	-	-	6,250

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2008	Cancelled during the year	Granted during the year	As at 31.12.2008
	31.12.2007	01.01.2008 - 10.11.2012	0.45	335,554	(96,939)	-	238,615
	31.12.2007	01.07.2008 - 10.11.2012	0.45	335,542	(96,934)	-	238,608
	31.12.2007	01.01.2009 - 10.11.2012	0.45	335,554	(106,260)	-	229,294
	31.12.2007	01.07.2009 - 10.11.2012	0.45	335,542	(106,255)	-	229,287
	31.12.2007	01.01.2010 - 10.11.2012	0.45	335,553	(106,259)	-	229,294
	31.12.2007	01.07.2010 - 10.11.2012	0.45	335,546	(106,255)	-	229,291
	31.12.2007	01.01.2011 - 10.11.2012	0.45	335,550	(106,257)	-	229,293
	31.12.2007	01.07.2011 - 10.11.2012	0.45	335,548	(106,257)	-	229,291
				2,784,389	(831,416)	-	1,952,973
				6,477,044	(1,081,416)	-	5,395,628
Weighted average exercise price (HK$)				3.52	3.51	-	3.52

Movements in the options to subscribe for shares in Galactic for the period ended 30th June, 2009 are as follows:

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2009	Cancelled during the period	Granted during the period	As at 30.06.2009
Mr. Billy K Yung	09.06.2003	09.06.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2003 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2004 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2005 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.06.2006 - 10.11.2012	0.45	25,000	-	-	25,000
	09.06.2003	01.12.2006 - 10.11.2012	0.45	25,000	-	-	25,000
				200,000	-	-	200,000
Other directors of Galactic	25.11.2002	01.06.2003 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2003 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2004 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2004 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2005 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2005 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.06.2006 - 10.11.2012	0.45	22,500	-	-	22,500
	25.11.2002	01.12.2006 - 10.11.2012	0.45	22,500	-	-	22,500
	09.06.2003	09.06.2003 - 10.11.2012	0.45	10,000	-	-	10,000
	09.06.2003	01.12.2003 - 10.11.2012	0.45	10,000	-	-	10,000
	09.06.2003	01.06.2004 - 10.11.2012	0.45	10,000	-	-	10,000
	09.06.2003	01.12.2004 - 10.11.2012	0.45	10,000	-	-	10,000
	09.06.2003	01.06.2005 - 10.11.2012	0.45	10,000	-	-	10,000
	09.06.2003	01.12.2005 - 10.11.2012	0.45	10,000	-	-	10,000
	09.06.2003	01.06.2006 - 10.11.2012	0.45	10,000	-	-	10,000
	09.06.2003	01.12.2006 - 10.11.2012	0.45	10,000	-	-	10,000
	31.12.2007	01.01.2008 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2008 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.01.2009 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2009 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.01.2010 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2010 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.01.2011 - 10.11.2012	0.45	372,832	-	-	372,832
	31.12.2007	01.07.2011 - 10.11.2012	0.45	372,831	-	-	372,831
				3,242,655	-	-	3,242,655

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US$	Number of share options: As at 1.1.2009	Cancelled during the period	Granted during the period	As at 30.06.2009
Employees	25.11.2002	01.06.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2003 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2004 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2005 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.06.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	25.11.2002	01.12.2006 - 10.11.2012	0.45	6,250	-	-	6,250
	25.05.2005	25.05.2005 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2005 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2006 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2006 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2007 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2007 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.04.2008 - 10.11.2012	0.60	6,250	-	-	6,250
	25.05.2005	01.10.2008 - 10.11.2012	0.60	6,250	-	-	6,250
	31.12.2007	01.01.2008 - 10.11.2012	0.45	238,615	(9,321)	-	229,294
	31.12.2007	01.07.2008 - 10.11.2012	0.45	238,608	(9,321)	-	229,287
	31.12.2007	01.01.2009 - 10.11.2012	0.45	229,294	-	-	229,294
	31.12.2007	01.07.2009 - 10.11.2012	0.45	229,287	-	-	229,287
	31.12.2007	01.01.2010 - 10.11.2012	0.45	229,294	-	-	229,294
	31.12.2007	01.07.2010 - 10.11.2012	0.45	229,291	-	-	229,291
	31.12.2007	01.01.2011 - 10.11.2012	0.45	229,293	-	-	229,293
	31.12.2007	01.07.2011 - 10.11.2012	0.45	229,291	-	-	229,291
	10.03.2009	01.03.2009 - 10.11.2012	0.45	-	-	111,851	111,851
	10.03.2009	01.07.2009 - 10.11.2012	0.45	-	-	37,283	37,283
	10.03.2009	01.01.2010 - 10.11.2012	0.45	-	-	37,283	37,283
	10.03.2009	01.07.2010 - 10.11.2012	0.45	-	-	37,283	37,283
	10.03.2009	01.01.2011 - 10.11.2012	0.45	-	-	37,283	37,283
	10.03.2009	01.07.2011 - 10.11.2012	0.45	-	-	37,283	37,283
				1,952,973	(18,642)	298,266	2,232,597
				5,395,628	(18,642)	298,266	5,675,252
Weighted average exercise price (HK$)				3.52	3.51	3.51	3.52

No option was exercised by the grantees during the Relevant Periods.

The number of options which are exercisable under the Galactic Scheme as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 is 1,049,000, 797,500, 1,782,887 and 2,478,221, respectively. The weighted average remaining contractual life of the outstanding share options under the Galactic Scheme as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 is 5.13, 4.86, 3.86 and 3.36 years, respectively.

During the year ended 31st December, 2007 and the six months ended 30th June, 2009, 5,667,044 options and 298,266 options, respectively, were granted under the Galactic Scheme and consideration received from the grantees for taking up the options granted amounted to HK$15 and Nil, respectively, in aggregate. Details of the inputs to the Black-Scholes Option Pricing Model used in calculating the fair values of the share options granted under the Galactic Scheme during the year ended 31st December, 2007 and the six months ended 30th June, 2009 are as follows:

Expected volatility (%)	43.99%
Risk-free interest rate (%)	2.684%
Dividend yield (%)	0%
Expected life of option (years)	2.5 years

The fair values of the share options granted under the Galactic Scheme are insignificant and accordingly, they are not accounted for in the financial statements of the respective year/period.

40. RETIREMENT BENEFITS SCHEMES

The Privateco Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme is a defined contribution retirement benefits scheme and contributions to the scheme are made based on percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Privateco Group in an independently administered fund. The Privateco Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Prior to joining the MPF Scheme, the Privateco Group operated another defined contribution retirement benefit scheme ("Old Scheme") for its qualifying employees in Hong Kong. All the assets under the Old Scheme were transferred to the MPF Scheme and are separately identified within the MPF Scheme and members can withdraw their entitled benefits from the Old Scheme in accordance with the scheme rules once they resign from the Privateco Group. Forfeited contributions in relation to the Old Scheme, if any, will be used to reduce the contribution payable in the future years.

The employees of the subsidiaries under the Privateco Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute 8% to 10% of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

The total expenses recognised in the income statement of HK$2,694,000, HK$3,164,000, HK$3,553,000, HK$2,096,000 and HK$1,611,000 respectively represent contributions paid/payable to these schemes by the Privateco Group for the years ended 31st December, 2006, 2007 and 2008 and six months ended 30th June, 2008 and 2009.

41. PLEDGE OF ASSETS

At the end of each reporting year/period, the carrying amount of the assets pledged by the Privateco Group to secure general banking and other loan facilities granted to the Privateco Group are analysed as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Pledged cash deposits	–	876,858	–	–
Investment properties	326,040	331,500	271,440	195,000
Investments held for trading	14,862	5,652	8,315	21,705
	340,902	1,214,010	279,755	216,705

As at 31st December, 2006, the Privateco Group pledged its 20% interest of the issued share capital of the associate, Yue Tian, to a bank to secure for the banking facilities granted to the associate.

As at 31st December, 2006, 2007 and 2008, and 30th June, 2009, the entire issued share capital of a subsidiary, Full Revenue Inc, was pledged to a bank to secure for the banking facilities granted to the Privateco Group. A long-term loan was granted to the Privateco Group under the facilities during the year ended 31st December, 2008 and six months ended 30th June, 2009 and the net asset value of the subsidiary as at 31st December, 2008 and 30th June, 2009 was approximately HK$290 million and HK$269 million respectively.

42. OPERATING LEASE COMMITMENTS

As lessee

The Privateco Group leases certain of its manufacturing plants, office properties and quarters under operating leases arrangement. Leases of these properties are negotiated for period ranging from 1 – 6 years, 1 – 5 years, 1 – 5 years and 1 – 5 years, respectively, for the years ended 31st December, 2006, 2007 and 2008 and six months ended 30th June, 2009, and rentals are fixed over the contracted period. At the end of each reporting year/period, the Privateco Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises payable as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	3,436	2,131	2,266	2,203
In the second to fifth year, inclusive	4,735	4,567	3,475	3,096
Over five years	1,193	–	–	–
	9,364	6,698	5,741	5,299

As lessor

The Privateco Group leases its investment properties (note 13) under operating lease arrangements with leases negotiated for period ranging from 1 – 9 years, 1 – 8 years, 1 – 6 years and 1 – 6 years, respectively, for the years ended 31st December, 2006, 2007 and 2008 and six months ended 30th June, 2009. At the end of each reporting year/period, the Privateco Group had contracted with tenants for the following future minimum lease payments:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	63,719	62,429	58,014	54,749
In the second to fifth year, inclusive	178,171	134,845	87,208	67,970
Over five years	26,907	13,028	8,834	8,986
	268,797	210,302	154,056	131,705

43. OTHER COMMITMENTS

As at the end of each reporting year/period, the Privateco Group had other significant commitments as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted for but not provided for in the financial statements:				
Subscription of convertible and non-convertible notes *(note 22)*	75,711	–	–	–
Property, plant and equipment	–	2,547	6,400	–
	75,711	2,547	6,400	–

44. GUARANTEES

As at the end of each reporting year/period, the Privateco Group had issued the following significant guarantees:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees given to:				
A supplier of an associate, to secure the repayment of balance due by the associate to the supplier	26,980	13,525	13,525	13,525
Banks for credit facilities granted to an associate	102,400	22,400	22,400	22,400
	129,380	35,925	35,925	35,925

As at 31st December, 2006, 2007 and 2008 and 30th June, 2009, the Company together with certain of the subsidiaries under the Privateco Group, issued cross guarantees to bankers as part of the security for credit facilities granted to the Company and the subsidiaries.

In the opinion of the Directors, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they are not accounted for in these financial statements for the years ended 31st December, 2006, 2007 and 2008 and six months ended 30th June, 2009.

45. RELATED PARTY TRANSACTIONS

Transactions between the entities among the Privateco Group have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Privateco Group and other related parties are disclosed below.

Save as disclosed elsewhere in the Combined Financial Statements, the Privateco Group had the following significant transactions with related parties:

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008 (Unaudited)	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Minority Shareholders					
Interest received	1,258	–	–	–	–
Service income received	3,900	–	–	–	–
Associates					
Commission paid to	149	104	25	–	–
Investees					
Interest received	–	1,167	1,991	993	785
A subsidiary of the Remaining Group					
Interest received	–	19,906	54,461	26,797	26,592

Total staff costs include compensations to the key management personnel (including directors), the details of which are as follows:

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008 (Unaudited)	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Short-term employee benefits	18,954	15,167	13,508	6,211	5,200
Post-employment benefits	369	330	203	107	130
	19,323	15,497	13,711	6,318	5,330

46. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE AS AT 30TH JUNE, 2009

Subsequent to 30th June, 2009, the directors of the Company have signed revised banking facilities with the two principal bankers of the Company regarding revising the facilities previously granted by the bankers to the Company which were available for use by the Company and certain of its subsidiaries. Under the revised facilities, the Privateco and certain of its subsidiaries entitle to utilise the banking facilities and at the same time, the Privateco becomes a guarantor of the facilities. The Company continues to be a guarantor of those facilities, though the Company would not be entitled to utilise the revised banking facilities. However, upon satisfying certain conditions as set forth in the revised facilities, the guarantee provided by the Company would be released. As at the date of this report, such conditions have been satisfied. Accordingly, the guarantee provided by the Company were released. In the opinion of the Directors, the revised banking facilities, upon effective, would not have significant impact to the financial position of the Privateco Group as at 30th June, 2009.

Save as disclosed above and elsewhere in the Combined Financial Statements, no other significant events took place subsequent to 30th June, 2009.

47. CAPITAL MANAGEMENT

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

The Privateco Group monitors its capital structure on the basis of gearing ratio i.e. net debt to equity. Net debt includes borrowings less cash and cash equivalents and pledged cash deposits. To maintain or adjust the capital structure, the Privateco Group may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios of the Privateco Group as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 were as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Debt	486,149	1,063,213	680,597	698,283
Less: cash and cash equivalents and pledged cash deposits	(336,279)	(1,196,875)	(470,827)	(427,309)
Net debt	149,870	(133,662)	209,770	270,974
Capital represented by total equity	1,830,463	2,095,054	2,066,848	1,909,434
Gearing ratio	8.2%	N/A	10.1%	14.2%

The Privateco Group targets to maintain a gearing ratio of not higher than 60% to be in line with the expected changes in economic and financial conditions. Other than this, the Privateco Group's overall strategy on capital management remains unchanged throughout the Relevant Periods.

48. FINANCIAL INSTRUMENTS

48.1 Categories of financial instruments

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Financial assets at fair value through profit or loss – classified as held for trading	186,176	48,381	20,643	41,301
Loans and receivables#	898,576	1,968,071	1,685,536	1,545,486
Available-for-sale financial assets	2,920	7,990	2,920	2,920
Financial liabilities				
Financial liabilities at fair value through profit or loss – classified as held for trading	–	6,738	–	1,073
Financial liabilities at amortised cost^	694,219	1,404,012	1,054,431	867,959

\# *including trade and other receivables, loans receivable, amounts due from associates, jointly controlled entities and other related parties, and cash at bank and deposited with security brokers*

^ *including trade payables, other payables and accruals, amounts due to associates, jointly controlled entities and other related parties, bank borrowings and other liabilities*

48.2 **Financial results by financial instruments**

	Year ended 31st December,			Six months ended 30th June,	
	2006	2007	2008	2008 (Unaudited)	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fair value gains or (losses) on:					
Financial assets at fair value through profit or loss – classified as held for trading	54,360	20,025	(62,286)	(27,367)	14,491
Financial liabilities at fair value through profit or loss – classified as held for trading	–	(8,030)	–	–	(1,073)
Available-for-sale financial assets	(13,020)	–	–	–	–
Interest income or (expenses) on:					
Loans and receivables	24,709	39,384	60,820	30,156	29,404
Financial liabilities at amortised cost	(31,381)	(41,304)	(41,884)	(22,471)	(9,218)
Dividend income from:					
Financial assets at fair value through profit or loss – classified as held for trading	4,683	1,743	971	718	102
(Impairment loss)/Reversal of impairment on:					
Loans and receivables	(12,127)	(10,446)	(12,925)	(1,838)	(4,636)
Available-for-sale financial assets, net	–	15,939	6,379	1,716	–

48.3 **Financial risk management objectives and policies**

The Privateco Group's activities expose it to a variety of financial risks which comprise market risk (including foreign currency risk, price risk, and interest rate risk), credit risk and liquidity risk. The Privateco Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Privateco Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Privateco Group does not have written risk management policies. However, the directors and senior management of the Privateco Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks

48.4 **Financial risk management**

(a) Market risk

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Privateco Group mainly operates in Hong Kong and the PRC. The functional currency of the Privateco and the Privateco Entities are mainly HK Dollars and RMB with certain of their business transactions being settled in US Dollars and RMB. The Privateco Group is thus exposed to currency risk arising from fluctuations on foreign currencies, primarily US Dollar and RMB, against the functional currency of the Privateco and the Privateco Entities. Currently the Privateco Group does not have foreign currency hedging policy but

the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Privateco Group conduct its sales mainly in US Dollars and RMB and make payments either in US Dollars, Hong Kong Dollars or RMB. In addition, the Privateco Group's bank borrowings were mainly denominated in Hong Kong Dollars, US Dollars and RMB. The directors considered that a natural hedge mechanism existed. The Privateco Group would, however, closely monitor the volatility of the RMB exchange rate. All in all, the Privateco Group's risk exposure to foreign exchange rate fluctuations remained minimal.

The overall net exposure in respect of the carrying amount of the Privateco Group's foreign currency denominated financial assets and liabilities in net position as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 were as follows:

	As at 31st December,			As at 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net financial assets/ (liabilities)				
US Dollars	59,726	(89,129)	(85,210)	(3,998)
RMB	25,711	5,501	14,567	10,955

In respect of those Privateco Entities with Hong Kong Dollars as functional currency, as HK Dollar is linked to US Dollar, the Privateco Group does not have material exchange risk on such currency. The following sensitivity analysis demonstrates the Privateco Group's exposure to a reasonably possible change in RMB exchange rate against the HK Dollars on the Privateco Group's net asset position denominated in RMB as at the end of each reporting year/period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(Decrease) in profit after tax				
RMB against HK Dollars				
– strengthen by 5%	1,286	275	728	457
– weaken by 5%	(1,286)	(275)	(728)	(457)

The change in exchange rate does not affect the Privateco Group's other component of equity.

Price risk

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rate). The Privateco Group is exposed to equity and debt securities price risk because of its investments in equity securities and bonds held for trading and are classified as at fair value through profit or loss (see note 27).

The Privateco Group's investments in equity and bonds of other entities are publicly traded mainly in the stock exchanges of Hong Kong, the United States and London. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the relevant stock market index and other industry indicators, as well as the Privateco Group's liquidity needs. To manage its price risk arising from the equity and debt securities, the Privateco Group maintains a portfolio of diversified investments in terms of industry distribution such as energy, industrial goods and financial services. Also, the Privateco Group has appointed a special team to monitor the price risk and will consider hedging of the risk if necessary. The policies to manage price risk have been followed by the Privateco Group since prior years and are considered to be effective.

Management's best estimate of the effect on the Privateco Group's profit after tax due to a reasonably possible change in the relevant stock market index, with all other variables held constant, at the end of each reporting year/period are as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(Decrease) in profit after tax				
Hong Kong – Hang Seng Index				
(2006: +26%) (2007: +26%) (2008: +50%) (2009: +50%)	23,390	6,549	5,675	10,382
(2006: -26%) (2007: -26%) (2008: -50%) (2009: -50%)	(23,390)	(6,549)	(5,675)	(10,382)
London – FTSE 100				
(2006: N/A) (2007: +17%) (2008: N/A) (2009: N/A)	N/A	1,725	N/A	N/A
(2006: N/A) (2007: -17%) (2008: N/A) (2009: N/A)	N/A	(1,725)	N/A	N/A
U.S.A. – NASDAQ (2006 & 2009)/SPX Index (2008)				
(2006: +17%) (2007: N/A) (2008: +40%) (2009: +46%)	11,935	N/A	2,666	8,553
(2006: -17%) (2007: N/A) (2008: -40%) (2009: -46%)	(11,935)	N/A	(2,666)	(8,553)

The change in market prices do not effect the Privateco Group's other components of equity.

Other than the above, the Privateco Group is exposed to equity security price risk arising from its investment in derivative financial instruments. Details about the derivative financial instruments are set out in note 28. The effect on the Privateco Group's profit after tax as a result of a reasonably possible change in the market price of the underlying equity securities, with all other variables held constant, is as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(Decrease) in profit after tax				
Market price of underlying equity securities				
+20%*	7,938	6,649	N/A	(215)
-20%	(12,268)	(40,022)	N/A	215

* *Regarding the derivative financial instruments for the years ended 31st December, 2006 and 2007, when the underlying shares' prices increased by 20%, some of them triggers the knock-out prices and the contracts will be terminated. This analysis only shows the effect up to the knock-out prices.*

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Privateco Group's income and operating cash flows are substantially independent of changes in market interest rates. The Privateco Group's interest rate risk mainly arises from bank borrowings. Bank borrowings arranged at variable rates and at fixed rates expose the Privateco Group to cash flow interest rate risk and fair value interest rate risk respectively. As at 31st December, 2006, 2007, 2008 and 30th June, 2009 approximately 74%, 43%, 74% and 85% of the bank borrowings, respectively, bore interest at floating rates. The interest rate and repayment terms of the bank borrowings outstanding at the year/period end are disclosed in note 34.

The Privateco Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on the bank balances. The directors consider the Privateco Group's exposure of the bank deposits and bank borrowings to fair value interest rate risk is not significant as interest bearing bank deposits and borrowings at fixed rate are within short maturity periods in general.

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

The following sensitivity demonstrates the Privateco Group's exposure to a reasonably possible change in interest rates on its floating rate bank borrowings with all other variables held constant at the end of each reporting year/period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Year ended 31st December,			Six months ended 30th June,
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(Decrease) in profit after tax				
Increase/Decrease in basis points ("bp")				
+ 50 bp	(1,361)	(1,773)	(2,467)	(2,503)
-100 bp	2,721	3,546	4,934	5,005

The changes in interest rates do not affect the Privateco Group's other components of equity.

The above sensitivity analysis is prepared based on the assumption that the borrowing period of the loans outstanding at each reporting year/period end date resembles that of the corresponding financial year/period.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Privateco Group. The Privateco Group's maximum exposure to credit risk in relation to each class of recognised financial assets (note 48.1) is the carrying amount of those assets as stated in the combined statements of financial position and the amount of guarantees issued by the Privateco Group as disclosed in note 44.

The Privateco Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Privateco Group has significant exposure to individual customers. At 31st December, 2006, 2007 and 2008 and 30th June, 2009, 54%, 55%, 68% and 61% of the total trade and other receivables, respectively, were due from the Privateco Group's two largest customers within the business segment – electrical household appliances.

The Privateco Group limits its exposure to credit risk by rigorously selecting the counterparties. Credit risk on cash and cash equivalents (note 30) is mitigated as cash is deposited in banks of high credit rating. Credit risk on loans and receivables is minimised as the Privateco Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually or collectively at the end of each reporting year/period to ensure that adequate impairment losses are made for irrecoverable amounts. The credit and investment policies have been followed by the Privateco Group since prior years and are considered to have been effective in limiting the Privateco Group's exposure to credit risk to a desirable level.

None of the Privateco Group's financial assets as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 are secured by collateral or other credit enhancements.

(c) Liquidity risk

Liquidity risk relates to the risk that the Privateco Group will not be able to meet its obligations associated with its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents as well as the availability of fund through adequate amounts of committed credit facilities and the ability to close out

market positions. The Privateco Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policies have been followed by the Privateco Group since prior years and are considered to have been effective in managing liquidity risk.

The table below analyses the remaining contractual maturities at the end of each reporting year/period of the Privateco Group's and financial liabilities which are based on contractual undiscounted cash flows and the earliest date the Privateco Group may be required to pay:

	Less than 1 year *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*	Over 5 years *HK$'000*
As at 31st December, 2006				
Interest-bearing bank borrowings	388,028	10,927	32,488	138,532
Trade payables	89,850	–	–	–
Other payables and accruals	115,480	–	–	–
Other liabilities	101	2,639	–	–
	593,459	13,566	32,488	138,532
As at 31st December, 2007				
Interest-bearing bank borrowings	984,596	10,257	29,889	124,941
Trade payables	107,984	–	–	–
Other payables and accruals	127,474	–	–	–
Derivative financial instruments	6,738	–	–	–
Other liabilities	102,335	3,005	–	–
	1,329,127	13,262	29,889	124,941
As at 31st December, 2008				
Interest-bearing bank borrowings	226,675	71,819	424,892	–
Trade payables	123,230	–	–	–
Other payables and accruals	136,328	–	–	–
Other liabilities	104,735	–	6,155	3,386
	590,968	71,819	431,047	3,386
As at 30th June, 2009				
Interest-bearing bank borrowings	364,939	10,701	340,248	–
Trade payables	68,864	–	–	–
Other payables and accruals	86,731	–	–	–
Derivative financial instruments	1,073	–	–	–
Other liabilities	447	–	10,145	3,490
	522,054	10,701	350,393	3,490

The Directors are of the opinion that, at the end of each reporting year/period, it is not probable for the counterparties to the financial guarantee contracts to claim the Privateco Group for any losses covered by the guarantee contracts. Therefore, the maturity analysis does not include any amount that the Privateco Group may have to pay under the guarantee contracts granted.

The contractual financial guarantees are disclosed in note 44 .

48.5 Fair value estimation

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 across the three levels of the fair value hierarchy defined in HKFRS 7 "Financial Instruments: Disclosures", with the fair value of each financial instruments categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
As at 31st December, 2006				
Investments held for trading	184,884	–	–	184,884
Derivative financial instruments	–	1,292	–	1,292
As at 31st December, 2007				
Investments held for trading	48,381	–	–	48,381
Derivative financial instruments	–	(6,738)	–	(6,738)
As at 31st December, 2008				
Investments held for trading	20,643	–	–	20,643
As at 30th June, 2009				
Investments held for trading	41,301	–	–	41,301
Derivative financial instruments	–	(1,073)	–	(1,073)

During the years ended 31st December, 2006, 2007 and 2008 and the six months ended 30th June, 2009, there were no transfers between instruments in Level 1 and Level 2.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Privateco Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st December, 2006, 2007 and 2008 and 30th June, 2009.

49. PARTICULARS OF SUBSIDIARIES

The particulars of the subsidiaries set out below are the same as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 unless otherwise stated.

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Proportion of nominal value of issued/registered capital held by the Company		Principal activities
				Directly	Indirectly	
Allright Investments Limited[3]	Samoa	Ordinary	1 share of US$1	-	100%	Investment holding
Appeon Corporation[1]	British Virgin Islands	Ordinary	3,658,032 shares of US$0.01 each	-	89.33%	Investment holding
Appeon (USA) Corporation[12]	USA	Ordinary	100 share of US$300 each	-	89.33%	Investment holding
Appeon Corporation (HK) Limited[11]	Hong Kong	Ordinary	1 share of HK$1	-	89.33%	Investment holding
Crown Silver Investment Limited[9]	Hong Kong	Ordinary	1 share of HK$1	-	100%	Investment holding
Extra-Fund Investment Limited[2]	Hong Kong	Ordinary	2 shares of HK$1 each	100%	-	Securities trading
Fast-Gain Overseas Limited[2]	British Virgin Islands	Ordinary	1 share of US$1	-	100%	Property investment
Foremost Pacific Limited[1]	British Virgin Islands	Ordinary	1 share of US$1	-	100%	Investment holding
Full Revenue Inc.[1]	Samoa	Ordinary	1 share of US$1	100%	-	Investment holding
Galactic Computing Corporation[2]	British Virgin Islands	Ordinary	23,861,240 shares of US$0.01 each	-	100%	Investment holding
Guangdong Macro Cables Co., Ltd.[3]	PRC*	Paid up capital	US$20,960,000	-	98%	Manufacturing and trading of cables and electrical wires
Guangzhou SMC Car Rental Company Limited[4]	PRC^	Paid up capital	2006 & 2007: HK$15,000,000 31st December, 2008 & 30th June, 2009: HK$28,000,000	-	2006 & 2007: 95% 31 Dec 2008 & 30 Jun 2009: 100%	Taxi operations
High Speed Enterprises Limited[9]	Hong Kong	Ordinary	1 share of HK$1	-	100%	Investment holding
Huge Ocean International Limited[9]	Hong Kong	Ordinary	1 share of US$1	100%	-	Investment holding
Kar Hang Limited[10]	Hong Kong	Ordinary	100 shares of HK$1.00 each	-	100%	Trading of electric fans
Kinder Limited[3]	Samoa	Ordinary	1 share of US$1	-	100%	Investment holding
Lotus Atlantic Limited[1]	British Virgin Islands	Ordinary	1 share of US$1	-	100%	Investment holding
Pan China Land (Holdings) Corporation Limited[9]	Hong Kong	Ordinary	1 share of HK$1	100%	-	Investment holding
Phoenix Atlantic Limited[1]	British Virgin Islands	Ordinary	1 share of US$1	-	100%	Investment holding
Quanta Global Limited[2]	British Virgin Islands/Hong Kong	Ordinary	1 share of US$1	100%	-	Trading of electric fans
Quanta Global Macao Commercial Offshore Limited[5]	Macau	Paid up capital	MOP100,000	100%	-	Trading of electric fans
Quanta Global (USA), Inc.[1]	USA	Ordinary	500 shares of US$1 each	100%	-	Investment holding

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Quickjay Management Limited[1]	British Virgin Islands	Ordinary	50,000 shares of US$1 each	100%	-	Investment holding
Shell Electric Mfg. (China) Company Limited[2]	British Virgin Islands	Ordinary	100 shares of US$10 each	100%	-	Trading of electric fans
Shell Electric Mfg. (China) Company Sdn. Bhd.[1]	Malaysia	Ordinary	2 shares of RM1 each	100%	-	Trading of electric fans
Shell Electric Mfg. (China) Company Limited[1]	Samoa	Ordinary	1 share of US$1	100%	-	Trading of electric fans
Shell Electric Mfg. (H.K.) Company Limited[2]	Hong Kong	Ordinary	1,000 shares of HK$10 each	100%	-	Trading of electric fans
Shunde Hua Feng Stainless Steel Welded Tubes Limited[3]	PRC^	Paid up capital	US$6,792,000	-	90.1%	Manufacturing and trading of welded tubes
佛山市順德區楔華多媒體製品有限公司[3]	PRC^	Paid up capital	2006 & 2007: US10,710,000 31st December, 2008 & 30th June, 2009: US$18,870,000	-	100%	Manufacturing and trading of electrical appliances
佛山市順德區楔華先進晶體元件有限公司[3]	PRC^	Paid up capital	US$500,000	-	100%	Trading of semi-conductor
SMC Cable Limited[2]	British Virgin Islands	Ordinary	1 share of US$1	100%	-	Investment holding
SMC Development Corp.[6]	USA	Ordinary	1,000 shares of US$10 each	-	100%	Property development
SMC Home Products Corp.[7]	Canada	Ordinary	2,100,100 shares of CAN$1 each	100%	-	Property investment
SMC Investments Limited[2]	Hong Kong	Ordinary	2 shares of HK$1 each	100%	-	Property investment
SMC Marketing Corp.[6]	USA	Ordinary	10,000 shares of US$1,021 each	100%	-	Marketing of the Privateco Group's products
SMC Microtronic Company Limited[2]	Hong Kong	Ordinary	10,000 shares of HK$1 each	100%	-	Provision of management services
SMC Multi-Media Products Company Limited[2]	British Virgin Islands	Ordinary	1 share of US$1	100%	-	Contract manufacturing for optics and imaging
SMC Multi-Media (H.K.) Limited[2]	Hong Kong	Ordinary	2 shares of HK$1 each	-	100%	Contract manufacturing for optics and imaging
SMC Property Investment Limited[2]	Hong Kong	Ordinary	2 shares of HK$1 each	100%	-	Investment holding
SMC Steel Pipes Limited[1]	British Virgin Islands	Ordinary	1 share of US$1	100%	-	Investment holding
Speed Power Limited[2]	Hong Kong	Ordinary	2 shares of HK$1 each	100%	-	Trading of electric fans
Sybond Venture Limited[1]	Cayman Islands	Ordinary	1 share of US$1	100%	-	Investment holding
Timely Hero Limited[1]	Samoa	Ordinary	1 share of US$1	100%	-	Investment holding
Vineyard Management Company[6]	USA	Ordinary	1,000 shares of US$10 each	-	100%	Property investment
Vortex Worldwide Limited[1]	British Virgin Islands	Ordinary	1 share of US$1	-	100%	Investment holding
業盈置業(深圳)有限公司[8]	PRC^	Paid up capital	HK$10,000,000	-	100%	Property investment

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
正陽軟件(深圳)有限公司[8]	PRC^	Paid up capital	HK$9,000,000	-	89.33%	Computer software development
蜆殼星盈科技(深圳)有限公司[8]	PRC^	Paid up capital	2006 & 2007: HK$24,000,000 31st December, 2008 & 30th June, 2009: HK$27,200,000	-	100%	Computer software and hardware development
蜆殼星盈軟件(深圳)有限公司[8]	PRC^	Paid up capital	HK$8,000,000	-	100%	Computer software and hardware development

* *The companies are incorporated in the PRC as sino-foreign equity joint ventures.*
^ *The companies are incorporated in the PRC as wholly foreign owned enterprises.*

Notes:

1 The financial statements of these companies have not been audited as there is no requirement to prepare audited financial statements under the legislation of their respective jurisdiction of incorporation. Quanta Global (USA), Inc. and Timely Hero Limited were newly set up during the year ended 31st December, 2007. Allright Investments Limited was disposed during the year ended 31st December, 2007.

2 The financial statements of these companies for the years ended 31st December, 2006, 2007 and 2008 were audited by Grant Thornton.

3 The statutory financial statements of these companies for the years ended 31st December, 2006, 2007 and 2008 were audited by 廣東德正有限責任會計師事務所. 佛山市順德區蜆華先進晶體元件有限公司 was deregistered on 31st July, 2006.

4 The statutory financial statements of this company for the years ended 31st December, 2006, 2007 and 2008 were audited by 廣州眾誠會計師事務所有限公司.

5 The statutory financial statements of this company for the year ended 31st December, 2006 and for the period from 1st January, 2007 to 13th November, 2007 were audited by Leong Kam Chun & Co. The company was deregistered on 13th November, 2007.

6 The financial statements of these companies for the years ended 31st December, 2006, 2007 and 2008 were audited by Tseng Lee & Wu LLP (named as Tseng & Lee LLP in 2006).

7 This company was dormant since 2006 and was winded up during the year ended 31st December 2007. No audited financial statements have been made up for the years ended 31st December, 2006 and 2007 as there is no statutory requirement to do so.

8 The statutory financial statements of these companies for the years ended 31st December, 2006, 2007 and 2008 were audited by 深圳正大華明會計師事務所.

9 The financial statements of these companies have not been audited as they are newly incorporated during the Relevant Periods. Crown Silver Investment Limited was newly set up during the year ended 31st December, 2007.

Pan China Land (Holdings) Corporation Limited was newly set up during the year ended 31st December, 2008.

High Speed Enterprises Limited and Huge Ocean International Limited were newly set up during the six months ended 30th June, 2009.

10 The statutory financial statements of this company for the years ended 31st December, 2006 and 2007 and for the period from 1st January, 2008 to 18th November, 2008 were audited by Grant Thornton. The company ceased business operation on 18th November, 2008.

11 The statutory financial statements of this company for the year ended 31st December, 2006 were audited by Grant Thornton. The company has become a 50% owned jointly controlled entity of the Privateco Group for the year ended 31st December, 2007.

12. The statutory financial statements of this company for the year ended 31st December, 2006 and for the period from 1st January, 2007 to 28th December, 2007 were audited by Nelson S.Lee, CPA. The company was deregistered on 28th December, 2007.

50. PARTICULARS OF ASSOCIATES

The particulars of the associates set out below are the same as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 unless otherwise stated.

Name of associates	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Proportion of nominal value of issued/registered capital held by the Company		Principal activities
				Directly	Indirectly	
MDCL-Frontline (China) Limited[1]	British Virgin Islands	Ordinary	65,269,561 shares of HK$1 each	-	26.66%	Trading of computer hardware, provision of information technology services and investment holding
China Dynasty Development Ltd[2]	British Virgin Islands	Ordinary	1,000 shares of US$1 each	-	40%	Property investment
Hong Kong Construction SMC Development Limited[3]	Hong Kong	Ordinary	10,000,000 shares of HK$1 each	-	20%	Investment holding
Kumagai SMC Development (Guangzhou) Ltd.[4]	PRC^	Paid up capital	US$59,000,000	-	20%	Property development
Yue Tian Development Limited[5]	Hong Kong	Ordinary	72,000 shares of HK$1 each	-	20%	Investment holding
Guangzhou Cheng Jian Tian Yu Real Estate Development Company[5]	PRC*	Paid up capital	US$22,500,000	-	20%	Property development
PFC Device Corporation[6]	British Virgin Islands	Preferred	2,122,820 shares of US$1 each	-	47.11%	Design and trading of semiconductors and electric components

* *The company is incorporated in the PRC as sino-foreign cooperative enterprise.*
^ *The company is incorporated in the PRC as wholly foreign owned enterprise.*

Notes:

1 The financial statements of this company for the year ended 31st December, 2006 were audited by Baker Tilly Hong Kong Limited. 香港天華會計師事務所有限公司 were the auditors of this company for the years ended 31st December, 2007 and 2008.

2 The financial statements of this company for the years ended 31st December, 2006, 2007 and 2008 were audited by Eric H.L. Chung & Co.

3 This company did not curry out business in Hong Kong during the Relevant Periods. No audited financial statements have been made up for this company for the years ended 31st December, 2006, 2007 and 2008 as it is exempted from Hong Kong Companies Ordinance.

4 The statutory financial statements of this company for the year ended 31st December, 2006 were audited by 廣東羊城會計師事務所有限公司. 立信羊城會計師事務所有限公司 were the auditors of this company for the years ended 31st December, 2007 and 2008.

5 The statutory financial statements of these companies for the year ended 31st December, 2006 were audited by Deloitte Touche Tohmatsu. They were disposed in 2007.

6 The financial statements of this company have not been audited as there is no requirement to prepare audited financial statements under the legislation of its jurisdiction of incorporation.

Grant Thornton
均富

51. PARTICULARS OF JOINTLY CONTROLLED ENTITIES

The particulars of the jointly controlled entities set out below are the same as at 31st December, 2006, 2007 and 2008 and 30th June, 2009 unless otherwise stated.

Name of jointly controlled entities	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Proportion of nominal value of issued/registered capital held by the Company		Principal activities
				Directly	Indirectly	
Appeon Corporation (HK) Limited[1]	Hong Kong	Class A voting	25,000 shares of HK$0.01 each	-	50%	Investment holding and sale of software licence
		Class B non-voting	27,181 shares of HK$0.01 each	-	52.18%	
艾普飛軟件(深圳)有限公司[2]	PRC^	Paid up capital	US$500,000	-	52.18%	Computer software and hardware development

^ *The company is incorporated in the PRC as wholly foreign owned enterprises.*

Notes:

1 This company became jointly controlled entity of the Privateco Group in 2007. The statutory financial statements of this company for the years ended 31st December, 2007 and 2008 were audited by Francis S.L. Yan & Co.

2 The financial statements of this company have not been audited for the year ended 31st December, 2006 as it is newly incorporated in 2007. 深圳正大華明會計師事務所 was auditor of the company for the years ended 31st December, 2007 and 2008.

Grant Thornton

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong