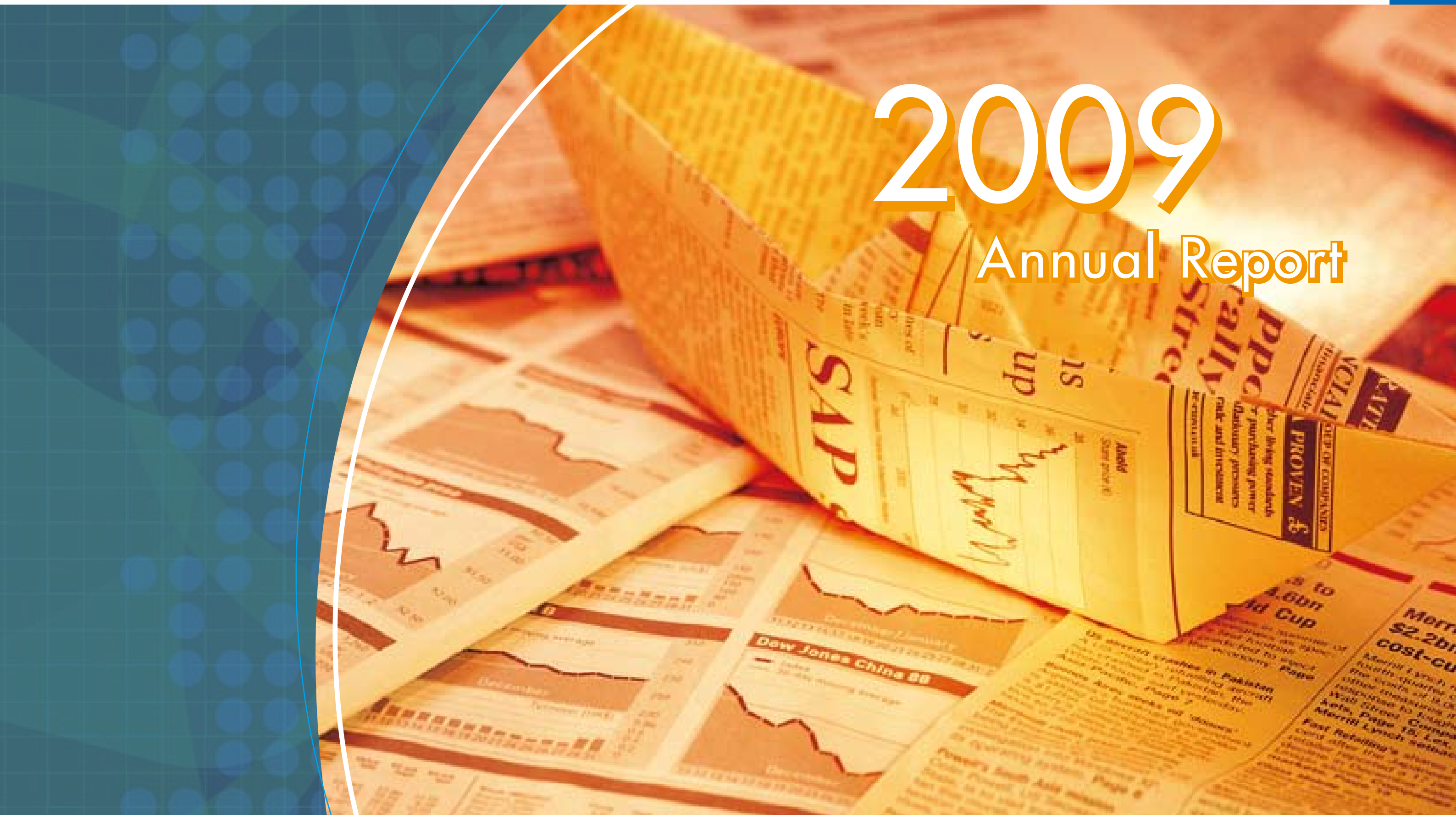
INCUTECH INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 356



2009 Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tung Tat Wah *(Chairman)*
Mr. Michael Wu Chun Wah

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Allan Kwok Ming Fai
Mr. Robert Siu Siu Ling
Mr. Stephen Lee Ming Ching

AUDIT COMMITTEE

Mr. Allan Kwok Ming Fai
(Chairman of the Committee)
Mr. Robert Siu Siu Ling
Mr. Stephen Lee Ming Ching

REMUNERATION COMMITTEE

Mr. Stephen Lee Ming Ching
(Chairman of the Committee)
Mr. Allan Kwok Ming Fai
Mr. Robert Siu Siu Ling

AUDITOR

W. H. Tang & Partners CPA Limited

BANKER

Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

COMPANY SECRETARY

Ms. Yuen Shuk Yee

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KYI-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1806, 18th Floor, Tai Tung Building
8 Fleming Road, Wanchai
Hong Kong

PRINCIPAL REGISTRAR

Bank of Butterfield International (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town, Grand Cayman
Cayman Islands

HONG KONG BRANCH REGISTRAR

Tricor Secretaries Limited
26th Floor,
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

356

Management Statement

The Board of Directors (the "Board") of Incutech Investments Limited (the "Company") hereby presents the audited consolidated result of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2009.

REVIEW OF RESULTS

For the year ended 31 December 2009, the Group recorded a net loss of HK$2,072,639 and loss per share of HK2.9 cents. During the year, the Group received HK$225,978 in dividend income (2008: HK$196,951) from listed securities.

As for unlisted investments, no fair value change in unlisted investments was recognized for the year ended 31 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

2009 was on the whole a challenging year for all sectors. It began with the economy being adversely affected by the global financial crisis. It caused a decrease in demand from overseas, which resulted in a drop in exports in Hong Kong and China. Many governments were struggling to find solutions to rescue banks and large corporations from bankruptcy, which could lead to severe unemployment and further worsening the already battered economy. By the very end of March, some banks in US reported operating profits for the first quarter, which the market believed was a turning point of sign of economy recovery. Global markets started to rebound from the bottom.

In the US, the government injected funding into banks and financial institutions to shore up their capital, hoped that no more major banks would have to declare bankruptcy.

In order to avoid being dragged into the global recession alongside with other western countries, China government came up with a massive fiscal stimulus program by pushed total loans in China from 2008's RMB 3,000 billion to a new high of approximately RMB 4,000 billion by the end of 2009 to boost domestic demand. New loans in 2009 had boosted an appreciation in real estate prices and increased consumer spending and property investments. China's annual GDP growth for the first quarter was 6.2%, second quarter was 7.9%, for the third quarter was 9.1% and for the last quarter finally ended with an impressive 10.7%, culminating an overall 8.7% for the whole of 2009.

Management Statement

BUSINESS REVIEW AND PROSPECTS

During the year under review, the Group reported a net loss from operation of HK$2,072,639 on turnover of HK$225,978 in 2009 as compared with a loss from operation of HK$8,233,579 on turnover of HK$196,951 in 2008. The increase in turnover was mainly due to the increase in dividend income received from listed securities. The financial markets was stabilized and the conditions of the Group was progressively improved as the management took great effort on risk control during the year under review.

The Group is principally engaged in the investments in the listed securities for the short term and in the unlisted equities with a potential for earnings growth and capital appreciation.

2009 was an extremely challenging year for the global economy. The world economy stabilized to a certain extent, with some industries showing signs of recovery with slow pace. China with over 10% GDP growth in the fourth quarter of 2009, China may need a balance between continuous economic growth and prevent inflation and creation of economic bubble. In US, given that no more banks or multinational corporations declare bankruptcy, the US economy shall be able to get back on its feet.

Hong Kong is expected to continue to benefit from the economic development of China. The low interest rate environment may change in 2010 when the world economy improves even further.

Apart from trading securities and existing investments, the management will also keep seeking more investment opportunities with potential of asset appreciation as well as with sustainable income stream across various sectors to enhance returns to the Group and shareholders within the acceptable risk profile.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2009, the Group's current ratio was 0.48, based on the current assets of HK$7,814,645 and current liabilities of HK$16,383,124. No gearing ratio was available as the Group was in a negative equity position.

Capital Structure

There has been no change to the capital structure of the Company since 1 January 2007.

Material Acquisitions and Disposals of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the year ended 31 December 2009.

Management Statement

Capital commitment and contingent liabilities

As at 31 December 2009, no material capital commitment and contingent liabilities were noted by the Directors of the Company.

Share Options

The Company does not have a share option scheme.

CHANGE IN CUSTODIAN

The custodian services previously provided by Wing Hang Bank Limited was terminated as from 30 June 2009 and Bank of Communications Trustee Limited was appointed as custodian of the Company with effect from the same date.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2009, the Group employed a total of 4 employees (2008: 4) including the executive Directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

STAFF COST

The Group's total staff costs for the year under review amounted to HK$2,078,400 (2008: HK$2,084,368).

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2009, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

APPRECIATION

The Directors would like to take this opportunity to extend our sincere thanks and express appreciation to those who have supported us during the year.

Tung Tat Wah
Chairman

Hong Kong, 26 April 2010

Report of the Directors

The Board of Directors ("Board") hereby presents their annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its subsidiaries during the year are investment in securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and unlisted investments with a potential for earnings growth and capital appreciation. The activities of the principal subsidiaries are set out in note 23(a) to the consolidated financial statements.

The Group's turnover for the year comprised dividend income from investments.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 23.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil). No interim dividend was declared during the year (2008: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Company and the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

There is no movement in the Company's share capital during the year.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out on page 59 and 25 respectively.

DISTRIBUTABLE RESERVES

There is no distributable reserves of the Company at 31 December 2009 (2008: Nil).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Memorandum and Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Report of the Directors

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 62.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

DIRECTORS

The directors of the Company ("Directors") during the year and as at the date of this report were as follows:

Executive Directors

Mr. Tung Tat Wah (Chairman)
Mr. Michael Wu Chun Wah

Independent non-executive Directors

Mr. Allan Kwok Ming Fai
Mr. Robert Siu Siu Ling
Mr. Stephen Lee Ming Ching

Pursuant to articles numbered 88 of the articles of association of the Company, at each of the annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to be not less than one third) shall retire from the office by rotation provided that every Director shall be subject to retirement at least once every three years. Accordingly, Mr. Michael Wu Chun Wah and Mr. Allan Kwok Ming Fai shall retire by rotation at the annual general meeting and will offer themselves for re-election as executive Director and Independent non-executive Director respectively.

The term of office of each of the independent non-executive Directors is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

INDEPENDENCE CONFIRMATION

The Company has received, from each of Independent non-executive Directors, an annual confirmation of the independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all of the Independent non-executive Directors are independent.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Tung Tat Wah — Executive Director

Mr. Tung, aged 49, is the Chairman of the Company. He was appointed as an executive Director on 11 March 2008. Prior to his present engagement, he has worked for several international financial institutions including Charles Fulton, Tokyo Forex and was responsible for investment in financial instruments. Mr. Tung has extensive experience in investment and general management.

Mr. Michael Wu Chun Wah — Executive Director

Mr. Wu, aged 45, was appointed as an executive Director on 1 November 2007. Mr. Wu graduated from Northeast Louisiana University and holds a master degree in business administration and a master degree in corporate governance from the Hong Kong Polytechnic University. Mr. Wu also obtained a diploma of China trade and investment from Beijing University, a diploma of China laws from Guangdong Economic Laws Research Centre and a postgraduate diploma in management from Asia International Open University. He is a fellow member of the Hong Kong Institute of Directors, member of the Hong Kong Securities Institute, associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretary and Administrators. Prior to his present employment, he was an executive director of China Chengtong Development Group Limited (listed on the Hong Kong Stock Exchange) which is a subsidiary of China Chengtong Holdings Company, a pillar enterprise under the supervision of State-owned Assets Supervision and Administration Commission. He was also the non-executive director of China Agrotech Holdings Limited (listed on the Hong Kong Stock Exchange). He has also worked for several international financial institutions including BNP Paribas Peregrine Capital Limited, CCIC Finance Limited and American Express Bank Limited. Mr. Wu has extensive experience in financial investment and corporate finance.

Mr. Stephen Lee Ming Ching — Independent Non-executive Director

Mr. Lee, aged 62, is a qualified Professional Civil Engineer, Construction and Project Manager and Consultant for more than 38 years. He is a graduate of University of Hong Kong in 1970 and holds a Bachelor of Science in Civil Engineering. He also obtained a diploma in Management studies in finance from Hong Kong Polytechnic University. He is a member of Hong Kong Institution of Engineers and a fellow member of Hong Kong Institute of Real Estate Administrators. He has worked for several construction companies including public works department of Singapore Government, Maunsell Consultants Asia, Hong Kong Land Company Limited, Hung Lung Development Company Ltd and Lolliman Holdings Ltd. He has his own Company in the last 18 years, Tonjun Consultants Limited, and being the advisor/ consultant of couple of major building contractors and developers in Hong Kong. He has extensive experience in construction industries and project management. Mr. Lee also active in the professional institutions and social service. He is the Vice President of Hong Kong Institute of Real Estate Administrators, Executive Council Member and Vice Chairman of Association of Engineering Professionals in Society and Committee Member of Hong Kong Institution of Engineers Civil Division. Mr. Lee was appointed as an independent non-executive Director on 28 May 2008.

Report of the Directors

Mr. Robert Siu Siu Ling — Independent Non-executive Director

Mr. Siu, aged 57, has been a solicitor since 1992 and has been admitted as a solicitor in England and Wales since 1993. Mr. Siu holds a bachelor degree in law and a postgraduate certificate in law. Mr. Siu was a partner of the former firm Messrs. Joseph Chu, C.P. Cheung & Co. from 1997 to 1998 and partner of the firm Messrs. C.P. Cheung & Co. from 1997 to 2000. He is now a partner of the firm Messrs. Robert Siu & Co., Solicitors. Mr. Siu's practice is mainly in the field of commercial and corporate finance. Mr. Siu is also an independent non-executive director of Kaisun Energy Group Limited (which is listed on Growth Enterprise Market of the Stock Exchange). Mr. Siu was appointed as an independent non-executive Director on 8 January 2002.

Mr. Allan Kwok Ming Fai — Independent Non-Executive Director

Mr. Kwok, aged 45, possesses over 16 years of experience in banking, finance and accounting and held executive positions at several international financial institutions, accounting firm and listed companies. Mr. Kwok obtained a Bachelor Degree in Accounting & Economics from the University of Sheffield in the United Kingdom and a Master Degree in Business Administration from the University of Adelaide in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok is currently an executive director of Zhongda International Holdings Limited (which is listed on Main Board of the Stock Exchange) and an independent non-executive director of Sewco International Holdings Limited and China Yunnan Tin Minerals Group Company Limited (both of which are listed on Main Board of the Stock Exchange). Mr. Kwok was appointed as an independent non-executive Director on 4 September 2007.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2009, the interests and short positions of the directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long position in shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Approximate percentage of total issued ordinary shares
Tung Tat Wah *(Note)*	Interest of controlled entity	15,000,000	20.83%
Michael Wu Chun Wah *(Note)*	Interest of controlled entity	15,000,000	20.83%

Note:

40% equity interest in Biggish Management Limited, a company incorporated in British Virgin Islands with limited liability, is held by Mr. Michael Wu Chun Wah, an executive Director and 60% equity interest in Biggish Management Limited are held by Mr. Tung Tat Wah, an executive Director. Mr. Michael Wu Chun Wah and Mr. Tung Tat Wah are deemed to be interested in 15,000,000 shares of the Company.

Save as disclosed above, at 31 December 2009, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (with the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, so far as is known to the Directors, the following persons (other than the directors and chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Long positions in shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of total issued ordinary shares
Biggish Management Limited	Beneficial Owner	15,000,000	20.83%

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

INVESTMENT MANAGEMENT AGREEMENT AND CONTINUING CONNECTED TRANSACTIONS

The Company's investment portfolio is managed by Hua Yu Investments Management Limited (the "Investment Manager"), in accordance with the terms and conditions of an investment management agreement (the "Investment Management Agreement") entered into between the Company and the Investment Manager dated 23 February 2009.

The Investment Manager is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the Investment Management Agreement constitutes a continuing connected transaction of the Company.

The Investment Manager is appointed for a term of two years commencing from 1 March 2009 and either the Investment Manager or the Company can terminate the appointment without serving prior notice to the other party. In accordance with the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a quarterly management fee of HK$150,000.

Report of the Directors

During the year ended 31 December 2009, investment management fees of HK$500,000 were charged by the Investment Manager (2008: not applicable).

The transaction was entered into by the Company in the ordinary and usual course of business in accordance with the terms of the Investment Management Agreement, conducted on normal commercial terms and is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules. The transaction had been reviewed by the independent non-executive Directors and obtained approval from the Company's board of directors.

On 28 February 2009, the Company terminated the investment management agreement with Upbest Assets Management Limited ("UAM"), the former investment manager. UAM is a wholly owned subsidiary of Upbest Group Limited in which the Company holds an investment. The management fee charged during the year by UAM was amounted to HK$121,445 (2008: HK$530,017).

AUDIT COMMITTEE

The Company established an audit committee in accordance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee of the Company has reviewed the final results for the year ended 31 December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 to the Listing Rules throughout the year under review, except that the independent non-executive Directors are not appointed for a specific term as required by Provision A.4.1 of the Code, but are subject to retirement by rotation in accordance with the Articles of Association of the Company.

Report of the Directors

AUDITOR

World Link CPA Limited was appointed as auditor of the Company on 20 March 2008 to fill the casual vacancy following the resignation of Baker Tilly with effect from 13 March 2008. World Link CPA Limited resigned as auditor of the Company with effect from 22 February 2010 and W.H. Tang & Partners CPA Limited was appointed as auditor of the Company to fill the casual vacancy with effect from 3 March 2010.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint W.H. Tang & Partners CPA Limited as auditor of the Company.

SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the shares of the Company has been suspended with effect from 9:30 a.m. on 13 June 2008 and will remain suspended until further notice.

On behalf of the Board
Tung Tat Wah
Chairman

Hong Kong, 26 April 2010

Corporate Governance Report

The Group is dedicated to maintaining a good credible framework of corporate governance with a view to being transparent, open and accountable to our shareholders. The Stock Exchange introduced the Code on Corporate Governance Practices ("the Code") in November 2004, for replacement and enhancement of the Code of Best Practice in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Code has become effective from 1 January 2005 and the Group has complied with code provisions as set out in the Code with the exception of code provision A.4.1 of the Code in respect of the service term. None of the existing independent non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the directors of the Company are subject to the retirement provisions under paragraph (1) of article 88 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

THE BOARD

Composition

The Board consists of two executive directors and three independent non-executive directors ("INED(s)"). Mr. Allan Kwok Ming Fai, independent non-executive director and chairman of audit committee has the appropriate professional accounting experience and expertise. The names and biographical details of each director are disclosed on pages 8 to 9 of this annual report.

Each INED has, pursuant to the guidelines set out in rule 3.13 of the Listing Rules, confirmed he is independent of the Company and the Company also considers that they are independent. Each INED is subject to the requirement that one-third of all the directors shall retire from office by rotation at each annual general meeting pursuant to the Articles of Association of the Company. There is no relationship (including financial, business, family or other material or relevant relationship) among members of the Board.

Function

The Board is responsible for managing and direction setting of the Company. For any major acquisition and disposal, major capital investment, dividend policy, appointment and retirement of directors, remuneration policy and other major operational and financial matters, Board approval is required.

The executive directors are responsible for day-to-day management of the Company's operations. These executive directors conduct regular meetings, at which operational issues and financial performance of the Company and its subsidiaries are evaluated.

The Company views well-developed and timely reporting systems and internal controls are essential, and the Board plays a key role in the implementation and monitoring of internal financial controls.

Corporate Governance Report

The Board held four regular Board meetings at approximately quarterly interval during year 2009 and additional board meetings were held when necessary. An agenda and accompanying board papers are sent in full to all directors in a timely manner and at least three days before the intended date of a board or board committee meeting. Adequate information related to the issues are also supplied for the board and its committee to make decisions which is for the best interests of the Group. Notice of at least fourteen days are given to give all directors an opportunity to attend. The directors who cannot attend in person might through other electronic means of communications to participate. Details of individual attendance of directors are set out in the table below:

Attendance of individual directors at Board meeting in 2009

	Number of Board meeting attended/ Number of Board meeting held	Attendance Rate
Executive Directors		
Mr. Tung Tat Wah	9/9	100%
Mr. Michael Wu Chun Wah	9/9	100%
INEDs		
Mr. Allan Kwok Ming Fai	6/9	66%
Mr. Robert Siu Siu Ling	6/9	66%
Mr. Stephen Lee Ming Ching	6/9	66%

The Board has established procedure to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

BOARD COMMITTEES

In order to strengthen the functions of the Board and to enhance its expertise, there are two Board committees namely, the Audit Committee and Remuneration Committee formed under the Board, with each performing different functions.

Remuneration Committee

The Board has established a Remuneration Committee comprising one executive director, Mr. Michael Wu Chun Wah and three independent non-executive directors, Mr. Allan Kwok Ming Fai, Mr. Robert Siu Siu Ling and Mr. Stephen Lee Ming Ching. It is chaired by Mr. Stephen Lee Ming Ching. The terms of reference of the Remuneration Committee have been reviewed with reference to the Corporate Governance Code.

Corporate Governance Report

The Remuneration Committee's responsibilities are to review and consider Company's policy for remuneration of directors and senior management, to determine remuneration packages of executive directors including benefits in kind, pension rights and compensation payments, and to recommend to the Board remuneration of independent non-executive directors.

Set out below is the summary of work of the Remuneration Committee done in 2009:

– to consider the corporate policy on remuneration basis for the executive directors and the INEDs;

– to review the remuneration of the executive directors and the INEDs;

– to consider and approve the payment of bonus (if any); and

– to ensure that no director or any of his associates is involved in deciding his own remuneration;

The Remuneration Committee held one meeting for the financial year ended 31 December 2009. Details of individual attendance of its members are set out in the table below:

	Number of meeting attended/ Number of meeting held	Attendance Rate
Executive Director		
Mr. Michael Wu Chun Wah	1/1	100%
INEDs		
Mr. Stephen Lee Ming Ching	1/1	100%
Mr. Robert Siu Siu Ling	1/1	100%
Mr. Allan Kwok Ming Fai	1/1	100%

Audit Committee

The Company's Audit Committee is composed of three independent non-executive directors, namely Mr. Allan Kwok Ming Fai, Mr. Robert Siu Siu Ling and Mr. Stephen Lee Ming Ching. It is chaired by Mr. Allan Kwok Ming Fai. It reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal controls, to protect the interests of the Company's shareholders.

Corporate Governance Report

The major roles and functions of the Audit Committee of the Company are as follows:

1. to review the annual report and half-year report before submission to the Board;

2. to review the Group's financial and accounting policies and practices;

3. to review the financial controls, internal control and risk management systems;

4. to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;

5. to be primarily responsible for making recommendation to the Board on the appointment of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; and

6. to report to the Board on the matters set out in the code provision relating to Audit Committee as set out in the Code.

The Audit Committee held two meetings for the financial year ended 31 December 2009. Details of individual attendance of its members are set out in the table below:

	Number of meeting attended/ Number of meeting held	Attendance Rate
INEDs		
Mr. Allan Kwok Ming Fai	2/2	100%
Mr. Robert Siu Siu Ling	2/2	100%
Mr. Stephen Lee Ming Ching	2/2	100%

Other Information

The Board has not established a nomination committee. According to the Articles of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new directors, the Board has taken into consideration of the nominee's qualification, ability and potential contributions to the Company.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by directors. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the year 2009.

AUDITOR'S REMUNERATION

The Audit Committee reviews each year with the external auditor of the Company as regards their independence, approves their appointment, discusses the scope of their audit, approves their fees, and the scope and appropriate fees for any non-audit services requested to be provided by them.

For the year ended 31 December 2009, services provided to the Company by its external auditor and the respective fees paid were:

	2009 HK$
Audit services	100,000
Taxation compliance and other services	49,000
	149,000

INTERNAL CONTROL

The Company places great importance on internal control and risk management.

The Company encourages a risk aware and control conscious environment throughout the Company. The Board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Company. These include strategic planning, political and regulatory, acquisitions, investments, expenditure control, treasury and environment.

Throughout the year 2009 the Company complied with the code provisions on internal controls as stipulated in the Code. In particular, during the year the Company conducted a review of the effectiveness of the internal control system of the Group. The directors are satisfied that the prevailing internal control systems as appropriate to the Group are in place and have been implemented properly and that no significant areas of improvement which are required to be brought to the attention to the members of the Audit Committee are revealed. An independent certified public accountants has reviewed the internal control and discussed the assessment bases with the management, and concurred that the Company has set up an effective internal control system to safeguard the assets of the Group.

Corporate Governance Report

SHAREHOLDER COMMUNICATION

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for voting by poll has been included in all circulars accompanying notice convening general meeting and has been read out by the chairman at general meeting.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The directors acknowledge that it is their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The directors also ensure timely publication of the financial statements of the Group. The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company, W. H. Tang & Partners CPA Limited, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 20 to 22.

VOTING BY POLL

The voting procedures for demanding a poll by shareholders were written in the 2009 annual general meeting (the "AGM") circular, and the voting procedures were explained in the AGM.

Independent Auditor's Report

TO THE SHAREHOLDERS OF INCUTECH INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited Liability)

We were engaged to audit the consolidated financial statements of Incutech Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 61, which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of principal accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the limitations in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independent Auditor's Report

BASIS FOR DISCLAIMER OF OPINION

(1) Prior year audit scope limitation affecting opening balance of available-for-sale investments

As detailed in the auditor's report dated 29 April 2009 issued by the other auditor ("Predecessor Auditor") on the consolidated financial statements of the Group for the year ended 31 December 2008, the Predecessor Auditor were unable to obtain sufficient audit evidence to satisfy themselves as to whether the carrying value in the consolidated balance sheet as at 31 December 2008 and the notes thereon relating to the available-for-sale investments are fairly stated. Accordingly, the Predecessor Auditor, among others, expressed a disclaimer opinion on the consolidated financial statements of the Group for the year ended 31 December 2008. Any adjustments found to be necessary to the opening balance of available-for-sale investments as at 1 January 2009 would have a consequential effect on the net liabilities of the Group as at 31 December 2009 and the loss and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2009.

(2) Existence and ownership of available-for-sale investments

As at 31 December 2009, included in the available-for-sale investments were the investments in unlisted equity securities, Super Plus Investments Limited and Good Spirit Group Limited (collectively the "Investee Companies") with an aggregate carrying amount of HK$2. As detailed in the note 16 to the consolidated financial statements, the Group was unable to contact the management of the Investee Companies and obtain sufficient information and documentations to verify the existence and its ownership of the equity interest in Investee Companies. In the absence of sufficient reliable evidence, we were unable to carry out adequate audit procedures to ascertain the existence and ownership of the available-for-sale investments and accordingly, we were unable to satisfy ourselves as to whether the carrying amount of the available-for-sale investments included in the consolidated financial statements and the related disclosures set out in the notes to the consolidated financial statements are free from material misstatement. Any adjustments found to be necessary in respect of the above would have a consequential effect on the net liabilities of the Group as at 31 December 2009 and on the loss and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2009.

(3) Going concern

As set out in note 1(b) to the consolidated financial statements, the Group incurred a loss of HK$2,072,639 for the year ended 31 December 2009 and the Group's net current liabilities and net liabilities as at 31 December 2009 amounted to HK$8,568,479 and HK$8,564,487 respectively. The directors of the Company have been taking steps to improve the liquidity of the Group. These steps included (i) extending the Group's short term loans upon maturity; (ii) securing the financial support from the substantial shareholder; (iii) negotiating with the suppliers to reschedule the payments of the Group's expenditures; and (iv) exploring the possibility to conduct fund raising activities.

Independent Auditor's Report

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the favourable outcomes of the steps being taken by the directors of the Company as described above. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and therefore do not include any adjustments relating to the realisation and classification of non-current assets that may be necessary if the Group is unable to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets.

These matters therefore indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

W. H. Tang & Partners CPA Limited
Certified Public Accountants
Hong Kong, 26 April 2010

Tang Wai Hung
Practising Certificate number P03525

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	2009 HK$	2008 HK$
Turnover	7	225,978	196,951
Realised gain/(loss) on disposals of listed investments	7	28,145	(84,916)
Unrealised surplus/(loss) on listed investments	17	2,781,870	(3,468,180)
Investment management fee		(621,445)	(530,017)
Other operating expenses		(3,996,029)	(3,846,553)
Operating loss		(1,581,481)	(7,732,715)
Finance costs	9	(491,158)	(500,864)
Loss before taxation	10	(2,072,639)	(8,233,579)
Taxation	11	—	—
Loss for the year attributable to equity holders of the Company	12	(2,072,639)	(8,233,579)
Other comprehensive income/(loss) for the year		—	—
Total comprehensive loss for the year attributable to equity holders of the Company		(2,072,639)	(8,233,579)
Loss per share	13	(HK$0.029)	(HK$0.11)

Consolidated Statement of Financial Position

As at 31 December 2009

	Note	2009 HK$	2008 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	15	3,990	118,222
Available-for-sale investments	16	2	2
		3,992	118,224
CURRENT ASSETS			
Investments held for trading	17	7,633,848	5,295,228
Loans receivable	18	2	2
Prepayments and other receivables		159,578	184,079
Bank balances and cash	24b	21,217	141,096
		7,814,645	5,620,405
CURRENT LIABILITIES			
Short term loans	19	6,891,063	6,399,905
Other payables and accruals	20	5,285,893	3,195,604
Due to a director	21	3,201,086	1,629,886
Tax payable		1,005,082	1,005,082
		16,383,124	12,230,477
NET CURRENT LIABILITIES		(8,568,479)	(6,610,072)
NET LIABILITIES		(8,564,487)	(6,491,848)
CAPITAL AND RESERVES			
Share capital	22	720,000	720,000
Reserves		(9,284,487)	(7,211,848)
SHAREHOLDERS' FUNDS		(8,564,487)	(6,491,848)
NET LIABILITIES PER SHARE		(HK$0.12)	(HK$0.09)

The consolidated financial statements on pages 23 to 61 were approved and authorised for issue by the Board of Directors on 26 April 2010 and are signed on its behalf by:

Tung Tat Wah
Director

Michael Wu Chun Wah
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital HK$	Share premium HK$	Accumulated losses HK$	Total equity HK$
At 1 January 2008	720,000	67,320,071	(66,298,340)	1,741,731
Total comprehensive loss for the year	—	—	(8,233,579)	(8,233,579)
At 31 December 2008 and at 1 January 2009	720,000	67,320,071	(74,531,919)	(6,491,848)
Total comprehensive loss for the year	—	—	(2,072,639)	(2,072,639)
At 31 December 2009	720,000	67,320,071	(76,604,558)	(8,564,487)

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Note	2009 HK$	2008 HK$
Operating activities			
Net cash (used in)/generated from operation	24a	(119,879)	358,044
Investing activities			
Purchases of property, plant and equipment		—	(228,464)
Net cash used in investing activities		—	(228,464)
Net (decrease)/increase in cash and cash equivalents		(119,879)	129,580
Cash and cash equivalents at the beginning of year	24b	141,096	11,516
Cash and cash equivalents at end of year		21,217	141,096
Analysis of balance of cash and cash equivalents	24b	21,217	141,096

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

1. GENERAL INFORMATION

(a) Incutech Investments Limited (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands. The principal place of business in Hong Kong is located at No. 1806 on the 18th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries during the year are investments in securities listed on the Stock Exchange and unlisted investments with a potential for earning growth and capital appreciation.

(b) In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of a loss of HK$2,072,639 for the year ended 31 December 2009 and the Group's net current liabilities and net liabilities as at 31 December 2009 amounted to HK$8,568,479 and HK$8,564,487 respectively. The directors of the Company have been taking steps to improve the liquidity of the Group. These steps include (i) extending the Group's short term loans upon maturity; (ii) securing the financial support from the substantial shareholder; (iii) negotiating with the suppliers to reschedule the payments of the Group's expenditures; and (iv) exploring the possibility to conduct fund raising activities. Provided that these measures are successful and can effectively improve the liquidity position of the Group, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has applied a number of new and revised standards, amendments and interpretations of Hong Kong Accounting Standards ("HKAS"), Hong Kong Financial Reporting Standards ("HKFRS") (collectively "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

2. APPLICATION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007): Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8: Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Company's reportable segments (see note 8).

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of right issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC)* – INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[5]

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

2. APPLICATION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 July 2010.
[6] Effective for annual periods beginning on or after 1 January 2011.
[7] Effective for annual periods beginning on or after 1 January 2013.

* IFRIC represents the International Financial Reporting Interpretations Committee.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognized financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows; and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term include all applicable individual Hong Kong Financial Reporting Standards, HKASs and interpretations issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention, except that available-for-sale investments and investments held for trading are stated at fair value.

The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. **PRINCIPAL ACCOUNTING POLICIES (Continued)**

(a) **Consolidation (Continued)**

The gain or loss on disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortized goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated income statement.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) **Translation of foreign currencies**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

(c) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follow:

Decoration and office equipment	2 years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to profit or loss on a straight-line basis over the lease period.

(f) Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. They are carried at fair value, with any resultant gain and loss recognized in profit or loss, which incorporates any dividend or interest earned on the financial assets.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not designated and effective hedging instruments.

Financial assets are designated at initial recognition as at FVTPL if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivable, prepayments, other receivables and bank balances) are carried at amortized cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL or loans and receivables. The Group designated investments in unlisted securities as available-for-sale financial assets.

Investments in unlisted securities are available-for-sale equity investments measured at fair value. Changes in fair value are recognized in other comprehensive income and accumulated capital reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in capital reserve is removed from capital reserve and recognized in profit or loss. Investments in unlisted securities which fair values cannot be reliably measured are stated at cost less any identified impairment losses at the end of the reporting period subsequent to initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in other comprehensive income and accumulated in capital reserve.

Financial liabilities and equity

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

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

Effective interest method

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. **PRINCIPAL ACCOUNTING POLICIES (Continued)**

(f) **Financial instruments (Continued)**

Financial liabilities and equity (Continued)

Financial liabilities

Financial liabilities including short term loans, other payables and accruals and due to a director are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Derecognition

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

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

(g) **Cash and cash equivalents**

For the purpose of consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. **PRINCIPAL ACCOUNTING POLICIES (Continued)**

(i) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(j) Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Group in an independent administered fund.

(k) Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates (and tax laws) that have been enacted or substantialy enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Revenue recognition

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

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

Gains or losses on sale of investment securities and other investments are recognized on the transfer of risks and rewards of ownership which generally coincides with the time when investments are delivered and title has passed.

(n) Related parties

A party is related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

In addition, transactions with connected parties as defined under the Listing Rules are disclosed in the Directors' Report of this annual report.

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For the year ended 31 December 2009

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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.

The 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 risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Going concern assumption

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. The Group is dependent upon the successful outcome of the measures as set forth in note 1(b) in order to meet the Group's future working capital and financing requirements.

In assessing whether or not the going concern assumption is appropriate, management takes into account all available information about the future, which is at least but is not limited to, twelve months from the approval date of the consolidated financial statements.

If the Group were unable to continue as a going concern, adjustments relating to the recoverability and classification of recorded assets and liabilities may need to be incorporated in the consolidated financial statements.

Impairment of loans receivable

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2009, the carrying amounts of loans receivable and commercial paper receivable are HK$1(2008: HK$ 1) and HK$1(2008: HK 1) respectively.

Fair value of other financial instruments

In determining the fair value of other financial instruments, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted debt and equity available-for-sale investments includes some assumptions not supported by observable market prices or rates. As at 31 December 2009, the carrying amounts of available-for-sale investments is HK$2(2008: HK$2).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

5. CAPITAL RISK MANAGEMENT

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

The Group also monitors the current and expected liquidity requirements regularly to ensure that sufficient working capital and adequate committed lines of funding are maintained to meet its liquidity requirements. Upon the discovery of any default, the Group would negotiate immediately with the relevant lenders for proper arrangement in order to maintain sufficient working capital. The Group manages its operating cashflow in order to achieve optimum utilization and certain costs-cutting measures are implemented to streamline its operating costs.

The capital structure of the Group consists of (deficit) equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group will also balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary.

The Group has negative equity at both years ended 31 December 2008 and 2009, resulting primarily from the significant loss suffered by the Group. The Group monitors its current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and mainly relies on short term financing from a director of the Company to meet its working capital requirements.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2009 HK$	2008 HK$
Financial assets		
Designated as at fair value through profit or loss ("FVTPL")	7,633,848	5,295,228
Available-for-sale financial assets	2	2
Loans and receivables (including cash and cash equivalents)	180,797	325,177
Financial liabilities		
Amortised cost	15,378,042	11,225,395

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, investments held for trading, prepayments, other receivables, loans receivable, bank balances, short term loans, other payables, accruals and amount due to a director. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency rates and equity prices. Market risk exposures are further measured by sensitivity analysis. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk. Details of each type of market risks are described as follows:

(i) *Currency risk*

The Group has limited exposure to market risk resulting from changes in foreign currency exchange rates since other than the functional and presentation currency of HK dollar, the Group holds no financial assets in foreign currency and thus the Group currently does not have a foreign currency hedging policy.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate short term loans (see note 19 for details of the short term loans). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

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

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For short term loans, the analysis is prepared assuming the amount of the outstanding loans at the end of reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

6. **FINANCIAL INSTRUMENTS (Continued)**

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) *Interest rate risk (Continued)*

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2009 would increase/decrease by HK$26,556 (2008: increase/decrease by HK$32,000). This is mainly attributable to the Group's exposure to interest rates on its short term loans.

(iii) *Other price risk*

The Group is exposed to equity price risk through its investments in financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity instruments quoted in The Stock Exchange of Hong Kong Limited. In addition, the Group has appointed an investment manager to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If the prices of the respective equity instruments had been 5% higher/lower, the Group's loss for the year ended 31 December 2009 would decrease/increase by HK$381,692 (2008: decrease/increase by HK$264,761) as a result of the changes in fair value of financial assets at fair value through profit or loss.

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

Other than the concentration of credit risk on loans receivable, the Group does not have any other significant concentration of credit risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

2009

	Carrying amount HK$000	Total contractual undiscounted cash flow HK$000	Within one year or on demand HK$000	More than 1 year less than 2 years HK$000
Short term loans	6,891	6,891	6,891	—
Other payables and accruals	5,286	5,286	5,286	—
Due to a director	3,201	3,201	3,201	—
	15,378	15,378	15,378	—

2008

	Carrying Amount HK$000	Total contractual undiscounted cash flow HK$000	Within one year or on demand HK$000	More than 1 year less than 2 years HK$000
Short term loans	6,400	6,400	6,400	—
Other payables and accruals	3,195	3,195	3,195	—
Due to a director	1,630	1,630	1,630	—
	11,225	11,225	11,225	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

6. FINANCIAL INSTRUMENTS (Continued)

Fair values

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

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortized cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

<u>Fair value measurements recognized in the statement of financial position</u>

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	31 December 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	HK$	HK$	HK$
Financial assets at FVTPL				
Listed securities	7,633,848	—	—	7,633,848
Available-for-sale financial assets				
Unlisted securities	—	—	2	2
	7,633,848	—	2	7,633,850

During the year ended 31 December 2009, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

6. FINANCIAL INSTRUMENTS (Continued)

Fair values(Continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted securities HK$
At 1 January 2009 and at 31 December 2009	2

7. TURNOVER AND REVENUES

Total revenues recognised during the year are as follows:

	2009 HK$	2008 HK$
Turnover:		
Dividend income from listed investments	225,978	196,951
Other revenue:		
Realised gain/(loss) on disposals of listed investments	28,145	(84,916)
Total revenues	254,123	112,035

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, Segment reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group has only one business activity, namely investments in listed Hong Kong securities and unlisted investments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

8. SEGMENT INFORMATION (Continued)

In prior years, segment information reported externally was analyzed on the basis of the types of business activities and geographical segments. No segment information is presented as the Group has only one business activity, namely investments in listed Hong Kong securities and unlisted investments. However, information reported to the executive directors, the chief operating decision maker of the Group is more specifically focused on the categories of the investments. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Listed securities	—	Investments in securities listed on the Stock Exchange
Unlisted securities	—	Investments in unlisted securities

Information regarding the above segments is reported below. Amounts reported for prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

The following is an analysis of the Group's results by reportable segment:

Year ended 31 December 2009

	Listed securities HK$	**Unlisted securities** HK$	**Total** HK$
Segment result	3,035,993	—	3,035,993
Unallocated expenses			(5,108,632)
Loss for the year			(2,072,639)

Year ended 31 December 2008

	Listed securities HK$	**Unlisted securities** HK$	**Total** HK$
Segment result	(3,356,145)	—	(3,356,145)
Unallocated expenses			(4,877,434)
Loss for the year			(8,233,579)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

8. SEGMENT INFORMATION (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result of listed securities represents dividend income from listed securities, realised gain/loss on disposals of investments in listed securities and fair value gain/loss on investments in listed securities. Segment result of unlisted securities represents fair value gain/loss on investments in unlisted securities and gain/loss on disposals of investment in unlisted securities. With the nature of securities business, no segment revenue is presented.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	2009 HK$	2008 HK$
Listed securities	7,633,848	5,295,228
Unlisted securities	2	2
Total segment assets	7,633,850	5,295,230
Unallocated assets	184,787	443,399
	7,818,637	5,738,629

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than loan receivable, prepayments, other receivables and bank balances.

Geographical information

No geographical information is presented as the Group operates in Hong Kong only.

9. FINANCE COSTS

	2009 HK$	2008 HK$
Interest on unsecured short term loans	491,158	500,864

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For the year ended 31 December 2009

10. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	2009 HK$	2008 HK$
Auditor's remuneration	143,500	180,000
Depreciation	114,232	110,242
Rental charges under operating leases in respect of rented premises	637,387	630,400
Staff costs including directors' emoluments:		
Salaries and other benefits	2,058,000	2,063,068
Contributions to retirement benefits scheme *(note 25)*	20,400	21,300

11. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profits for both years.

Taxation for the year can be reconciled to the loss before taxation as follows:

	2009 HK$	2008 HK$
Loss before taxation	(2,072,639)	(8,233,579)
Taxation at Hong Kong Profits Tax rate of 16.5%	(341,985)	(1,358,541)
Tax effect of income not subject to taxation	(496,295)	(32,497)
Tax effect on non-deductible expenses	194,749	18,190
Tax effect of tax losses not recognised	626,259	1,372,848
Others	17,272	—
Taxation for the year	—	—

At 31 December 2009, the Group has estimated unused tax losses of approximately HK$8,198,685 (2008: HK$4,403,177) available for offset against future profits. No deferred tax asset has been recognized in respect of such losses due to the unpredictability of taxable income in future. The losses may be carried forward indefinitely. There were no other significant temporary differences arising during the year or at the end of the reporting date.

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For the year ended 31 December 2009

12. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of HK$892,352 (2008: HK$45,074,880) which has been dealt with in the financial statements of the Company (note 23(b)).

13. LOSS PER SHARE

The calculation of the loss per share is based on the Group's loss attributable to the equity holders of HK$2,072,639 (2008: HK$8,233,579) and the weighted average number of 72,000,000 (2008: 72,000,000) ordinary shares in issue during the year.

As the Company has not issued any warrants and options during the year, the calculation of diluted earnings per share is the same as the basic earnings per share.

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) The emoluments paid or payable to each of the five (2008: seven) directors were as follows:

	2009 HK$	2008 HK$
Fees for executive directors		
Michael Wu Chun Wah	600,000	700,000
Tung Tat Wah	600,000	483,871
Lee Kar Wai *(Note 1)*	—	11,992
Fees for independent non-executive directors		
Robert Siu Siu Ling	50,000	50,000
Allan Kwok Ming Fai	50,000	50,000
Stephen Lee Ming Ching	50,000	29,704
Kong Tze Wing *(Note 2)*	—	20,501
Total emoluments	1,350,000	1,346,068

Notes:

1. Mr. Lee Kar Wai has resigned as an executive director of the Company with effect from 11 March 2008.

2. Mr. Kong Tze Wing has resigned as an independent non-executive director of the Company with effect from 28 May 2008.

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14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included two (2008: two) directors of the Company, details of whose emoluments are set out above. The details of the emoluments of the remaining two (2008: three) individuals are as follows:

	2009 HK$	2008 HK$
Salaries and other benefits	708,000	717,000
Contributions to retirement benefit	20,400	21,300
	728,400	738,300

The emoluments of the five highest paid individuals were within the band of Nil to HK$1,000,000.

15. PROPERTY, PLANT AND EQUIPMENT

	Decoration HK$	**Office equipment** HK$	**Total** HK$
Cost			
At 1 January 2008	—	—	—
Additions	174,388	54,076	228,464
At 31 December 2008, 1 January 2009 and 31 December 2009	174,388	54,076	228,464
Accumulated depreciation			
At 1 January 2008	—	—	—
Charge for the year	86,787	23,455	110,242
At 31 December 2008 and 1 January 2009	86,787	23,455	110,242
Charge for the year	87,194	27,038	114,232
At 31 December 2009	173,981	50,493	224,474
Carrying values			
At 31 December 2009	407	3,583	3,990
At 31 December 2008	87,601	30,621	118,222

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16. AVAILABLE-FOR-SALE INVESTMENTS

	2009 HK$	2008 HK$
Unlisted equity securities, at cost		
Balance b/f	45,882,000	45,882,000
Additions	—	—
Disposals	—	—
Balance c/f	45,882,000	45,882,000
Less: Allowance for impairment losses		
Balance b/f	45,881,998	45,881,998
Impairment loss recognised during the year	—	—
Written back	—	—
Balance c/f	45,881,998	45,881,998
Carrying amount	2	2

Available-for-sale equity securities are held for long term strategic purposes to the investee company in order to maintain good relationship with business counterparts and generate regular dividends in future years.

Details of unlisted equity securities as at 31 December 2009 are as follows:

Name of investee company	Nature of business	Particulars of issued share held	Portion of interest held	Cost HK$	% of total assets of the Group	Dividends received/ receivable during the year HK$
Super Plus Investments Limited	Not applicable, Struck off on 1 May 2009	10,000 (2008:10,000) Ordinary shares of US$1 each	20% (2008: 20%)	30,882,000 (2008: 30,882,000)	0% (2008: 0%)	— (2008:NIL)
Good Spirit Group Limited	Not applicable, Struck off on 2 Nov 2009	14 (2008: 14) Ordinary shares of US$1 each	14% (2008: 14%)	15,000,000 (2008: 15,000,000)	0% (2008: 0%)	— (2008:NIL)

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16. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(a) Super Plus Investments Limited and Good Spirit Group Limited (collectively the "Investee Companies") are private companies incorporated in the British Virgin Islands with limited liability ("BVI").

(b) In the opinion of the directors of the Company, the Group has no significant influence to the management and operation in Super Plus Investments Limited. Therefore, the investment in Super Plus Investments is not regarded as interest in associated company.

(c) As the investments do not have quoted market price in an active market, the investments are measured at cost less allowance for impairment, if any.

The above investments were made in the period prior to November 2007, when there was a substantial change in the composition of the management and board of directors of the Company as a result of the change in the substantial shareholder of the Company. The current board of directors ("Current Directors") have very little background information and knowledge, and have not met nor have they been able to contact the management of the Investee Companies. The Current Directors, despite their best efforts, are unable to obtain sufficient information and documentations from the management of the Investee Companies to verify the existence and ownership of the equity interest in the Investee Companies. In addition, the Investee Companies are not in good standing under the laws of BVI and have been struck off during the year. Full impairment loss on these investments had been recognised in 2007.

17. INVESTMENTS HELD FOR TRADING

	2009 HK$	2008 HK$
Equity securities listed in Hong Kong, at fair values	7,633,848	5,295,228

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For the year ended 31 December 2009

17. INVESTMENTS HELD FOR TRADING (Continued)

The fair values of the investments held for trading are determined based on the quoted market values of the securities listed on the Stock Exchange at the end of the reporting period. Details of investments held for trading, which were all incorporated in Cayman Islands, are as follows:

Name of investee company	Number of shares held	Effective shareholding interest	2009 Market value/ Fair value HK$'000	2009 Fair value gain HK$'000	2008 Market value/ Fair value HK$'000	2008 Fair value loss HK$'000	Dividends received/ receivable during the year HK$'000	% of total assets of the Group	Note
UBA Investments Limited ("UBA Investments")	6,972,000 (2008: 23,622,000)	0.66% (2008: 2.23%)	830	470	803	(2,873)	— (2008: Nil)	11% (2008: 14%)	1
Upbest Group Limited ("Upbest")	6,606,000 (2008: 6,606,000)	0.49% (2008: 0.49%)	6,804	2,312	4,492	(595)	226 (2008: 197)	87% (2008: 78%)	2
			7,634	2,782	5,295	(3,468)			

A brief description of the business and financial information of the listed investee companies, based on their published annual or interim reports, is as follows:

Note

1: **UBA Investments**

UBA Investments and its subsidiaries are principally engaged in the investments in listed and unlisted securities, including equity securities and convertible bonds.

The unaudited profit attributable to shareholders of UBA Investments for the six months ended 30 September 2009 was HK$18,474,920. The unaudited loss attributable to shareholders of UBA Investments for the six months ended 30 September 2008 was HK$25,794,516. As at 30 September 2009, the unaudited net asset value of UBA Investments was HK$112,870,076 (30 September 2008: HK$98,851,989).

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17. INVESTMENTS HELD FOR TRADING (Continued)

2: **Upbest**

Upbest and its subsidiaries are principally engaged in the provision of a wide range of financial services including securities broking, futures broking, margin financing, money lending, corporate finance advisory and assets management.

The unaudited profit attributable to shareholders of Upbest for the six months ended 30 September 2009 was approximately HK$18,220,000 (six months ended 30 September 2008: HK$18,159,000). As at 30 September 2009, the unaudited net asset value of Upbest was approximately HK$1,036,254,000 (30 September 2008: HK$933,442,000). Upbest is the holding company of the Group's former investment manager, Upbest Asset Management Limited ("UAM").

18. LOANS RECEIVABLE

	2009 HK$	2008 HK$
Loans receivable	2,863,000	2,863,000
Commercial paper	20,711,733	20,711,733
	23,574,733	23,574,733
Allowance for impairment	(23,574,731)	(23,574,731)
Carrying amount	2	2

The loans receivable were all made to a company incorporated in the BVI of which is an independent third party to the Group. The loans were unsecured and were past due for repayment. The Group had taken legal action for the recovery of the loans and no response was received. In addition, based on the search at the registry of corporate affairs in the BVI, the company is not in good standing under the laws of BVI and has been struck off during the year. Full impairment loss on loans receivable had been recognised in 2007.

19. SHORT TERM LOANS

Short term loans amounting to HK$1,579,880 (2008: HK$1,556,250) and HK$5,311,183 (2008: HK$4,843,655) were borrowed from an independent third party and Upbest Finance Company Limited ("UFC") respectively. UFC is a fellow subsidiary of UAM, the Group's former investment manager.

The loan from the independent third party is unsecured, and repayable on demand. Interest is charged at the fixed rate at 2% per annum (2008: Hong Kong prime rate plus 1% per annum).

The loan from UFC is unsecured, and repayable on demand. Interest is charged at the variable rate at the Hong Kong prime rate plus 4% per annum (2008: Hong Kong prime rate plus 4% per annum).

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20. OTHER PAYABLES AND ACCURALS

Included in the other payables and accruals are the amount due to Directors arising from unsettled directors' fees amounting to HK$2,638,575 (2008: HK$1,288,575), and the amount due to former investment manager and current investment manager for unsettled investment management fee amounting to HK$1,265,451 (2008: HK$1,344,006) and HK$500,000 (2008: not applicable) respectively.

21. DUE TO A DIRECTOR

The amount due to a director is unsecured, interest free and has no fixed term of repayment.

22. SHARE CAPITAL

	2009 HK$	2008 HK$
Authorised:		
500,000,000 ordinary shares of HK$0.01 each	5,000,000	5,000,000
Issued and fully paid:		
72,000,000 ordinary shares of HK$0.01 each	720,000	720,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

23. FINANCIAL INFORMATION OF THE COMPANY

	Note	2009 HK$	2008 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	15	3,990	118,222
Interests in subsidiaries	(a)	4,212	—
		8,202	118,222
CURRENT ASSETS			
Prepayment and other receivables		19,360	9,360
Investment held for trading		7,633,848	5,295,228
Cash and bank balances		15,983	134,845
		7,669,191	5,439,433
CURRENT LIABILITIES			
Other payables and accruals		5,285,112	3,195,595
Amount due to a subsidiary		3,199,170	2,276,597
		8,484,282	5,472,192
NET CURRENT LIABILITIES		(815,091)	(32,759)
NET (LIABILITIES)/ASSETS		(806,889)	85,463
CAPITAL AND RESERVES			
Share capital	22	720,000	720,000
Reserves	(b)	(1,526,889)	(634,537)
SHAREHOLDERS' FUNDS		(806,889)	85,463

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

23. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(a) Interests in subsidiaries

	2009 HK$	2008 HK$
Unlisted shares, at cost	9	24
Amounts due from subsidiaries	40,984,362	40,994,183
	40,984,371	40,994,207
Less: Loss on disposal of subsidiaries	—	(14,048)
Allowance for impairment	(40,980,159)	(40,980,159)
	4,212	—

Details of the subsidiaries, which were all wholly-owned by the Company, as at 31 December 2009, are as follows:

Name	Principal activities and operation	Place of incorporation	Particulars of issued share capital	Portion of interest held	
				2009	2008
Jointline Investment Limited	Investment holding in Hong Kong	British Virgin Islands	1 ordinary share of US$1 each	100%	100%
Perfect Partner Holdings Limited	Investment holding in Hong Kong	Hong Kong	1 ordinary share of HK$1 each	100%	100%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

23. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(b) Reserves

	Share premium HK$	Accumulated losses HK$	Total HK$
At 1 January 2008	67,320,071	(22,879,728)	44,440,343
Loss for the year	—	(45,074,880)	(45,074,880)
At 31 December 2008	67,320,071	(67,954,608)	(634,537)
Loss for the year	—	(892,352)	(892,352)
At 31 December 2009	67,320,071	(68,846,960)	(1,526,889)

24. CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before taxation to net cash (used in)/generated from operating activities during the year are as follows:

	2009 HK$	2008 HK$
Loss before taxation	(2,072,639)	(8,233,579)
Adjustment for:		
Interest expenses	491,158	500,864
Depreciation of property, plant and equipment	114,232	110,242
Realised (gain)/Loss on disposal of listed investments	(28,145)	84,916
Unrealised (surplus)/loss on listed investments	(2,781,870)	3,468,180
Operating cash outflow before changes in working capital	(4,277,264)	(4,069,377)
Decrease in prepayments and other receivables	24,501	86,325
Decrease in investments held for trading	471,395	268,706
Decrease in margin accounts payable	—	(870)
Increase in short term loans	—	2,000,864
Increase in other payables and accruals	2,090,289	943,374
Increase in due to a director	1,571,200	1,629,886
Net cash (used in)/generated from operations	(119,879)	858,908
Interest paid	—	(500,864)
Net cash (used in)/generated from operating activities	(119,879)	358,044

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

24. CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Analysis of balance of cash and cash equivalents

	2009 HK$	2008 HK$
Cash and bank balances	21,217	141,096

25. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("the Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group in fund under the control of trustee. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

26. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant amount of contingent liabilities.

27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2009, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	2009 HK$	2008 HK$
Within one year	453,888	538,484
In the second to fifth year inclusive	441,280	—
	895,168	538,484

The above lease agreement was made between the Group and the landlord for a term of two years and rentals are fixed for two years. The lease payments were guaranteed by the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

28. RELATED PARTY TRANSACTIONS

The Group undertook the following transactions with a related party in the normal course of its business:

	2009 HK$	2008 HK$
Interest expenses on the short term loans *(Note a)*	—	444,614

Notes

a. Interest expenses on the short term loans, charged at the rate at the Hong Kong prime rate plus 4% per annum (2008: Hong Kong prime rate plus 4% per annum), were paid to UFC, which is a fellow subsidiary of the Group's former investment manager, UAM.

b. The Group also has investments held for trading in Upbest of HK$6,804,180 (2008: HK$4,492,080) at the end of the reporting period. As set out in note 17, Upbest is the holding company of the Group's former investment manager, UAM.

Compensation of key management personnel of the Group

	2009 HK$	2008 HK$
Short term benefits	1,200,000	1,195,863
Post employment benefits	—	—
	1,200,000	1,195,863

Further details of directors' emoluments are included in note 14.

29. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 26 April 2010.

Five Year Financial Summary

	2009 HK$	2008 HK$	2007 HK$	2006 HK$	2005 HK$
RESULTS					
Profit/(loss) attributable to equity holders of the Company	**(2,072,639)**	(8,233,579)	(72,027,662)	7,474,866	(18,973,893)
ASSETS AND LIABILITIES					
Total assets	**7,818,637**	5,738,629	9,398,954	100,696,334	103,062,036
Total liabilities	**16,383,124**	12,230,477	7,657,223	26,926,941	36,767,509
Total equity	**(8,564,487)**	(6,491,848)	1,741,731	73,769,393	66,294,527