THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities in Green Global Resources Limited.

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

(Incorporated in Bermuda with limited liability)

(Stock code: 61)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY SHARE HELD ON RECORD DATE; APPLICATION FOR THE WHITEWASH WAIVER; AND INCREASE IN AUTHORISED SHARE CAPITAL

Financial adviser to Green Global Resources Limited

OPTIMA CAPITAL

Optima Capital Limited

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

Access Capital

Underwriter to the Rights Issue

Integrated Capital (Asia) Limited

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in connection with the Rights Issue and the Whitewash Waiver is set out on page 26 of this circular. A letter from Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in connection with the Rights Issue and the Whitewash Waiver, is set out on pages 27 to 40 of this circular.

A notice convening a special general meeting of the Company to be held at 9:30 a.m. on Monday, 21 July 2008 at 9 Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong is set out on pages 113 to 115 of this circular. Whether or not you intend to attend the special general meeting of the Company, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than forty-eight hours before the time appointed for holding the meeting of the Company. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting of the Company or any adjournment of it, if you so wish.

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed "Conditions of the Rights Issue" on pages 13 to 14 of this circular. In particular, the Rights Issue is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as more particularly described in the section headed "Termination of the Underwriting Agreement" on pages 14 to 16 of this circular. The Rights Issue is therefore also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Rights Issue may or may not proceed.

* *For identification purpose only*

2 July 2008

CONTENTS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires.

"Acceptance Time"	4:00 p.m. on the Last Acceptance Date
"acting in concert"	has the meanings ascribed to it in the Takeovers Code
"Announcement"	the announcement of the Company dated 17 June 2008 in relation to the Rights Issue, the Whitewash Waiver and the proposed increase in authorised share capital
"associate(s)"	has the same meanings ascribed to it in the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day on which banks are generally open for business in Hong Kong other than a Saturday and a Sunday
"Company"	Green Global Resources Limited (stock code: 61), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
"Convertible Bonds"	the convertible bonds due 2010 issued by the Company which entitle the holders thereof to convert the outstanding principal amount into new Shares at the prevailing conversion price of HK$0.567 per Share (subject to adjustment) at any time from the date of issue up to and including 1 October 2010
"Director(s)"	director(s) of the Company
"EAF(s)"	the excess application form(s) to be issued in connection with the Rights Issue
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Group"	the Company and its subsidiaries
"HKCSS"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising three independent non-executive Directors, namely Mr. Lim Yew Kong, John, Mr. Albert Theodore Powers and Mr. Pang Seng Tuong, established to give recommendation to the Independent Shareholders regarding the Rights Issue and the Whitewash Waiver

"Independent Financial Adviser" or "Access Capital"	Access Capital Limited, a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee regarding the Rights Issue and the Whitewash Waiver
"Independent Shareholders"	Shareholders other than (i) Mr. Tse, Mr. Puongpun Sananikone and their respective associates; (ii) Mr. Yam, Integrated Asset, the Underwriter and parties acting in concert with any of them; and (iii) other Shareholders (if any) who are involved or interested in the Underwriting Agreement and the Whitewash Waiver
"Integrated Asset"	Integrated Asset Management (Asia) Limited, a company incorporated in the British Virgin Islands with limited liability, whose shares are wholly and beneficially owned by Mr. Yam
"Last Acceptance Date"	4 August 2008, the last acceptance day of the Rights Issue
"Last Full Trading Day"	11 June 2008, being the last full trading day before the suspension of the trading of the Shares for the purpose of the release of the Announcement
"Latest Practicable Date"	27 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Committee"	the listing sub-committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Tse"	Mr. Tse Michael Nam, the Chairman of the Company and an executive Director
"Mr. Yam"	Mr. Yam Tak Cheung
"Non-Qualifying Shareholders"	Overseas Shareholders in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places
"Option Holders' Undertakings"	the respective undertakings given by the relevant holders of a total of 171,271,855 Share Options as regards the exercise and transfer of their Share Options

"Overseas Shareholders"	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register are in a place(s) outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) to be issued in connection with the Rights Issue
"PRC"	the People's Republic of China
"Prospectus"	the prospectus to be issued by the Company to the Shareholders containing details of the Rights Issue
"Prospectus Documents"	the Prospectus, PAL and EAF
"Prospectus Posting Date"	the date of posting the Prospectus Documents to Qualifying Shareholders and the Prospectus to Non-Qualifying Shareholders
"Qualifying Shareholders"	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
"Record Date"	21 July 2008, being the date by reference to which entitlements to the Rights Issue are to be determined
"Remaining Share Options"	the 15,320,000 Share Options the holders of which have not undertaken to the Company not to exercise such Share Options on or prior to the Record Date
"Rights Issue"	the issue by way of rights of one Rights Share for every Share held on the Record Date at a price of HK$0.108 per Rights Share
"Rights Shares"	new Shares to be issued and allotted under the Rights Issue, being not more than 1,423,218,761 Shares but not less than 1,267,422,572 Shares
"Settlement Date"	the date being the third Business Day following the Acceptance Date
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company at which resolution(s) will be proposed to consider and, if thought fit, to approve, among others, the Rights Issue, the Whitewash Waiver and the proposed increase in authorised share capital of the Company

"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Share Options"	the options to subscribe for Shares granted to eligible participants of the Company under the share option scheme of the Company adopted on 30 May 2002
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Code on Takeovers and Mergers
"Underwriter"	Integrated Capital (Asia) Limited, a company incorporated in Hong Kong with limited liability whose shares are wholly and beneficially owned by Mr. Yam
"Underwriting Agreement"	the underwriting agreement dated 12 June 2008 and entered into between the Company, the Underwriter, Mr. Yam, Integrated Asset and Mr. Tse in relation to the underwriting and certain other arrangements in respect of the Rights Issue
"Underwritten Shares"	being not more than 1,156,306,761 Rights Shares but not less than 1,000,510,572 Rights Shares, representing the total number of Rights Shares to be issued pursuant to the Rights Issue less those Rights Shares which Mr. Tse and Integrated Asset have undertaken to take up
"Whitewash Waiver"	a waiver required to be granted by the Executive pursuant to Note 1 to Dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a general offer for all the issued Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it which may otherwise arise as a result of the subscription of the Rights Shares by the Underwriter under the Rights Issue pursuant to the Underwriting Agreement
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"S$"	Singapore dollars, the lawful currency of Singapore
"US$"	United States dollars, the lawful currency of the United States of America
"%" or "per cent."	percentage or per centum

For the purpose of illustration in this circular, apart from Appendix I, amounts in RMB, US$ and S$ have been translated into HK$ at the exchange rates of RMB1.0 = HK$1.12, US$1.0 = HK$7.8 and S$1.0 = HK$5.06 respectively.

Set out below is an indicative timetable for the implementation of the Rights Issue. **The timetable is subject to change in accordance with the agreement between the Company and the Underwriter. The Company will notify the Shareholders on any changes to the expected timetable as and when appropriate.**

	2008
Last day of dealings in the Shares on a cum-rights basis	Friday, 11 July
Commencement of dealings in the Shares on an ex-rights basis	Monday, 14 July
Latest time for lodging transfers of Shares to be entitled for the Rights Issue	4:00 p.m. on Tuesday, 15 July
Book close period to determine the entitlements under the Rights Issue (both dates inclusive)	Wednesday, 16 July to Monday, 21 July
Latest time for return of form of proxy for the SGM	9:30 a.m. on Saturday, 19 July
SGM	9:30 a.m. on Monday, 21 July
Record Date	Monday, 21 July
Announcement of the results of the SGM to be published	by 11:00 p.m. Monday, 21 July
Prospectus Posting Date	Monday, 21 July
Register of members re-opens	Tuesday, 22 July
First day of dealings in nil-paid Rights Shares	Wednesday, 23 July
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Friday, 25 July
Last day of dealings in nil-paid Rights Shares	Wednesday, 30 July
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 4 August
Underwriting Agreement becomes unconditional	4:00 p.m. on Thursday, 7 August
Announcement of the results of the Rights Issue to be published	by 11:00 p.m. Friday, 8 August
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Monday, 11 August
Share certificates for the Rights Shares to be posted on or before	Monday, 11 August
Commencement of dealings in fully-paid Rights Shares	Wednesday, 13 August

Notes:

(i) All times in this circular refer to Hong Kong time.

(ii) Effect of bad weather on the latest time for acceptance of and payment for Rights Shares

The latest time for acceptance of and payment for Rights Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning

  (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Last Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day;

  (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Last Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on Last Acceptance Date, the dates mentioned in the section headed "Expected timetable" in this circular may be affected. An announcement will be made by the Company in such event.

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

(Incorporated in Bermuda with limited liability)

(Stock code: 61)

Executive Directors:
Mr. Tse Michael Nam
Mr. Puongpun Sananikone

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

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

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

2 July 2008

To the Shareholders and, for information, holders of the Convertible Bonds

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY SHARE HELD ON RECORD DATE; APPLICATION FOR THE WHITEWASH WAIVER; AND INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

The Company announced on 17 June 2008 that the Company had entered into the Underwriting Agreement with the Underwriter on 12 June 2008 in relation to the Rights Issue and the application for the Whitewash Waiver. The Directors also proposed to increase the authorised share capital of the Company.

* *For identification purpose only*

The purpose of this circular is to provide you with, among others, (i) details of the Rights Issue, the Whitewash Waiver and the proposed increase in authorised share capital; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the Rights Issue and the Whitewash Waiver; (iii) the advice from Access Capital to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the Whitewash Waiver; (iv) financial information of the Group; and (v) the notice of the SGM.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One Rights Share for every Share held on the Record Date
Number of Shares in issue	:	1,267,422,572 Shares as at the Latest Practicable Date
Minimum number of Rights Shares *(see explanatory Note 1 below)*	:	1,267,422,572 Rights Shares
Maximum number of Rights Shares *(see explanatory Note 2 below)*	:	1,423,218,761 Rights Shares
Subscription price	:	HK$0.108 per Rights Share
Minimum enlarged issued share capital upon completion of the Rights Issue assuming no exercise of the Remaining Share Options and no conversion of the outstanding Convertible Bonds	:	2,534,845,144 Shares
Maximum enlarged issued share capital upon completion of the Rights Issue assuming full exercise of the Remaining Share Options and full conversion of the outstanding Convertible Bonds *(see explanatory Note 3 below)*	:	2,846,437,522 Shares

Explanatory notes

(1) (a) The minimum number of Rights Shares is arrived at assuming no new Shares will be issued after the Latest Practicable Date and up to the Record Date.

(b) The minimum number of 1,267,422,572 Rights Shares represents:

(i) 100% of the Company's existing issued share capital; and

(ii) 50% of the Company's issued share capital as enlarged by the issue of the Rights Shares, assuming no exercise of the Remaining Share Options and no conversion of the outstanding Convertible Bonds.

(2) (a) As at the Latest Practicable Date, the Company has 186,591,855 Share Options and the outstanding Convertible Bonds in issue. The Share Options entitle the holders thereof to subscribe for Shares at various exercise prices of HK$2.532 per Share, HK$0.66 per Share, HK$0.38 per Share, HK$0.36 per Share, and HK$0.243 per Share (all subject to adjustment). The Convertible Bonds entitle the holders thereof to convert the outstanding principal amount into a total of 140,476,189 Shares at the prevailing conversion price of HK$0.567 per Share (subject to adjustment) upon full conversion. Save for these, the Company has no other options, warrants or other securities convertible into or giving rights to subscribe for the Shares as at the Latest Practicable Date.

Holders of 171,271,855 Share Options have irrevocably undertaken to the Company that they will not exercise any of their Share Options prior to the Record Date and that such Share Options will remain registered in the names of and beneficially owned by such holders from the date of such undertaking up to and including the Record Date. On this basis, the Remaining Share Options in respect of 15,320,000 Shares may be exercised on or prior to the Record Date.

The maximum number of Rights Shares is based on one Rights Share for every Share held on the Record Date, taking into account (i) the 1,267,422,572 Shares in issue as at the Latest Practicable Date; (ii) the 15,320,000 new Shares which may fall to be issued upon full exercise of the Remaining Share Options on or prior to the Record Date; (iii) the 140,476,189 new Shares which may fall to be issued upon full conversion of the outstanding Convertible Bonds on or prior to the Record Date.

(b) The maximum number of 1,423,218,761 Rights Shares represents:

(i) approximately 112.3% of the Company's existing issued share capital; and

(ii) 50% of the Company's issued share capital as enlarged by the issue of the Rights Shares, assuming full exercise of the Remaining Share Options and full conversion of the outstanding Convertible Bonds.

(3) The maximum enlarged issued share capital represents the sum of (i) the maximum number of 1,423,218,761 Rights Shares as described in note 2(a) above; (ii) the 1,267,422,572 Shares in issue as at the Latest Practicable Date; (iii) the 15,320,000 new Shares which may fall to be issued upon full exercise of the Remaining Share Options on or prior to the Record Date; and (iv) the 140,476,189 new Shares which may fall to be issued upon full conversion of the outstanding Convertible Bonds on or prior to the Record Date.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but the Company will not send any PAL and EAF to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 15 July 2008. No transfers of Shares will be registered during the book closure period.

Subscription price

The subscription price for the Rights Shares is HK$0.108 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for Rights Shares. The subscription price represents:

(i) a discount of approximately 27.5% to the closing price per Share of HK$0.149 as quoted on the Stock Exchange on 12 June 2008, being the half trading day of the Shares prior to suspension in trading on the same day;

(ii) a discount of approximately 30.3% to the closing price per Share of HK$0.155 as quoted on the Stock Exchange on the Last Full Trading Day;

(iii) a discount of approximately 41.0% to the average of the closing prices per Share of HK$0.183 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Full Trading Day;

(iv) a discount of approximately 43.5% to the average of the closing prices per Share of HK$0.191 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Full Trading Day;

(v) a discount of approximately 18.2% to the theoretical ex-rights price of HK$0.132 per Share calculated based on the closing price per Share on the Last Full Trading Day as referred to in (ii) above; and

(vi) a discount of approximately 2.7% to the closing price per Share of HK$0.111 as quoted on the Stock Exchange on the Latest Practicable Date.

The subscription price for the Rights Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price of the Shares. As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the subscription price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the subscription price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every Share held by the Qualifying Shareholders on the Record Date at a subscription price of HK$0.108 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Rights Shares.

Rights of Non-Qualifying Shareholders

The Company is currently making enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in those places outside Hong Kong, the Rights Issue will not be available to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus. If they are excluded, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any PAL and EAF to the Non-Qualifying Shareholders.

Arrangements will be made for Rights Shares which would have otherwise been provisionally allotted to the Non-Qualifying Shareholders to be sold on the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form have commenced and before dealings in Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their sole discretion on a fair and equitable basis, in proportion to the number of excess Rights Shares being applied for under each application, except that preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders whose Shares are registered in the name of a nominee company should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to them individually. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with Tricor Tengis Limited, the Company's branch share registrars in Hong Kong by 4:00 p.m. on Tuesday, 15 July 2008, being the Business Day immediately prior to the closure of register of members of the Company.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Rights Shares, in both their nil-paid and fully-paid forms, to be allotted and issued pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS.

No part of the share capital of the Company is listed or dealt in or of which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 2,000, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Underwriting arrangements

Undertakings from Mr. Tse and Integrated Asset

As at the Latest Practicable Date, (i) Mr. Tse is interested in 50,000,000 Shares, representing approximately 3.95% of the existing issued share capital of the Company; and (ii) Integrated Asset is interested in 216,912,000 Shares, representing approximately 17.11% of the existing issued share capital of the Company. On 12 June 2008, each of Mr. Tse and Integrated Asset has irrevocably undertaken to the Company that the Shares beneficially owned by him or it will not be disposed of from the date of the undertaking up to and including the Record Date and that they will take up their provisional allotments under the Rights Issue in full, representing (i) in the case of Mr. Tse, 50,000,000 Rights Shares; and (ii) in the case of Integrated Asset, 216,912,000 Rights Shares.

Option Holders' Undertakings

Holders of 171,271,855 Share Options have irrevocably undertaken to the Company that they will not exercise their Share Options and that such Share Options will remain registered in the name of and beneficially owned by such holders from the date of such undertaking up to and including the Record Date.

The Underwriting Agreement

Taking into account the undertakings from Mr. Tse and Integrated Asset and the Option Holders' Undertakings, the Underwriter has agreed to fully underwrite not more than 1,156,306,761 Rights Shares and not less than 1,000,510,572 Rights Shares at a subscription price of HK$0.108 per Rights Share. The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscribers for any Rights Shares not taken up by the Qualifying Shareholders or transferee(s) of nil-paid Rights Shares.

Conditions of the Rights Issue

The Rights Issue is conditional, among other things, on each of the following conditions being fulfilled:

(i) the passing of the relevant resolution(s) by the Independent Shareholders approving the Rights Issue and the Whitewash Waiver at the SGM by way of poll;

(ii) the filing of the Prospectus Documents with the Registrar of Companies in Bermuda in compliance with the Companies Act 1981 of Bermuda on or before the Prospectus Posting Date;

(iii) the Whitewash Waiver having been granted by the Executive;

(iv) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Rights Shares prior to the latest time for termination of the Underwriting Agreement as stipulated therein or such later time as the Underwriter may agree with the Company in writing;

(v) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy each of the Prospectus Documents in the manner described in the Underwriting Agreement not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;

(vi) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;

(vii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms by no later than the Prospectus Posting Date;

(viii) compliance with and performance of all the undertakings and obligations of the Company as provided in the Underwriting Agreement; and

(ix) compliance with and performance of all the undertakings and obligations of Mr. Tse, Integrated Asset and Mr. Yam as provided in the Underwriting Agreement.

Conditions set out above are not capable of being waived. If the conditions of the Rights Issue under the Underwriting Agreement are not fulfilled by the relevant dates and times specified in the Underwriting Agreement (or, in each case, such later date or time as the Underwriter may agree in writing with the Company pursuant to the Underwriting Agreement), the Underwriting Agreement will terminate and no party thereto will have any claim against any other party for costs, damages compensation or otherwise save for any antecedent breaches. If the Underwriting Agreement terminates in accordance with its terms, the Rights Issue will not proceed. The irrevocable undertakings by Mr. Tse, Integrated Asset and the relevant holders of Share Options as described above will lapse.

Underwriting Commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate subscription price of the maximum amount of Underwritten Shares (i.e. 1,156,306,761), out of which the Underwriter may pay sub-underwriting fees. Both the Company and the Underwriter consider the underwriting commission is in line with the market rate. The Directors (including the independent non-executive Directors) are also of the view that the commission is fair and reasonable.

Termination of the Underwriting Agreement

The Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Time if there occurs any of the following events:

(a) in the sole and absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

   (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

(ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(c) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(d) any suspension in the trading of securities generally or the Company’s securities on the Stock Exchange for a period of more than 10 consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue, or

(e) this circular, the Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

If, prior to 4:00 p.m. on the third Business Day after the Acceptance Time:

(a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to 4:00 p.m. on the third Business Day after the Acceptance Time which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect and such event comes to the knowledge of the Underwriter,

the Underwriter shall be entitled by notice in writing to the Company to rescind the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter any reasonable legal fees and other reasonable out of pocket expenses incurred by the Underwriter, except that the 2.5% underwriting fee described above shall not be payable to the Underwriter if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter pursuant to the Underwriting Agreement. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon, inter alia, the fulfillment of the conditions set out above under the section headed "Conditions of the Rights Issue". In particular, the Rights Issue is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as more particularly described in the sub-section headed "Termination of the Underwriting Agreement" above. The Rights Issue is therefore also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Rights Issue may or may not proceed.

Any dealing in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are advised to consult their own professional advisers.

USE OF PROCEEDS AND REASONS FOR THE RIGHTS ISSUE

The estimated expenses in relation to the Rights Issue are approximately HK$6.9 million. The estimated net proceeds of the Rights Issue will fall between approximately HK$130.0 million (on the basis of the minimum number of Rights Shares) and HK$146.8 million (on the basis of the maximum number of Rights Shares). The Company plans to use the net proceeds principally for its agro-conservation and bio-energy businesses and for general working capital.

The Rights Issue, which is on a fully underwritten basis, removes, to a certain degree, the completion risk associated with a fund raising exercise such as a private placement on a best-effort basis. In addition, the Rights Issue will not incur any interest expense burden to the Group if compared to bank borrowings. In light of the present volatile capital market, it is preferable to use equity funding to meet the Group's capital requirements. Also, taking into account the recent stock market conditions, the Rights Issue is likely to be the most equitable and preferred mode of securing such equity funding. The Directors (including independent non-executive Directors) believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole given that the Rights Issue will increase the capital base of the Group.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in agro-conservation, cultivation of raw materials for the bio-energy industry, distribution of information technology products, provision of computer technology services, and the carrying on of property agency business.

The Group's principal business had been in information technology related business and services, as well as property agency and consultancy services. However, in late 2007, the Group began to shift its business focus to the agro-conservation and bio-energy sectors. Since then, the Group has made significant progress in these promising business sectors and the Group successfully achieved several milestones to grow the businesses further:

(i) in the second half of 2007, the Group first entered into China's agro-conservation sector and was given access to land use rights for the cultivation of 1,800,000 Chinese mu of licorice and 2,200,000 Chinese mu of salix in Inner Mongolia. During 2007, the Group planted 8,000 Chinese mu of licorice and 200,000 Chinese mu of salix;

(ii) in late 2007, the Group's first bio-energy project was launched in Hainan, the PRC with the establishment of a joint venture to set up a nursery of 1,500 Chinese mu to grow jatropha curcas saplings. Jatropha curcas seeds have a high level of oil content and are believed to be one of the most economical and practical raw materials for the sustained production of environmentally friendly bio-diesel;

(iii) in March 2008, the Group entered into a cooperation agreement with a Chinese partner to participate in a project initiated by the municipal government of Hang Jin Qi Inner Mongolia involving the planting of 200,000 Chinese mu of licorice over the next three years and 5,000,000 Chinese mu of salix over the next five years;

(iv) in March 2008, the Group entered into a long term cooperation agreement with a local partner for the sale of jatropha saplings, plantation of jatropha trees and future supply of jatropha seeds so as to provide a steady and reliable supply of jatropha seeds to the Group; and

(v) in March 2008, the Group entered into a cooperation agreement with the National Authority for Science and Technology in Laos to establish three commercially based bio-energy research and development and training centres in Laos. The Group aims to develop its Laos operation into another important base for the Group's jatropha curcas based bio-energy business.

It is the Company's vision to become a leading producer of regenerative and renewable resources. To this end, the management endeavors to accelerate its penetration into these industries and establish its competitive edge in these businesses. The new capital raised by the Rights Issue will provide the funding necessary for the Group to carry out and fulfill its obligations in the projects in Inner Mongolia, Hainan and Laos (as mentioned above) and to further expand its businesses in these regions. It is expected that the Company's focus on and investments in the agro-conservation and bio-energy businesses and projects will generate sustainable financial growth and value for the Company and Shareholders in the coming years.

ADJUSTMENTS TO CONVERSION PRICE OF THE CONVERTIBLE BONDS AND EXERCISE PRICES AND NUMBER OF THE SHARE OPTIONS

Adjustments to the conversion price of the outstanding Convertible Bonds in issue and the exercise prices and numbers of the outstanding Share Options may be required under the relevant terms of the instrument constituting the Convertible Bonds and the share option scheme of the Company. An approved investment bank will be appointed to certify the necessary adjustments, if any, to the conversion price of the outstanding Convertible Bonds and the exercise prices and numbers of the outstanding Share Options. Further announcement will be made by the Company in this regard.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

The fund raising exercises conducted by the Company in the past 12 months immediately preceding the date of the Announcement are set out below:

Date of announcement	Description	Net proceeds	Intended use of net proceeds as announced	Actual use of proceeds
26 February 2008	Subscription of new Shares	Approximately HK$49.65 million	For the new agriculture businesses and general working capital	All proceeds have been utilised as intended
16 June 2007	Top-up placing	Approximately HK$113 million	For financing the possible acquisition of or participation in any potential investments or project which is/are in line with the principal business of the Group	All proceeds have been utilised as intended *(note)*

Note: The proceeds have been utilised as to approximately HK$70 million for the acquisition of Quest Asia Development Limited, approximately HK$28 million for the setting up to a joint venture and approximately HK$15 million for the general working capital of the Group (details of the acquisition of Quest Asia Development Limited and the setting up of the joint venture are set out in the circulars of the Company dated 16 August 2007 and 25 October 2007 respectively).

SHAREHOLDING IN THE COMPANY

The table below depicts the possible shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Rights Issue, on the basis of the public information available to the Company on the Latest Practicable Date and after the Directors having made reasonable enquiries:

Shareholders	As at the Latest Practicable Date		Upon completion of the Rights Issue — Assuming no conversion of the Convertible Bonds and no exercise of the Remaining Share Options on or before Record Date				Upon completion of the Rights Issue — Assuming full conversion of the Convertible Bonds and full exercise of the Remaining Share Options on or before Record Date			
			Nil subscription by public Shareholders *(Note 1)*		100% subscription by public Shareholders *(Note 2)*		Nil subscription by public Shareholders *(Note 1)*		100% subscription by public Shareholders *(Note 2)*	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Integrated Asset	216,912,000	17.11	433,824,000	17.11	433,824,000	17.11	433,824,000	15.24	433,824,000	15.24
Underwriter	–	–	1,000,510,572	39.47	–	–	1,156,306,761	40.62	–	–
Total holding of Integrated Asset, the Underwriter and parties acting in concert with any of them (note 3)	*216,912,000*	*17.11*	*1,434,334,572*	*56.58*	*433,824,000*	*17.11*	*1,590,130,761*	*55.86*	*433,824,000*	*15.24*
Mr. Tse	50,000,000	3.95	100,000,000	3.95	100,000,000	3.95	100,000,000	3.51	100,000,000	3.51
Holder(s) of Convertible Bonds	–	–	–	–	–	–	140,476,189	4.94	280,952,378	9.87
Holders of the Remaining Share Options	–	–	–	–	–	–	15,320,000	0.54	30,640,000	1.08
Public Shareholders	1,000,510,572	78.94	1,000,510,572	39.47	2,001,021,144	78.94	1,000,510,572	35.15	2,001,021,144	70. 30
Total holding of public Shareholders	*1,000,510,572*	*78.94*	*1,000,510,572*	*39.47*	*2,001,021,144*	*78.94*	*1,156,306,761*	*40.63*	*2,312,613,522*	*81.25*
Total	***1,267,422,572***	***100.00***	***2,534,845,144***	***100.00***	***2,534,845,144***	***100.00***	***2,846,437,522***	***100.00***	***2,846,437,522***	***100.00***

Notes:

1. Assuming no Qualifying Shareholders other than Mr. Tse and Integrated Asset take up the Rights Shares provisionally allotted to them and all the Underwritten Shares are taken up by the Underwriter.

2. Assuming all the Qualifying Shareholders take up all the Rights Shares provisionally allotted to them.

3. Integrated Asset and the Underwriter are both wholly and beneficially owned by Mr. Yam. As at the date hereof, save for the shareholding of Integrated Asset, no other parties acting in concert with Integrated Asset, the Underwriter and Mr. Yam holds any Shares.

WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter, Mr. Yam and parties acting in concert with any of them (including Integrated Asset) were interested in 216,912,000 Shares representing approximately 17.11% of the issued share capital of the Company. In the event that there are any Rights Shares not taken by the Qualifying Shareholders, the Underwriter will be required to subscribe for those untaken Rights Shares, which may result in the Underwriter, Mr. Yam and parties acting in concert with any of them holding 30% or more of the issued share capital of the Company as enlarged by the Rights Issue. As shown in the section headed "Shareholding of the Company" above, the aggregate maximum shareholding in the Company held by the Underwriter, Mr. Yam, Integrated Asset and parties acting in concert with any of them will be 56.58%, assuming (i) no conversion of the Convertible Bonds; (ii) no exercise of the Remaining Share Options on or before the Record Date; and (iii) nil subscription by public Shareholders. In the circumstances, an obligation on the part of the Underwriter to make a general offer for all the Shares not already owned or agreed to be acquired by the Underwriter, Mr. Yam and parties acting in concert with any of them may arise as a result of the issue of the Underwritten Shares to the Underwriter. An application has been made by the Underwriter to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. The Executive has indicated that it will, subject to the approval of the Independent Shareholders by way of poll at the SGM, grant the Whitewash Waiver.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

Pursuant to a subscription agreement dated 25 February 2008 entered into between the Company and Integrated Asset, Integrated Asset subscribed for 199,000,000 Shares at a subscription price of HK$0.25 per subscription Share on 11 March 2008. The subscription, although made within six months prior to the date of the Announcement, would not be considered as a disqualifying transaction for the Whitewash Waiver under paragraph 3 of Schedule VI of the Takeovers Code as the subscription involves acquisition of new shares by Integrated Asset. The use of proceeds raised from such issue is included as the first item in the section headed "Previous fund raising exercises of the Company" above.

Save as disclosed above and the disposal of 5,971,783 Shares by Integrated Asset on 29 April 2008, Integrated Asset, Mr. Yam and the Underwriter and parties acting in concert with any of them have not dealt in any securities of the Company in the six months prior to the date of the Announcement and up to the Latest Practicable Date.

As at the Latest Practicable Date, (i) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Underwriter and which might be material to the Whitewash Waiver; and (ii) save for the Underwriting Agreement, there is no other agreement or arrangement to which the Underwriter is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue or the Whitewash Waiver.

Should the Underwriter, Mr. Yam and parties acting in concert with any of them hold more than 50% of the voting rights of the Company upon completion of the Rights Issue, they may further increase their shareholding in the Company without triggering any further obligation under the Takeovers Code to make a general offer.

INTENTION OF THE UNDERWRITER

It is the intention of the Underwriter that the Group will continue its current business. The Underwriter has no intention to make any major changes to the business or continued employment of the employees of the Group or to redeploy the fixed assets of the Group.

The decision to support the Rights Issue by way of acting as the Underwriter to the Rights Issue was mainly because the Underwriter believes that the Rights Issue would strengthen the Group's financial position and enlarge its capital base. This in turn would enhance the value of the investments of Integrated Asset and the Underwriter in the Group in the long run.

INCREASE IN AUTHORISED SHARE CAPITAL

To cater for possible issue of new Shares in the future, the Directors propose to increase the authorised share capital of the Company from HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each to HK$800,000,000 divided into 8,000,000,000 Shares of HK$0.10 each by creating an additional 5,000,000,000 unissued Shares. Save for the proposed Rights Issue, the possible issue of new Shares upon the exercise of rights attached to the Share Options and the conversion rights attached to the Convertible Bonds, there is no agreement or arrangement entered into by the Company with any parties that may involve the issue of new Shares after the proposed increase in the authorised share capital of the Company. The proposed increase in authorised share capital is conditional on the approval by Shareholders at the SGM. No Shareholders will be required to abstain from voting on this resolution.

GENERAL INFORMATION AND REGULATORY IMPLICATIONS

Pursuant to Rule 7.19(6)(a) of the Listing Rules, as the Company has no controlling Shareholders (as defined in the Listing Rules), the Directors (other than the independent non-executive Directors), being Mr. Tse (the Chairman of the Company and an executive Director), Mr. Puongpun Sananikone (an executive Director), and their respective associates will abstain from voting in favour of the resolution(s) to be proposed at the SGM to consider and, if thought fit, approve the Rights Issue and the Whitewash Waiver. As at the Latest Practicable Date, Mr. Tse and his associates were interested in 50,000,000 Shares (representing approximately 3.95% of the issued share capital of the Company), and they were entitled to control the voting rights of such Shares. Mr. Puongpun Sananikone and his associates do not hold any Shares.

Further, pursuant to Note 1 to Dispensations from Rule 26 of the Takeovers Code, Integrated Asset, the Underwriter, Mr. Yam and parties acting in concert with any of them will abstain from voting in respect of the resolution(s) to be proposed at the SGM to consider and, if thought fit, approve the Rights Issue and the Whitewash Waiver. As at the Latest Practicable Date, the Underwriter, Mr. Yam and parties acting in concert with any of them (including Integrated Asset) were interested in 216,912,000 Shares (representing approximately 17.11% of the issued share capital of the Company), and they were entitled to control the voting rights of such Shares. The Rights Issue and the Whitewash Waiver will be subject to the approval of the Independent Shareholders at the SGM by way of poll.

Save for the undertakings given by Mr. Tse and Integrated Asset in respect of their taking up of their respective entitlements under the Rights Issue and the Option Holders' Undertakings, there is no other arrangements (whether by way of option, indemnity or otherwise) in relation to the shares of the Underwriter or the Company and which might be material to the Rights Issue.

Save that the Underwriter may terminate the arrangements set out in the Underwriting Agreement as mentioned in the section headed "Termination of the Underwriting Agreement" above, there is no other agreements or arrangements to which the Underwriter is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue.

SGM

A notice of the SGM to be held at 9:30 a.m. on 21 July 2008 at 9 Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong is set out on pages 113 to 115 of this circular for the purpose of considering and, if thought fit, approving the Rights Issue, the Whitewash Waiver and the proposed increase in authorised share capital of the Company.

The form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment of it, if you so wish.

Subject to the Rights Issue being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Rights Issue will be despatched to the Shareholders as soon as practicable.

PROCEDURE FOR DEMANDING A POLL AT A GENERAL MEETING OF THE COMPANY

As mentioned above, the Rights Issue and the Whitewash Waiver is subject to the approval by the Independent Shareholders at the SGM by way of poll. For the information of the Shareholders, the procedures by which the Shareholders may demand a poll at the SGM are set out below.

Under bye-law 73 of the bye-laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

(a) by the Chairman of the meeting; or

(b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been appointed to give recommendation to the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver. Your attention is drawn to the recommendation of the Independent Board Committee set out in its letter on page 26 of this circular.

INDEPENDENT FINANCIAL ADVISER

Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver. Your attention is drawn to its letter to the Independent Board Committee and the Independent Shareholders set out on pages 27 to 40 of this circular.

RECOMMENDATION

The Directors believe that the terms of the Rights Issue, the Whitewash Waiver and the proposed increase in authorised share capital are fair and reasonable and in the interests of the Company and the Shareholders as a whole and therefore recommend the Independent Shareholders and the Shareholders (as the case maybe) to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Rights Issue, the Whitewash Waiver and the proposed increase in authorised share capital.

You are advised to read carefully the letter from the Independent Board Committee on page 26 of this circular. The Independent Board Committee, having taken into account the advice of Access Capital, the text of which is set out on pages 27 to 40 of this circular, considers that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Rights Issue and the Whitewash Waiver.

ADDITIONAL INFORMATION

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

On behalf of the board of
Green Global Resources Limited
Tse Michael Nam
Chairman

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver:

GREEN GLOBAL RESOURCES LIMITED
綠色環球資源有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 61)

2 July 2008

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 2 July 2008 (the "Circular"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed to advise you on the Rights Issue and the Whitewash Waiver. Access Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their independent advice, together with the principal factors and reasons they have taken into consideration, are set out on pages 27 to 40 of the Circular.

Having considered the terms of the Rights Issue and the Whitewash Waiver and the advice of Access Capital in relation thereto, we are of the opinion that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Rights Issue and the Whitewash Waiver.

Yours faithfully,
Independent Board Committee
Mr. Lim Yew Kong, John **Mr. Albert Theodore Powers**
Mr. Pang Seng Tuong
Independent Non-executive Directors

* *For identification purpose only*

Set out below is the text of the letter of advice from Access Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.

Access Capital

Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

2 July 2008

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

Dear Sirs,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY SHARE HELD ON THE RECORD DATE
AND
WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular dated 2 July 2008 issued by the Company to the Shareholders (the "Circular"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 17 June 2008, the Board announced that the Company proposes to raise not less than approximately HK$136.9 million but not more than approximately HK$153.7 million before expenses by way of the Rights Issue. The Rights Issue is fully underwritten pursuant to the terms and conditions of the Underwriting Agreement dated 12 June 2008. As at the date of the Underwriting Agreement, Integrated Asset was the single largest Shareholder holding approximately 17.11% of the issued share capital of the Company. Both the Underwriter and Integrated Asset are wholly and beneficially owned by Mr. Yam, and Integrated Asset has undertaken to the Company and the Underwriter to subscribe in full for all the Rights Shares to be provisionally allotted to it under the Rights Issue.

In the event that there are any Rights Shares not taken by the Qualifying Shareholders, the Underwriter will be required to subscribe for those untaken Rights Shares in accordance with the terms of the Underwriting Agreement, which may result in the Underwriter, Mr. Yam, and parties acting in concert with any of them holding in aggregate 30% or more of the issued share capital of the Company as enlarged by the Rights Issue. In such case, an obligation on the part of the Underwriter to make a general offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by the Underwriter, Mr. Yam and parties acting in concert with any of them may arise as a result of the issue of the Underwritten Shares to the Underwriter. An application has been made by the Underwriter to the Executive for the Whitewash Waiver under Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by the Independent Shareholders at the SGM by way of a poll.

As at the date hereof, the Company has three non-executive Directors, all being independent non-executive Directors, namely Mr. Lim Yew Kong, John, Mr. Albert Theodore Powers and Mr. Pang Seng Tuong. The Independent Board Committee, comprising all three aforementioned independent non-executive Directors, has been established for the purpose of advising the Independent Shareholders on the terms of the Rights Issue and the Whitewash Waiver. Each of Mr. Lim Yew Kong, John, Mr. Albert Theodore Powers and Mr. Pang Seng Tuong has confirmed that he does not have any conflict of interest in the Rights Issue or the Whitewash Waiver. Based on such confirmations, we consider that all three independent non-executive Directors are eligible to be members of the Independent Board Committee to advise the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Rights Issues and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and (iii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Rights Issue and the Whitewash Waiver at the SGM.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and representations contained or referred to in the Circular and the information and representations provided to us by the Company and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Company and the Directors, for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so at the date hereof. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information which enables us to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any form of in-depth investigation into the business and affairs of the Company and its subsidiaries or the prospects of the market in which they respectively operate.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the terms of the Rights Issue and the Whitewash Waiver, we have taken into consideration the following principal factors:

1. Background information of the Company

The Group is principally engaged in agro-conservation, cultivation of raw materials for the bio-energy industry, distribution of information technology products, provision of computer technology services, and the carrying on of property agency business. The Group has been operating at a loss since 2001. The following is a summary of the audited financial results of the Group for each of the three years ended 31 December 2007.

	For the year ended 31 December		
	2007	**2006**	**2005**
	(Audited)	(Audited)	(Audited)
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Turnover from continuing operations			
– Sales of goods	43,247	34,181	110,958
– Rendering of computer technology services	23,388	21,770	17,926
– Rendering of real estate consultancy services	5,617	2,789	–
	72,252	58,740	128,884
Cost of sales	(57,546)	(46,069)	(119,990)
Gross profit	14,706	12,671	8,894
Profit (loss) from continuing operations	6,565	(8,408)	(11,839)
Loss for the year	(37,257)	(9,991)	(37,843)

As set out above, the Group recorded a turnover of approximately HK$72.3 million and a gross profit of approximately HK$14.7 million for the year ended 31 December 2007. As noted in the Company's annual report for 2007 (the "Annual Report"), the increase in the Group's turnover for the financial year 2007 by approximately 23.0% from the turnover of approximately HK$58.7 million for the preceding year was mainly attributable to the increase in the sale of IT hardware during the year. For the same period, the gross profit of the Group also increased by approximately 16.1% to HK$14.7 million as a result of the increase in the sales of IT hardware.

For the financial year 2007, the Group was able to turnaround and recorded profit from operations of approximately HK$6.6 million as compared to the operating loss of approximately HK$8.4 million for 2006. As explained in the Annual Report, such improvement in the operating results of the Group was mainly due to the recognition of a gain of approximately HK$21.8 million from the disposal of available-for-sale investments, the increase in other operating income from the provision of management and consultancy services of approximately HK$15.5 million and the recognition of a gain arising from changes in fair value less estimated point-of-sale costs of biological assets of approximately HK$11.3 million in respect of the new agro-conservation and bio-energy businesses.

Despite the profitable operating results, the net loss of the Group for 2007 increased significantly from approximately HK$10.0 million to HK$37.3 million. As noted in the Annual Report, the significant increase in the net loss for the year was mainly due to the recognition of the impairment loss in respect of goodwill of approximately HK$40.8 million in relation to the PRC property agency business of the Group.

As at 31 December 2007, the Group had audited current assets of approximately HK$122.6 million (of which approximately HK$72.9 million was cash and bank balances) and audited current liabilities of approximately HK$77.7 million, representing a net-current-assets position of approximately HK$44.9 million. As at 31 December 2007, the Group had audited non-current assets of approximately HK$398.1 million, comprising mainly intangible assets of approximately HK$165.2 million and goodwill of approximately HK$156.9 million. The audited non-current liabilities of the Group as at 31 December 2007 included convertible loan notes of approximately HK$75.9 million and deferred tax liability of approximately HK$41.8 million. As at 31 December 2007, the equity attributable to equity holders of the Company amounted to HK$322.8 million.

As set out in the above table, the Group reported loss for each of the three years ended 31 December 2007. As set out in the Annual Report, the Company had during the year critically assessed its existing businesses, commenced the rationalisation of some of its activities, and established the necessary foundation for a more focused and economically vibrant future. In particular, the Company has made certain investments in the agro-conservation and bio-energy sectors and the Board believes that it is in the best interests of the Company and the Shareholders to focus the Company's efforts and resources on the agro-conservation and bio-energy businesses. Details regarding the Group's recent investments in relation to the agro-conservation and bio-energy sectors have been set out in the Letter from the Board.

2. Reasons for the Rights Issue

As mentioned above, the agro-conservation and bio-energy sectors have become the strategic focus of the Group. The Board considers that the capital raised by the Rights Issue will provide the funding necessary for the Group to carry out its obligations in the relevant projects in Inner Mongolia, Hainan and Laos as well as to further expand the Group's business in such regions. The estimated net proceeds of the Rights Issue will fall between approximately HK$130.0 million and HK$146.8 million, all of which will be principally used for the Group's agro-conservation and bio-energy businesses and for general working capital.

According to the Annual Report, the Group had cash and bank balances of approximately HK$72.9 million as at 31 December 2007. Based on our further discussion with the Directors, we understand that a substantial amount of the Group's working capital has been utilised for the Group's recent investments in the agro-conservation and bio-energy businesses. Given its existing financial position, the Group's ability to invest further in such businesses may be restricted. Upon completion of the Rights Issue, the Company's cash position will be strengthened and the capital base will be enlarged, which may place the Company in a more healthy position for the further development of its businesses.

We understand from the Directors that they have considered other means of fund raising such as by way of debt or private placement of Shares. The Directors are generally of the view that it is more desirable to finance the Group's investment and long term growth by way of equity rather than debt as it will strengthen the Group's financial position without causing any repayment or interest burden to the Group. In addition, as noted in the Annual Report, the Group did not have any bank borrowings as at the year ended 31 December 2007 and intangible assets and goodwill in an aggregate amount of approximately HK$322.1 million accounted for over 60% of the Group's total assets of approximately HK$520.7 million. In view of the subsisting loss-making financial performance of the Group and the intangible nature of the substantial amount of its assets, we concur with the Directors' view that it would be more difficult for the Company to obtain debt financings on acceptable terms.

We also concur with the Directors' view that unlike private placement of Shares which will result in dilution of Shareholders' interest in the Company, the Rights Issue would enable the Qualifying Shareholders to maintain their relative percentage interests in the Company by taking up their allotments under the Rights Issue in full. As such, the Qualifying Shareholders are given an opportunity to participate in the future growth and development of the Group including its recent investments in the agro-conservation and bio-energy businesses. Furthermore, there will be an arrangement made for application for excess Rights Shares by Qualifying Shareholder under the Rights Issue. Accordingly, those Qualifying Shareholders who have confidence in the prospects of the Group may apply for any unsold entitlements of the Non-Qualifying Shareholders and any Rights Shares provisionally allotted but not accepted, if any, to increase their shareholdings in the Company.

Having considered the above, we are of the opinion that it is an acceptable and equitable means to raise capital for the Company under the current circumstances and the Rights Issues is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Rights Issue

(a) Basis for the Rights Issue

On the basis of one Rights Share for every Share held on the Record Date, it is proposed that not less than 1,267,422,572 Rights Shares (which is based on 1,267,422,572 Shares in issue as at the date of the Underwriting Agreement) but not more than 1,423,218,761 Rights Shares (which is calculated as the sum of (i) 1,267,422,572 Shares in issue as at the date of the Underwriting Agreement; (ii) 15,320,000 new Shares which may fall to be issued upon full exercise of the Remaining Share Options on or prior to the Record Date; and (iii) 140,476,189 new Shares which may fall to be issued upon full conversion of the outstanding Convertible Bonds on or prior to the Record Date) will be offered to the Qualifying Shareholders for subscription at a price of HK$0.108 per Rights Share payable in full on acceptance.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder. The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

(b) Subscription Price

As stated in the Letter from the Board, the subscription price (the "Subscription Price") for the Rights Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price of the Shares. In addition, in view of the fact that the Rights Shares will be offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. The Subscription Price of HK$0.108 per Rights Share represents:

(i) a discount of approximately 27.5% to the closing price of HK$0.149 per Share as quoted on the Stock Exchange on 12 June 2008, being the half trading day of the Shares prior to suspension in trading on the same day;

(ii) a discount of approximately 30.3% to the closing price of HK$0.155 per Share as quoted on the Stock Exchange on the Last Full Trading Day;

(iii) a discount of approximately 41.0% to the average closing price of approximately HK$0.183 per Share for the last 5 trading days up to and including the Last Full Trading Day;

(iv) a discount of approximately 43.5% to the average closing price of approximately HK$0.191 per Share for the last 10 trading days up to and including the Last Full Trading Day;

(v) a discount of approximately 18.2% to the theoretical ex-rights price of approximately HK$0.132 per Share calculated based on the closing price per Share on the Last Full Trading Day as referred to in (ii) above; and

(vi) a discount of approximately 2.7% to the closing price of HK$0.111 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

In order to assess the reasonableness of the Subscription Price, we have attempted to compare the Rights Issue with recent rights issues and open offers which are very similar in nature to rights issue, conducted by other companies listed on the Stock Exchange. Shareholders should note that while listed companies differ from one another, it is a common market practice to price a rights issue or an open offer at a discount to the market price of the relevant shares in order to encourage subscription by their shareholders. In addition, the market sentiment at the relevant time may also play an important role in the determination of the subscription price. Accordingly, we have reviewed all open offers and rights issue which were announced by companies listed on the Stock Exchange during the period from 1 January 2008 to 12 June 2008, being the date of the Underwriting Agreement. Details of our findings on these rights issues and open offers (the "Comparables") are summarised in the table below.

Date of announcement *(2008)*	Company (stock code)	Basis of entitlement	Subscription price *HK$*	Closing price per share on the last full trading day *HK$*	Discount I *(Note 1)*	Discount II *(Note 2)*	Dilution *(Note 3)*	Underwriting commission
9 January	Asia Standard International Group Limited (129)	1 for 2	0.18	0.28	35.7%	27.1%	33.3%	2.00%
11 January	Cheuk Nang (Holdings) Limited (131)	1 for 7	5.60	6.77	17.3%	15.4%	12.5%	2.50%
17 January	Prosperity Investment Holdings Limited (310)	1 for 2	1.00	1.85	46.0%	36.2%	33.3%	1.50%
4 February	Golife Concepts Holdings Limited (8172)	4 for 5	0.057	0.06	5.0%	3.4%	44.4%	2.00%
5 February	Harbour Centre Development Limited (51)	1 for 2	12.8	16.3	21.5%	15.4%	33.3%	1.25%
7 March	eSun Holdings Limited (571)	1 for 2	2.50	3.53	29.2%	21.6%	33.3%	Nil
13 March	WLS Holdings Limited (8021)	1 for 4	0.12	0.26	53.8%	48.3%	20.0%	1.00%
3 April	Pine Technology Holdings Limited (8013)	1 for 2	0.26	0.345	24.6%	18.0%	22.2%	Not underwritten
8 April	Sun Cheong Holdings Limited (650)	3 for 2	0.50	1.39	64.0%	41.6%	60.0%	2.00%
23 April	China Oil Resources Holdings Limited (850)	1 for 2	0.288	0.485	40.6%	31.3%	33.3%	3.30%
24 April	China Best Group Holding Limited (370)	1 for 2	0.075	0.119	37.0%	27.9%	33.3%	4.25%

Date of announcement *(2008)*	Company (stock code)	Basis of entitlement	Subscription price *HK$*	Closing price per share on the last full trading day *HK$*	Discount I *(Note 1)*	Discount II *(Note 2)*	Dilution *(Note 3)*	Underwriting commission
29 April	Midas International Holdings Limited (1172)	1 for 2	0.25	0.40	37.5%	28.6%	33.3%	2.50%
2 May	Starlite Holdings Limited (403)	1 for 5	0.35	0.52	32.7%	28.9%	16.7%	Nil
17 May	Hongkong Chinese Limited (655)	7 for 20	1.00	1.48	32.4%	22.5%	25.9%	2.50%
17 May	Lippo Limited (226)	1 for 4	3.80	5.26	27.8%	20.7%	20.0%	1.50%
20 May	Wing On Travel (Holdings) Limited (1189)	4 for 1	0.06	0.213	71.8%	33.8%	80.0%	2.50%
30 May	CITIC Resources Holdings Limited (1205)	3 for 20	3.20	4.43	27.8%	25.1%	13.1%	Nil
3 June	Sino Katalytics Investment Corporation (2324)	1 for 2	0.05	0.069	27.5%	20.2%	33.3%	2.50%
6 June	ITC Properties Limited (199)	3 for 1	0.07	0.188	62.8%	29.6%	75.0%	2.50%
Average					*36.6%*	*26.1%*	*34.5%*	*2.25%*
17 June	**The Company**	**1 for 1**	**0.108**	**0.155**	**30.3%**	**18.2%**	**50.0%**	**2.50%**

(Source: website of the Stock Exchange – www.hkex.com.hk)

Notes:

1. Being the discount of the subscription price to the closing price per share on the last full trading day prior to the release of the relevant announcement.

2. Being the discount of the subscription price to the theoretical ex-entitlement price per share based on the closing price per share on the last full trading day prior to the release of the relevant announcement.

3. Being the dilution on the shareholdings of those shareholders who do not take up their entitlements.

As shown in the above table, all Comparables had the subscription prices set at discounts to their respective closing price per share on the last full trading day prior to the release of the relevant announcement, ranging from approximately 5.0% to 71.8%, with an average of approximately 36.6%. As regards the discounts to the theoretical ex-entitlement price per share, they ranged from approximately 3.4% to 48.3% and had an average of approximately 26.1%. In the case of the Rights Issue, the discounts as represented by the Subscription Price to the closing price per Share and to the theoretical ex-rights price per Share are both within the relevant ranges of the Comparables and are substantially lower than their averages.

In general, it is a common market practice to price a rights issue or an open offer at a discount to the market price of the shares so as to encourage subscription by the shareholders. As for all rights issue or open offer cases, the interests of the qualifying shareholders will not be prejudiced by the relatively low subscription price so long as they are offered an equal opportunity to participate in the exercises. Having considered the subscription prices under the Comparables, we are of the view that the respective discounts as represented by the Subscription Price to the closing price and the theoretical ex-rights price are at a level in line with the market. On this basis, we are also of the view that the Subscription Price is fair and reasonable.

(c) Arrangement on trading of nil-paid Rights Shares and excess application

Any Qualifying Shareholders who choose not to take up in full their provisional allotments under the Rights Issue will have their shareholdings in the Company diluted by up to 50%. However, they will be able to transfer or dispose of all or a portion of their nil-paid Rights Shares on the Stock Exchange and receive a cash consideration provided there are purchasers for such nil-paid Rights Shares. As such, all Shareholders will be provided with an equal opportunity to dispose of their allotments under the Rights Issue if they so wish. On the other hand, those Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue may acquire additional nil-paid Rights Shares in the market and/or apply for excess Rights Shares through the excess application arrangement. Given the fact that there will be sufficient arrangements for the Shareholders to deal in the Rights Shares in their nil-paid form and to apply for excess Rights Shares through the excess application, we are of the opinion that such arrangements fair and reasonable.

4. Financial effects of the Rights Issue

Based on the information set out in the "Unaudited pro forma statement of adjusted consolidated net tangible assets of the Group" contained in Appendix II to the Circular, the audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2007 were approximately HK$42,486,000. Based on 1,035,259,257 Shares in issue as at 31 December 2007, the adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2007 on a per Share basis were approximately HK$0.041. On the assumption that 1,267,422,572 Rights Shares will be issued pursuant to the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after the Rights Issue would increase to approximately HK$172,486,000 as a result of the estimated net proceeds from the Rights Issue of approximately HK$130,000,000. On the same basis, the unaudited pro forma adjusted consolidated net tangible assets per Share would become approximately HK$0.075, representing an increase of approximately 82.9% from the adjusted consolidated net tangible assets per Share of approximately HK$0.041 prior to the Rights Issue.

In general, as the Subscription Price of HK$0.108 per Rights Share is substantially higher than the existing value of the net tangible assets per Share, completion of the Rights Issue is expected to enhance the net tangible asset value of the Group on a per Share basis. In view of the enhancement of the net tangible assets of the Group, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

5. Terms of the Underwriting Agreement

The Rights Issue is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. Details on the conditions of the Rights Issue are stated in the section headed "Conditions of the Rights Issue" in the Letter from the Board.

As at the Latest Practicable Date, Mr. Tse and Integrated Asset are interested in 50,000,000 Shares (representing approximately 3.95% of the existing issued share capital of the Company) and 216,912,000 Shares (representing approximately 17.11% of the existing issued share capital of the Company), respectively. On the date of the Underwriting Agreement, each of Mr. Tse and Integrated Asset has irrevocably undertaken to the Company that the Shares beneficially owned by him/it will not be disposed of from the date of the undertaking up to and including the Record Date, and that he/it will take up the respective provisional allotments under the Rights Issue in full. On the other hand, holders of 171,271,855 Share Options have irrevocably undertaken to the Company that they will not exercise their Share Options and that such Share Options will remain registered in the name of and beneficially owned by such holders from the date of such undertaking up to and including the Record Date. Taking into account the aforesaid undertakings from Mr. Tse, Integrated Asset and the relevant holders of 171,271,855 Share Options, the Underwriter has agreed to fully underwrite not more than 1,156,306,761 Rights Shares and not less than 1,000,510,572 Rights Shares at a subscription price of HK$0.108 per Rights Share. The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscribers for any Rights Shares not taken up by the Qualifying Shareholders or transferee(s) of nil-paid Rights Shares.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate subscription price of the maximum amount of Underwritten Shares (i.e. 1,156,306,761), out of which the Underwriter may pay sub-underwriting fees. Based on our review of the underwriting arrangements of the Comparables, we have noticed that the underwriting commission rates paid by the listed companies ranged from nil to 4.25% and six out of the total 18 Comparables with underwriting arrangements paid an underwriting commission rate of 2.5%. In view of the underwriting commission rates under the Comparables, we consider that the underwriting commission of 2.5% in the present case is in line with the market practice and is fair and reasonable as far as the Independent Shareholders are concerned.

6. Non-Qualifying Shareholders

The Company is currently making enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in those places outside Hong Kong, the Rights Issue will not be available to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus. If they are excluded, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any PAL and EAF to the Non-Qualifying Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold on the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form have commenced and before dealings in Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

We are of the view that the abovementioned arrangements are in line with the market practice and there would be sufficient measures to safeguard the interests of the Non-Qualifying Shareholders. As such, we consider these arrangements to be fair and reasonable so far as the Non-Qualifying Shareholders are concerned and in the interests of the Company and the Independent Shareholders.

7. Dilution effect of the Rights Issue on shareholding interests

As the Rights Issue is offered to all Qualifying Shareholders on the same basis, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their allotments under the Rights Issue in full. In addition, for those Qualifying Shareholders who apply for excess Rights Shares through the excess application arrangement, they may increase their shareholdings in the Company through the Rights Issue if there are any provisional allotments under the Rights Issue not taken up by other Qualifying Shareholders upon the time for acceptance of and payment for the Rights Shares is closed. Any Qualifying Shareholders who choose not to take up in full their assured entitlements under the Rights Issue will have their shareholdings in the Company diluted by up to a maximum of 50%.

As in all cases of rights issues and open offers, the dilution on the shareholding of those Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issue is inevitable. Based on our review of the Comparables, the effect of such dilution ranged from 12.5% to 80.0% and the maximum dilution of 50% as in the case of the Rights Issue falls within such range of the Comparables. In fact, the dilution magnitude of any rights issues or open offers depends mainly on the extent of the basis of entitlement under such exercises since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be. Given the inherent dilutive nature of rights issue and open offer in general, we are of the view that such potential dilution of the Rights Issue on the shareholding of the Shareholders is acceptable.

8. The Whitewash Waiver

In the event that the Underwriter is required to perform its underwriting commitment under the Underwriting Agreement in full, the aggregate shareholding of it and parties acting in concert with it in the Company will increase from approximately 17.11% to approximately 56.58% (assuming no conversion of the Convertible Bonds and no exercise of the Remaining Share Options on or before the Record Date) and approximately 55.86% (assuming full conversion of the Convertible Bonds and full exercise of the Remaining Share Options on or before the Record Date). Accordingly, the Underwriter will be obliged under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all of the issued securities which are not already owned by it and parties acting in concert with it. However, the Underwriter has applied to the Executive for the Whitewash Waiver under Note 1 on dispensations from Rule 26 of the Takeovers Code and the Executive has indicated that subject to the approval of the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll, he will waive the obligation of the Underwriter and parties acting in concert with it to make a general offer which might result from the Rights Issue.

As stated in the Letter from the Board, the Rights Issue is conditional upon, among other things, the Executive granting the Whitewash Waiver to the Underwriter and parties acting in concert with it. Based on our analysis of the terms of the Rights Issue as set out above, we consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole. If the Whitewash Waiver is not granted by the Executive or if the Whitewash Waiver is not approved by the Independent Shareholders, the Rights Issue will not proceed and the Company will not receive the proceeds from the Rights Issue. Given that the Group's working capital position and capital base will be substantially strengthened as a result of the Rights Issue and that all Qualifying Shareholders will be provided with an equal opportunity to take up the Rights Shares in accordance with their provisional entitlements under the Rights Issue and their respective interests in the Company will not be diluted if they elect to take up in full their provisional allotments under the Rights Issue, we are in the opinion that, for the purposes of implementing the Rights Issue as discussed above, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM is in the interests of the Company and the Shareholders as a whole and are fair and reasonable.

Shareholders should note that if the Underwriting Agreement becomes unconditional, the Underwriter and parties acting in concert with it may hold more than 50% of the enlarged issued share capital of the Company as a result of its performance of the Underwriter's obligation under the Underwriting Agreement. In such case, the Underwriter and parties acting in concert with it may increase their shareholding in the Company without incurring any further obligation to make a general offer under the Takeovers Code.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Rights Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole to the extent that the Rights Issue will enlarge the capital base and strengthen financial position of the Company. There would be no dilution effect on those Qualifying Shareholders who take up their entitlements in full under the Rights Issue. Accordingly, we recommend the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Access Capital Limited
Alexander Tai
Principal Director

1. FINANCIAL SUMMARY AND AUDITORS' REPORTS

A summary of the published results, assets and liabilities of the Group as extracted from the respective annual report of the Company is set out below:

(i) Results

	For the year ended 31 December		
	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
– Continuing operations	72,252	58,740	128,884
– Discontinued operations	–	–	96,224
	72,252	58,740	225,108
Loss before tax			
– Continuing operations	(36,048)	(11,633)	(12,406)
– Discontinued operations	–	–	(27,110)
	(36,048)	(11,633)	(39,516)
Income tax (expenses) credit	(1,209)	1,642	1,673
Loss for the year	(37,257)	(9,991)	(37,843)
Attributable to:			
Equity holders of the Company	(37,679)	(9,991)	(35,672)
Minority interests	422	–	(2,171)
	(37,257)	(9,991)	37,843
Dividends	–	–	–
Loss per share			
Basic	HK$0.04	HK$0.02	HK$0.07
Diluted	N/A	N/A	N/A

(ii) Assets and liabilities

	As at 31 December		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	520,749	239,399	202,868
Total liabilities	(195,399)	(68,407)	(47,559)
Net assets	325,350	170,992	155,309
Capital and reserves attributable to the Company's equity holders	322,795	170,992	155,309
Minority interests	2,555	–	–
	325,350	170,992	155,309

Notes:

1. No qualified opinion has been issued by the Company's auditors in respect of the financial statements for the three financial years.

2. There were no exceptional items or extraordinary items in each of the three financial years ended 31 December 2007.

2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 December 2007.

"**Consolidated Income Statement**
For the year ended 31st December 2007

	NOTES	**2007** *HK$'000*	**2006** *HK$'000*
Turnover	9	72,252	58,740
Cost of sales		(57,546)	(46,069)
Gross profit		14,706	12,671
Other operating income	9	21,764	1,625
Gain on disposal of available-for-sale investments		21,844	9,290
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	21	11,255	–
Selling and distribution expenses		(4,786)	(3,555)
Administrative expenses		(50,500)	(27,897)
Other operating expenses		(7,718)	(542)
Profit (loss) from operations	10	6,565	(8,408)
Impairment loss recognised in respect of goodwill		(40,771)	–
Impairment loss of unlisted available-for-sale investment		–	(3,200)
Finance costs	11	(1,842)	(25)
Loss before taxation		(36,048)	(11,633)
Income tax (expense) credit	12	(1,209)	1,642
Loss for the year		(37,257)	(9,991)
Attributable to:			
Equity holders of the Company		(37,679)	(9,991)
Minority interests		422	–
		(37,257)	(9,991)
Loss per share			
Basic	13	HK$0.04	HK$0.02
Diluted		N/A	N/A

Consolidated Balance Sheet
As at 31st December 2007

	NOTES	**2007** *HK$'000*	**2006** *HK$'000*
Non-current assets			
Plant and equipment	16	8,230	1,379
Deferred plantation expenditure	17	33,000	–
Deposit for plantation expenditure		34,808	–
Intangible assets	18	165,225	1,696
Goodwill	19	156,873	45,805
		398,136	48,880
Current assets			
Inventories	20	5,192	8,857
Biological assets	21	12,071	–
Available-for-sale investments	22	–	66,591
Trade and other receivables	23	32,411	42,817
Bank balances and cash	24		
– pledged		–	15,624
– unpledged		72,939	56,630
		122,613	190,519
Current liabilities			
Trade and other payables	25	70,623	61,451
Income tax liabilities		7,109	6,938
Bank overdrafts	24	–	18
		77,732	68,407
Net current assets		44,881	122,112
Total assets less current liabilities		443,017	170,992
Capital and reserves			
Share capital	26	103,526	67,500
Reserves		219,269	103,492
Equity attributable to equity holders of the Company		322,795	170,992
Minority interests		2,555	–
Total equity		325,350	170,992
Non-current liabilities			
Convertible loan notes	27	75,878	–
Deferred tax liability	28	41,789	–
		117,667	–
		443,017	170,992

Consolidated Statement of Changes in Equity
For the year ended 31st December 2007

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange translation reserve HK$'000	Other reserve HK$'000	Convertible bonds reserve HK$'000	Share options reserve HK$'000	Statutory surplus reserve HK$'000	Accumulated losses HK$'000 (note)	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January 2006	55,735	342,312	(19)	394	10,228	–	–	–	(253,341)	155,309	–	155,309
Gain on fair value changes of available-for-sale investments and recognised directly in equity	–	–	–	–	11,431	–	–	–	–	11,431	–	11,431
Exchange difference arising on translation of overseas operation	–	–	–	738	–	–	–	–	–	738	–	738
Loss for the year	–	–	–	–	–	–	–	–	(9,991)	(9,991)	–	(9,991)
Total recognised income and expenses for the year	–	–	–	738	11,431	–	–	–	(9,991)	2,178	–	2,178
Issue of consideration shares	11,765	235	–	–	–	–	–	–	–	12,000	–	12,000
Recognition of equity-settled share based payments	–	–	–	–	–	–	1,505	–	–	1,505	–	1,505
At 31st December 2006	67,500	342,547	(19)	1,132	21,659	–	1,505	–	(263,332)	170,992	–	170,992
Reserve released on disposal	–	–	–	–	(21,659)	–	–	–	–	(21,659)	–	(21,659)
Exchange difference arising on translation of overseas operation	–	–	–	2,465	–	–	–	–	–	2,465	–	2,465
Loss (profit) for the year	–	–	–	–	–	–	–	–	(37,679)	(37,679)	422	(37,257)
Transfer from accumulated losses	–	–	–	–	–	–	–	576	(576)	–	–	–
Total recognised income and expenses for the year	–	–	–	2,465	(21,659)	–	–	576	(38,255)	(56,873)	422	(56,451)
Issue of convertible loan notes	–	–	–	–	–	29,225	–	–	–	29,225	–	29,225
Issue of shares upon												
– placement of shares	27,000	109,730	–	–	–	–	–	–	–	136,730	–	136,730
– conversion of convertible loan notes	3,880	18,217	–	–	–	(5,358)	–	–	–	16,739	–	16,739
– exercise of share options	5,146	5,233	–	–	–	–	(2,769)	–	–	7,610	–	7,610
Recognition of equity-settled share based payments	–	–	–	–	–	–	18,372	–	–	18,372	–	18,372
Capital contributed by minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	2,133	2,133
At 31st December 2007	103,526	475,727	(19)	3,597	–	23,867	17,108	576	(301,587)	322,795	2,555	325,350

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

Consolidated Cash Flow Statement

For the year ended 31st December 2007

	NOTES	2007 HK$'000	2006 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		(36,048)	(11,633)
Adjustments for:			
Bad debt directly written off		4,257	–
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		(11,255)	–
Impairment loss recognised in respect of goodwill		40,771	–
Impairment loss recognised in respect of intangible assets		1,173	–
Impairment loss recognised in respect of trade receivables		2,296	528
Loss on disposal of a subsidiary		1	–
Interest income		(1,987)	(547)
Amortisation of intangible assets		2,571	97
Depreciation		1,285	1,520
Impairment loss of unlisted available-for-sale investment		–	3,200
Loss on disposal of plant and equipment		71	151
Gain on disposal of plant equipment		(30)	(400)
Gain on disposal of available-for-sale investments		(21,844)	(9,290)
Finance costs		1,842	25
Share-based payment expenses		18,372	1,505
Operating cash flow before movements in working capital		1,475	(14,844)
Decrease (increase) in inventories		4,279	(5,413)
Decrease (increase) in trade and other receivables		3,886	(726)
(Decrease) increase in trade and other payables		(12,169)	20,076
Increase in biological assets		(275)	–
Cash used in operations		(2,804)	(907)
PRC enterprise income tax paid		(1,038)	(620)
NET CASH USED IN OPERATING ACTIVITIES		(3,842)	(1,527)

	NOTES	2007 HK$'000	2006 HK$'000
INVESTING ACTIVITIES			
Acquisition of subsidiaries	30	(139,191)	(19,639)
Deposit for plantation expenditure		(34,808)	–
Payment of deferred plantation expenditure		(33,541)	–
Purchases of plant and equipment		(8,127)	(537)
Proceeds from disposal of available-for-sale investments		67,578	42,630
Decrease (increase) in pledged time deposits		15,624	(15,485)
Interest received		1,987	547
Decrease (increase) in other time deposits with maturity of more than three months when acquired		1,281	(39,907)
Proceed from disposal of a subsidiary	31	248	–
Proceeds from disposal of plant and equipment		30	400
Acquisition of intangible assets		–	(1,796)
NET CASH USED IN INVESTING ACTIVITIES		(128,919)	(33,787)
FINANCING ACTIVITIES			
Interest paid		–	(1)
Repayment of obligations under finance lease		–	(254)
Interest paid for obligations under finance lease		–	(24)
Proceeds from issue of shares		136,730	–
Proceeds from exercise of share options		7,610	–
Contribution from minority shareholders		2,133	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES		146,473	(279)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		13,712	(35,593)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		16,705	51,547
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,136	751
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	24	31,553	16,705

Notes To The Consolidated Financial Statements

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the Annual Report.

The financial statements are presented in Hong Kong dollars ("HK$"), and the functional currency of the Company is in Renminbi ("RMB").

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

The principal activity of the Company is investment holding. During the year, the Company and its subsidiaries (the "Group") was principally involved in the distribution of information technology products, the provision of computer technology services and the carrying on of property agency business in the People's Republic of China (the "PRC"). During the year, the Company also embarked on the new businesses of agro-conservation and the cultivation of raw materials for the bio-energy industry.

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation ("INT") 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment

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

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Cost[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statement[5]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[5]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC)-INT 12	Service Concession Arrangements[3]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[4]
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction3

[1] Effective for annual periods beginning on or after 1st January 2009.
[2] Effective for annual periods beginning on or after 1st March 2007.
[3] Effective for annual periods beginning on or after 1st January 2008.
[4] Effective for annual periods beginning on or after 1st July 2008.
[5] Effective for annual periods beginning on or after 1st July 2009.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of consolidation

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

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

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

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

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

(b) Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

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

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

(c) Goodwill

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

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

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

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

(d) Intangible assets

Intangible assets acquired separately

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

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

Intangible assets acquired in a business combination

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

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

Research and development expenditures

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(e) Plant and equipment

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

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

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

(f) Financial instruments

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

Financial assets

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

Effective interest method

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

Income is recognised on an effective basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

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

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

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

Impairment of financial assets

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

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

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

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

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collective payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified as other financial liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

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

Convertible loan notes

Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds reserve).

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

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

Equity instruments

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

Derecognition

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

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

(g) Biological assets

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

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

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

(h) Deferred plantation expenditure

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

(i) Inventories

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

(j) Impairment losses on tangible and intangible assets with finite useful lives

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

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

(k) Revenue recognition

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

i) Sale of goods

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

ii) Service income

Service income is recognised when services are provided.

iii) Management fee income

Management fee income is recognised when services are provided.

iv) Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(l) Equity settled share-based payment transactions

Share options granted to employees

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

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

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

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless the fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses immediately, unless the services qualify for recognition as assets.

(m) Taxation

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

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

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

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

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

(n) Foreign currencies

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

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

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the exchange translation reserve.

(o) Leasing

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

The Company as lessee

Asset held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

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

(p) Government grants

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

(q) Retirement benefit costs

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

(r) Borrowing costs

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key sources of estimation uncertainty

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December 2007, the carrying amount of goodwill was approximately HK$156,873,000. Details of impairment testing on goodwill are set out in note 19(a).

Depreciation of plant and equipment

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

Impairment loss recognised in respect of trade receivables

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

Impairment of plant and equipment

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

Fair values of biological assets

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

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes convertible loan notes disclosed in note 27, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2007	**2006**
	HK$'000	*HK$'000*
Available-for-sale investments	–	66,591
Loans and receivables (including cash and cash equivalents)	105,350	115,071
Financial liabilities at amortised cost	146,501	61,469

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Group's financial results and its cashflow. The management considers the Group is not exposed to significant foreign currency risk as the majority of its operations and transactions are in the PRC with their functional currency of RMB.

For the year ended 31st December 2007 and 2006, the Group mainly earns revenue in RMB and incurs costs in HK$ and RMB. Although, the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in RMB are used to pay for RMB denominated costs. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses and HK$ costs of acquisitions.

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

Interest rate risk

As the Group has no significant interest-bearing liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

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

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

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

Agricultural activity

The Group's revenue depends significantly on the ability to harvest agricultural products at adequate levels. The ability to harvest agricultural products and the growth of the agricultural products in the plantation may be affected by infavourable local weather conditions and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may impede the Group's agro-conservation and bio-energy operations or the growth of the agricultural products in the plantations, which in turn may have a material adverse effect on the Group's performance.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

Liquidity risk tables

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount at 31st December
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007						
Non-derivative financial liabilities						
Trade and other payables	–	70,623	–	–	70,623	70,623
Convertible loan notes	9.75	–	–	98,000	98,000	75,878
		70,623	–	98,000	168,623	146,501
2006						
Non-derivative financial liabilities						
Trade and other payables	–	61,451	–	–	61,451	61,451
Bank overdraft	17.75	18	–	–	18	18
		61,469	–	–	61,469	61,469

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into six (2006: four) operating divisions – agro-conservation, bio-energy, banking and finance systems integration services, software solutions for banks and the public sector, IT management and support and real estate consultancy service.

Principal activities are as follows:

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

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

(i) BUSINESS SEGMENTS

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

	Agro-conservation		Bio-energy		Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Real estate consultancy service		Consolidated	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER														
Sales to external customers	–	–	–	–	65,621	51,867	572	644	442	3,440	5,617	2,789	72,252	58,740
RESULT														
Segment results	12,703	–	3,805	–	(1,399)	(7,991)	237	536	(5,799)	1,433	4,715	(2,828)	14,262	(8,850)
Unallocated income													24,185	9,785
Unallocated expenses													(31,882)	(12,543)
Impairment loss recognised in respect of goodwill	–	–	–	–	–	–	–	–	(12,772)	–	(27,999)	–	(40,771)	–
Finance costs													(1,842)	(25)
Loss before taxation													(36,048)	(11,633)
Income tax (expense) credit													(1,209)	1,642
Loss for the year													(37,257)	(9,991)

	Agro-conservation		Bio-energy		Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Real estate consultancy service		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS														
Segment assets	364,883	–	43,772	–	98,238	102,112	74	150	225	18,408	9,002	35,976	516,194	156,646
Unallocated corporate assets													4,555	82,753
Total assets													520,749	239,399
LIABILITIES														
Segment liabilities	(192)	–	(50)	–	(41,245)	(51,072)	(126)	(469)	(807)	(1,526)	(5,489)	(5,305)	(47,909)	(58,372)
Unallocated corporate liabilities													(147,490)	(10,035)
Total liabilities													(195,399)	(68,407)
Other segment information														
Cash and bank balances included in segment assets	152	–	2,151	–	67,227	56,452	5	2	7	33	256	105	69,798	56,592
Unallocated amounts													3,141	38
													72,939	56,630

	Agro-conservation		Bio-energy		Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Real estate consultancy service		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Pledged time deposits included in segment assets	–	–	–	–	–	15,624	–	–	–	–	–	–	–	15,624
Depreciation and amortisation	2,054	–	107	–	384	1,189	–	–	676	121	373	159	3,594	1,469
Unallocated amounts													262	148
													3,856	1,617
Loss on disposal of plant and equipment	–	–	–	–	–	(1)	–	–	–	(2)	(55)	(148)	(55)	(151)
Unallocated amounts													(16)	–
													(71)	(151)
Capital expenditure	193	–	6,675	–	231	4	–	–	–	112	416	390	7,515	506
Unallocated amounts													887	31
													8,402	537
Bad debts directly written off	–	–	–	–	–	–	–	–	4,041	–	–	–	4,041	–
Unallocated amounts													216	–
													4,257	–
Impairment loss of unlisted available-for-sale investment – unallocated amounts	–	–	–	–	–	–	–	–	–	–	–	–	–	3,200
Impairment loss recognised in respect of trade receivables	–	–	–	–	1,706	273	–	–	–	–	590	255	2,296	528
Impairment loss recognised in respect of intangible assets	–	–	–	–	–	–	–	–	1,173	–	–	–	1,173	–
Gain on disposal of plant and equipment – unallocated amounts	–	–	–	–	–	–	–	–	–	–	–	–	(30)	(400)

(ii) **GEOGRAPHICAL SEGMENTS**

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

	Hong Kong		Elsewhere in the PRC		Laos		Consolidated	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Sales to external customers	572	540	71,680	58,200	–	–	72,252	58,740
Segment assets	4,629	86,936	507,826	152,463	8,294	–	520,749	239,399
Other segment information								
Capital expenditure	886	31	7,516	506	–	–	8,402	537

9. TURNOVER AND OTHER OPERATING INCOME

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

	2007	**2006**
	HK$'000	*HK$'000*
Turnover		
Sale of goods	43,247	34,181
Rendering of computer technology services	23,388	21,770
Rendering of real estate consultancy services	5,617	2,789
	72,252	58,740
Other operating income		
Interest income	1,987	547
Over-provision of business tax in previous years	–	195
Gain on disposal of plant and equipment	30	400
Government grants	158	401
Exchange gain	3,765	–
Consultancy service income	8,000	–
Management service income	7,467	–
Sundry income	357	82
	21,764	1,625
Total revenues	94,016	60,365

10. PROFIT (LOSS) FROM OPERATIONS

	2007	2006
	HK$'000	*HK$'000*
Profit (loss) from operations has been arrived at after charging:		
Auditor's remuneration		
– Current year	800	850
– Overprovision for previous years	(25)	–
	775	850
Amortisation of intangible assets	2,571	97
Bad debts directly written off	4,257	–
Costs of inventories sold and services rendered	57,546	46,069
Depreciation	1,285	1,520
Directors' emoluments *(Note 15)*	4,588	6,077
Impairment loss recognised in respect of intangible assets	1,173	–
Impairment loss recognised in respect of trade receivables	2,296	528
Loss on disposal of a subsidiary	1	–
Loss on disposal of plant and equipment	71	151
Payments under operating leases in respect of land and buildings	3,690	2,328
Staff costs (excluding directors' emoluments) *(Note 14)*	18,061	16,233
Share-based payment expenses (excluding staff and directors)	17,217	801

11. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest expenses on:		
– bank overdrafts and borrowings wholly repayable within five years	–	1
– obligations under finance leases	–	24
– effective interest expenses on convertible loan notes *(Note 27)*	1,842	–
	1,842	25

12. INCOME TAX EXPENSE (CREDIT)

	2007	2006
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
– current	1,200	784
– under(over) provision in prior years	9	(2,267)
	1,209	(1,483)
Deferred tax *(Note 28)*	–	(159)
	1,209	(1,642)

(i) Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from both years.

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

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

(iv) In accordance with the relevant regulations for Foreign Enterprise Income Tax Law in the PRC, one subsidiary was taxed at 27% (2006: 27%) and another at the domestic rate of 33% (2006: 33%).

(v) On 16th March 2007, the PRC promulgated the Law of the People's Republic of China on enterprise income tax (the "New Law"). On 6th December 2007, the state council of the PRC issued Implementation Regulations of the New Law. Pursuant to the New Law and Implementation Regulations, the enterprise income tax for both domestic and foreign-invested enterprises will be unified at 25% effective from 1st January 2008. There will be a transitional period for the PRC subsidiaries that are currently entitled to preferential tax treatments granted by the relevant tax authorities. PRC subsidiaries currently subject to an enterprise income tax rate lower than 25% will continue to enjoy the lower tax rate and be gradually transitioned to the new unified rate of 25% within five years after 1st January 2008. The tax rate applicable to the PRC subsidiaries are subject to the approval by the tax authority.

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

	2007	**2006**
	HK$'000	*HK$'000*
Loss before taxation	(36,048)	(11,633)
Tax credit at rates applicable to losses in the countries concerned	(6,444)	(8,026)
Tax effect of income not subject to tax	(2,543)	(1,782)
Tax effect of expenses not deductible for tax purposes	10,228	10,452
Utilisation of previously unrecognised tax losses	(41)	(19)
Under (over) provision in previous years	9	(2,267)
Income tax expense (credit) for the year	1,209	(1,642)

Details of deferred taxation in Note 28.

13. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on the Group's loss attributed to the equity holders of the Company of approximately HK$37,679,000 (2006: HK$9,991,000).

The basic loss per share is based on the weighted average number of 902,344,000 (2006: 606,667,000) ordinary shares in issue during the year.

No diluted loss is presented for the year ended 31st December 2007 and 2006 as the exercise of the share options and the conversion of the convertible loan notes would result in a decrease in loss per share for both years.

14. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2007	**2006**
	HK$'000	*HK$'000*
Wages and salaries	15,434	14,020
Retirement benefit schemes contribution	1,869	1,611
Share-based payments	758	602
	18,061	16,233

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

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

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

Details of the Company's share options granted to the employees of the Group are set out in note 29.

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eight (2006: seven) directors were as follows:

For the year ended 31st December 2007

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

No directors waived or agreed to waive any emoluments during the two years ended 31st December 2007 and 2006.

For the year ended 31st December 2006

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

(b) Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, two (2006: three) were directors of the Company whose emoluments are set out in the above. For the year ended 31st December 2007, the emoluments of the three (2006: two) highest paid individuals were as follows:

	2007	2006
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	2,031	1,401
Retirement benefit schemes contribution	24	24
Share-based payment	404	–
	2,459	1,425

Their emoluments fall within the following bands:

	Number of individuals 2007	2006
Emoluments band		
Nil – HK$1,000,000	2	2
HK$1,000,001 – HK$2,000,000	1	–
	3	2

(c) No emoluments have been paid by the Group to other directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of the office during the two years ended 31st December 2007 and 2006.

16. PLANT AND EQUIPMENT

	Nursery farm *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST					
At 1st January 2006	–	1,557	20,751	2,156	24,464
Exchange realignmen	–	2	68	26	96
Additions	–	347	190	–	537
Acquired on acquisition of a subsidiary	–	–	600	–	600
Disposals	–	(505)	(5,614)	(1,015)	(7,134)
At 31st December 2006	–	1,401	15,995	1,167	18,563
Exchange realignment	–	18	139	49	206
Additions	6,400	688	512	527	8,127
Disposals	–	(189)	(193)	(280)	(662)
At 31st December 2007	6,400	1,918	16,453	1,463	26,234
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1st January 2006	–	1,336	19,325	1,887	22,548
Exchange realignment	–	–	38	19	57
Provided for the year	–	174	1,196	150	1,520
Acquired on acquisition of a subsidiary	–	–	42	–	42
Eliminated on disposals	–	(380)	(5,588)	(1,015)	(6,983)
At 31st December 2006	–	1,130	15,013	1,041	17,184
Exchange realignment	–	4	81	41	126
Provided for the year	107	485	519	174	1,285
Eliminated on disposals	–	(173)	(138)	(280)	(591)
At 31st December 2007	107	1,446	15,475	976	18,004
CARRYING AMOUNT					
At 31st December 2007	6,293	472	978	487	8,230
At 31st December 2006	–	271	982	126	1,379

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

Nursery farm	10%
Leasehold improvements	$33^1/_3$% or over the lease terms, whichever is shorter
Furniture, fixtures and office equipment	20% to $33^1/_3$%
Motor vehicles	$33^1/_3$%

17. DEFERRED PLANTATION EXPENDITURE

	2007	2006
	HK$'000	*HK$'000*
COST		
At 1st January	–	–
Additions	33,541	–
At 31st December	33,541	–
ACCUMULATED AMORTISATION		
At 1st January	–	–
Provision for the year and transfer to biological assets *(Note 21)*	541	–
At 31st December	541	–
CARRYING AMOUNT		
At 31st December	33,000	–

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

18. INTANGIBLE ASSETS

	Collection and cultivation rights	Computer software	Total
	HK$'000	*HK$'000*	*HK$'000*
COST			
At 1st January 2006	–	–	–
Additions	–	1,796	1,796
At 31st December 2006	–	1,796	1,796
Exchange realignment	–	124	124
Acquired on acquisition of subsidiaries	167,156	–	167,156
At 31st December 2007	167,156	1,920	169,076
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1st January 2006	–	–	–
Exchange realignment	–	3	3
Provided for the year	–	97	97
At 31st December 2006	–	100	100
Exchange realignment	–	7	7
Impairment loss recognised in the year	–	1,173	1,173
Provided for the year	1,931	640	2,571
At 31st December 2007	1,931	1,920	3,851
CARRYING AMOUNT			
At 31st December 2007	165,225	–	165,225
At 31st December 2006	–	1,696	1,696

The above intangible assets have finite useful lives and is amortised on a straight-line basis over twenty nine to forty six years.

The directors of the Company have reviewed the carrying values of the Group's intangible assets as at 31st December 2007. The directors of the Company considered that it is unlikely that the computer software will have any future value in use and therefore the carrying amount of this computer software in the amount of approximately HK$1,173,000 was fully impaired.

19. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL

(a) Goodwill

	HK$'000
COST	
At 1st January 2006	12,772
Arising on acquisition of a subsidiary	33,033
At 31st December 2006	45,805
Arising on acquisition of subsidiaries	151,839
At 31st December 2007	197,644
IMPAIRMENT	
At 1st January 2006, 31st December 2006 and 1st January 2007	–
Impairment loss recognised in the year	40,771
At 31st December 2007	40,771
CARRYING AMOUNT	
At 31st December 2007	156,873
At 31st December 2006	45,805

Particulars regarding impairment testing on goodwill are disclosed in note 19(b).

(b) IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 19(a) has been allocated to four individual cash generating units. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31st December 2007 allocated to these are as follows:

	2007 *HK$'000*	**2006** *HK$'000*
IT management and support:		
– Acacia Asia Partners Limited ("Acacia") and its subsidiary ("Acacia Group")	–	12,772
Real estate consultancy service:		
– Grand Panorama Limited ("GP") and its subsidiary ("GP Group")	5,034	33,033
Agro-conservation:		
– Huge Value Development Limited ("Huge Value")	29,578	–
– Quest Asia Development Limited ("Quest Asia")	114,461	–
Bio-energy:		
– Lao Agro-Promotion Limited ("Lao-Agro")	7,800	–
	156,873	45,805

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

IT management and support

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

Real estate consultancy service

In view of the current and future business prospects and financial situation of GP Group, the current slow down in the property agency market in the PRC, the stringent austerity measures that have been imposed by the PRC government, and the future capital requirements of GP. With the current focus on agri-business, the directors of the Company considers that it is in the interests of the Company and the shareholders as a whole to reallocate its resources towards the agri-business activities of the Group, which the directors of the Company consider to have better future prospects, therefore on 3rd March 2008, the Group entered into a sale and purchase agreement for the disposal of GP Group for a consideration of RMB4,000,000. With reference to the sales considerations, the directors of the Company consider that the carrying amount of goodwill arising from acquisition of GP Group in the amount of approximately HK$27,999,000 was recognised as impairment loss for the year ended 31st December 2007.

Agro-conservation and Bio-energy

The directors of the Company are of the opinion that, based on the business valuation reports for Huge Value, Quest Asia and Lao-Agro as at 31st December 2007 issued by Greater China Appraisal Limited, an independent professional valuer, the business values of these subsidiaries exceed their carrying amount in the consolidated balance sheet as at 31st December 2007 and therefore no impairment loss is necessary.

20. INVENTORIES

	2007	**2006**
	HK$'000	*HK$'000*
Information technology products held for resale, at cost	5,192	8,857

21. BIOLOGICAL ASSETS

	Licorice	**Salix**	**Saplings of Jatropha**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January 2006, 31st December 2006 and 1st January 2007	–	–	–	–
Transfer from amortisation of deferred plantation expenditure *(Note 17)*	392	149	–	541
Additions	–	–	275	275
Changes in fair value less estimated point-of-sale costs	6,079	1,611	3,565	11,255
At 31st December 2007	6,471	1,760	3,840	12,071

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

Salix is a bearer biological assets and is a medium to large size deciduous tree. Salix are very cross-fertile and numerous hybrids can occur, both naturally and in cultivation. Salix will also take root very readily from cuttings and can regenerate themselves after harvest.

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

b) At 31st December 2007, the above biological assets are immatured.

c) The fair value less estimated point-of-sale costs of licorice, salix and jatropha is determined based on the valuation report issued by Greater China Appraisal Limited, an independent professional valuer with reference to the most recent market determined prices.

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

	2007		**2006**	
	Quantity	**Amount**	**Quantity**	**Amount**
		HK$'000		*HK$'000*
Licorice	433 tons	6,471	–	–
Salix	9,167 tons	1,760	–	–
Saplings of Jatropha	150 mu	3,840	–	–
		12,071		–

22. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2007	**2006**
	HK$'000	*HK$'000*
Listed equity securities, at fair value *(Note b & c)*	–	55,000
Unlisted equity securities, at cost *(Note d)*	–	11,591
	–	66,591

Notes:

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

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

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

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

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

23. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	69,024	63,925
Less: Impairment losses recognised	(43,876)	(41,461)
	25,148	22,464
Prepayment, deposit and other receivables	7,263	20,353
Total trade and other receivables	32,411	42,817

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

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

	2007	2006
	HK$'000	*HK$'000*
Current to 90 days	18,902	15,766
91 days to 180 days	2,600	2,775
181 days to 365 days	3,477	2,776
Over 365 days	169	1,147
	25,148	22,464

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

	2007	2006
	HK$'000	*HK$'000*
At 1st January	41,461	45,966
Exchange realignment	119	55
Arising on acquisition of a subsidiary	–	625
Written off for the year	–	(4,915)
Eliminated on disposal of a subsidiary	–	(798)
Recognised during the year	2,296	528
At 31st December	43,876	41,461

(c) At 31st December 2007 and 2006, the analysis of trade receivables that were past due but not impaired are as follows:

		Neither past due nor	Past due but not impaired			
	Total	impaired	<90 days	91 to 180 days	181 to 365 days	1 to 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31st December 2007	25,148	14,438	5,581	1,483	3,477	169
31st December 2006	22,464	12,441	4,564	2,408	2,142	909

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

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

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

24. BANK BALANCES AND CASH/BANK OVERDRAFTS

	2007	**2006**
	HK$'000	*HK$'000*
Bank balances and cash		
– Pledged time deposits	–	15,624
– Unpledged	31,553	16,723
Other time deposits with original maturity of more than three months when acquired	41,386	39,907
Bank overdrafts	–	(18)
	72,939	72,236
Less: Pledged time deposits	–	(15,624)
Other time deposits with a maturity of more than three months when acquired	(41,386)	(39,907)
Cash and cash equivalents	31,553	16,705

Bank balances and cash/pledged time deposits/other time deposits

At the balance sheet date, about 92% (2006: 90%) of the balance of cash and cash equivalents was denominated in RMB. RMB is not a freely convertible currency.

Bank balances and other time deposits and pledged bank deposits carry interest at average market rates of 3.60% (2006: 3.75%).

At 31st December 2006, pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits were released during the year ended 31st December 2007.

Bank overdrafts

At 31st December 2007, there were no bank overdrafts. At 31st December 2006, the average effective interest rate of bank overdrafts was approximately 17.75%.

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

25. TRADE AND OTHER PAYABLES

	2007	**2006**
	HK$'000	*HK$'000*
Trade payables		
– third parties	1,198	2,011
– minority shareholders	325	325
	1,523	2,336
Accrued expenses and other payables	69,100	59,115
	70,623	61,451

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

	2007 *HK$'000*	2006 *HK$'000*
Current to 90 days	–	234
91 days to 180 days	–	114
181 days to 365 days	81	200
Over 365 days	1,442	1,788
	1,523	2,336

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

26. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Ordinary share of HK$0.10 each		
Authorised:		
At 1st January 2006, 31st December 2006 and 1st January	1,000,000,000	100,000
Increase in authorised share capital *(Note 1)*	2,000,000,000	200,000
At 31st December 2007	3,000,000,000	300,000
Issued and fully paid:		
At 1st January 2006	557,351,493	55,735
Issue of consideration shares *(Note 2)*	117,647,059	11,765
At 31st December 2006	674,998,552	67,500
Issue of shares upon:		
Placement of shares *(Note 3 & 4)*	270,000,000	27,000
Exercise of share options *(Note 5)*	51,460,000	5,146
Conversion of convertible loan notes *(Note 6)*	38,800,705	3,880
At 31st December 2007	1,035,259,257	103,526

Notes:

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

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

3. On 22nd January 2007, pursuant to a placing and subscription agreement with VC Brokerage Limited, the Company placed out 110,000,000 new ordinary shares of HK$0.10 each in the Company at a price of HK$0.22 per share to independent third parties. A sum of approximately HK$23,900,000 net of placement expenses was raised and used as working capital of the Group.

4. On 15th June 2007, pursuant to a placing and subscription agreement with Citic Securities Corporate Finance (HK) Limited, the Company placed out 160,000,000 new ordinary shares of HK$0.10 each in the Company at a price of HK$0.72 per share to independent third parties. A sum of approximately HK$112,800,000 net of placement expenses was raised and used as working capital of the Group.

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

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

7. All the ordinary shares issued during the year rank pari passu with the then existing ordinary shares in all respects.

27. CONVERTIBLE LOAN NOTES

During the year ended 31st December 2007, pursuant to the acquisition of the entire issued share capital of Quest Asia Development Limited, the Company issued zero-coupon convertible loan notes as partial settlement of the acquisition consideration. The convertible loan notes have an aggregate principal amount of HK$120,000,000 and are denominated in HK$. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 1st October 2010 in multiples of HK$1,000,000 at a conversion price HK$0.567 (subject to adjustments) per convertible loan note. The shares to be issued and allotted upon conversions shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue.

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

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

	2007	**2006**
	HK$'000	*HK$'000*
Carrying amount at 1st January	–	–
Issue of convertible loan notes during the year	90,775	–
Effective interest expenses *(Note 10)*	1,842	–
Conversion during the year	(16,739)	–
Carrying amount at 31st December	75,878	–

28. DEFERRED TAX LIABILITY

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

	Fair value adjustments arising from acquisition of subsidiaries	**Accumulated tax depreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1st January 2006	–	159	159
Credit to consolidated income statement	–	(159)	(159)
At 31st December 2006	–	–	–
Acquisition of subsidiaries *(Note 30)*	41,789	–	41,789
At 31st December 2007	41,789	–	41,789

At the balance sheet date, the Group has unused tax losses of approximately HK$21,714,000 (2006: HK$21,950,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

29. SHARE-BASED PAYMENT TRANSACTIONS

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

At the balance sheet date, the number of shares options granted and remained outstanding under the scheme was 86,141,855 (2006: 53,920,000), representing 8.32% (2006: 8.00%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders and independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

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

Date of grant	Exercise period	Exercise price	Fair value at grant date
21st January 2000	From date of grant to 20th January 2010	HK$2.532	*(Note)*
27th November 2003	From date of grant to 29th May 2012	HK$0.233	HK$0.05674
19th August 2006	From date of grant to 29th May 2012	HK$0.100	HK$0.05674
29th November 2006	From date of grant to 29th May 2012	HK$0.150	HK$0.05674
16th April 2007	From date of grant to 29th May 2012	HK$0.360	HK$0.12500
9th July 2007	From date of grant to 29th May 2012	HK$0.660	HK$0.20200
20th November 2007	From date of grant to 29th May 2012	HK$0.380	HK$0.21700

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

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

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

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

	Share options granted on 16th April 2007	9th July 2007	20th November 2007	2006
Weighted average share price	HK$0.360	HK$0.350	HK$0.360	HK$0.138
Exercise price	HK$0.360	HK$0.660	HK$0.380	HK$0.100/HK$0.150
Expected volatility	53.87%	54.32%	113.59%	90.39%
Expected option period	2.6 years	2.4 years	2.26 years	1.5 years
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	4.015%	4.417%	2.491%	3.642%
Option type	Call	Call	Call	Call

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

The Group recognised the total expense of HK$18,372,000 for the year ended 31st December 2007 (2006: HK$1,505,000) in relation to the share options granted by the Company.

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

		Number of share options								
Grantee	Date of grant	Outstanding at 1st January 2006	Granted during the year	Lapsed during the year	Outstanding at 31st December 2006	Granted during the 2006	Lapsed during the year	Exercised during the year	Outstanding at 31st December 2007	Exercised price per share *HK$*
Directors										
Mr. Tse Michael Nam (appointed on 12th February 2007)	9th July 2007	–	–	–	–	996,000	–	–	996,000	0.660
Mr. Tai Benedict (resigned on 1st March 2008)	29th November 2006	–	600,000	–	600,000	–	–	(600,000)	–	0.150
Mr. Fu Yan Yan (resigned on 30th June 2007)	29th November 2006	–	600,000	–	600,000	–	–	(600,000)	–	0.150
Ms. Wang Xi Ling (resigned on 30th June 2007)	29th November 2006	–	600,000	–	600,000	–	–	(600,000)	–	0.150
Mr. Lim Yew Kong, John (appointed on 12th February 2007)	16th April 2007	–	–	–	–	600,000	–	–	600,000	0.360
Mr. Puongpun Sananikone (appointed on 1st July 2007 and re-designated as executive director on 1st March 2008) Puongpun Sananikone	9th July 2007	–	–	–	–	600,000	–	–	600,000	0.660
Other employees										
In aggregate	27th November 2003	8,045,000	–	(5,045,000)	3,000,000	–	(340,000)	(2,660,000)	–	0.233
	29th November 2006	–	8,000,000	–	8,000,000	–	–	(7,200,000)	800,000	0.150
	9th July 2007	–	–	–	–	3,750,000	–	–	3,750,000	0.660
Business associates										
In aggregate	21st January 2000	1,320,000	–	–	1,320,000	–	–	–	1,320,000	2.532
	19th August 2006	–	6,600,000	–	6,600,000	–	–	(6,600,000)	–	0.100
	29th November 2006	–	33,200,000	–	33,200,000	–	–	(33,200,000)	–	0.150
	9th July 2007	–	–	–	–	70,000,000	–	–	70,000,000	0.660
	20th November 2007	–	–	–	–	8,075,855	–	–	8,075,855	0.380
Sub-total		9,365,000	49,600,000	(5,045,000)	53,920,000	84,021,855	(340,000)	(51,460,000)	86,141,855	

30. ACQUISITION OF SUBSIDIARIES

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

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

Notes:

1. The fair value adjustment represents the fair value of the collection and cultivation rights as at 27th March 2007, which was determined by reference to the valuation carried out by Greater China Appraisals Limited, an independent qualified professional valuer not connected to the Group.

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

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

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

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

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

Notes:

1. The fair value adjustment represents the fair value of the collection and cultivation rights as at 2nd October 2007 which was determined by reference to the valuation carried out by Greater China Appraisals Limited, an independent qualified professional valuer not connected to the Group.

2. On 2nd October 2007, the Group issued HK$120,000,000 convertible loan notes at zero coupon interest rates as part of the consideration for the acquisition of Quest Asia.

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

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

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

	2007
	HK$'000
Net assets acquired	–
Goodwill	7,800
Total consideration of the acquisition	7,800
Satisfied by:	
Cash	7,800
Net cash outflow arising on acquisition:	
Cash consideration paid	7,800

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

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

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

	2006
	HK$'000
Net liabilities acquired:	
Plant and equipment	558
Prepayment	234
Trade and other receivables	1,662
Cash and cash equivalents	23
Amount due to related companies	(1,940)
Other payables	(1,908)
	(1,371)
Goodwill	33,033
Total consideration	31,662
Satisfied by:	
Cash	18,000
Fair value of the 117,647,059 shares of the Company issued based on published market price	12,000
Transaction costs	1,662
Total consideration of the acquisition	31,662
Net cash outflow on acquisition:	
Cash consideration paid	18,000
Transaction costs paid	1,662
Less: Bank balances and cash acquired	(23)
	19,639

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

31. DISPOSAL OF A SUBSIDIARY

At 31st May 2007, the Group disposed of its entire interest in an inactive subsidiary, China Action Development Limited to two independent third parties for a consideration of approximately HK$248,000.

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

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

32. RELATED PARTY TRANSACTIONS

There were no related party transactions in 2007. Except as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions with relevant parties in 2006:

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

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

(c) Compensation of key management personnel

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

	2007	**2006**
	HK$'000	*HK$'000*
Short-term benefits	6,197	8,747
Post-employment benefits	49	54
Share-based payments	801	102
	7,047	8,903

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

33. COMMITMENTS UNDER OPERATING LEASES

(a) Commitments under operating leases

The Group as lessee

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

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

	2007	**2006**
	HK$'000	*HK$'000*
Land and buildings		
Within one year	2,547	793
In the second to fifth year inclusive	2,195	377
	4,742	1,170

(b) Other commitments

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

34. BALANCE SHEET INFORMATION OF THE COMPANY

	NOTES	**2007** *HK$'000*	**2006** *HK$'000*
Non-current assets			
Property, plant and equipment		744	136
Investments in subsidiaries		39,631	39,631
		40,375	39,767
Current assets			
Other receivables		670	650
Amounts due from subsidiaries	(a)	313,471	62,071
Bank balances and cash		2,893	31
		317,034	62,752
Current liabilities			
Other payables		4,275	2,167
Amounts due to subsidiaries	(a)	3,834	2,012
Amount due to an investee company	(b)	–	82
Bank overdraft		–	10
		8,109	4,271
Net current assets		308,925	58,481
Total assets less current liabilities		349,300	98,248
Capital and reserves			
Share capital		103,526	67,500
Reserves	(c)	169,896	30,748
Total equity		273,422	98,248
Non-current liabilities			
Convertible loan notes		75,878	–
		349,300	98,248

(a) Amounts due from/to subsidiaries

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

(b) Amount due to an investee company

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

(c) Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st January 2006	342,312	39,431	–	–	(340,721)	41,022
Issued of consideration shares	235	–	–	–	–	235
Recognition of equity-settled share based payments	–	–	–	1,505	–	1,505
Loss for the year	–	–	–	–	(12,014)	(12,014)
At 31st December 2006	342,547	39,431	–	1,505	(352,735)	30,748
Issue of convertible loan notes	–	–	29,225	–	–	29,225
Issue of shares upon						
– placement of shares	109,730	–	–	–	–	109,730
– conversion of convertible loan notes	18,217	–	(5,358)	–	–	12,859
– exercise of share options	5,233	–	–	(2,769)	–	2,464
Recognition of equity-settled share based payments	–	–	–	18,372	–	18,372
Loss for the year	–	–	–	–	(33,502)	(33,502)
At 31st December 2007	475,727	39,431	23,867	17,108	(386,237)	169,896

35. INVESTMENTS IN SUBSIDIARIES

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

Company	Place of incorporation	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2007	2006	Principal activities
Held directly:					
Technology Venture Investments Limited	British Virgin Islands ("BVI")	US$1,000	100	100	Investment holding
Held indirectly:					
Sequent China/ Hong Kong Limited	Hong Kong	HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Techology Venture (Software) Holdings Limited	BVI	US$1,000	100	100	Investment holding
Topasia Computer Limited	Hong Kong	HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Topsoft Limited	Hong Kong	HK$10,000	100	100	Distribution of information technology products and provision of computer technology services

Company	Place of incorporation	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2007	2006	Principal activities
Topasia Tech (Shanghai) Limited (#)	The PRC	Registered Capital US$3,800,000	100	100	Distribution of information technology products and provision of computer technology services
Topasia IT Service (Shanghai) Limited (#)	The PRC	Registered Capital US$1,000,000	100	100	Provision of systems integration and maintenance services
Acacia Asia Partners Limited	BVI	US$1	100	100	Investment holding
Acacia Asia Partners Limited (#)	The PRC	Registered Capital US$140,000	100	100	Network technology, software development and provision of technical support services
Grand Panorama Limited	BVI	US$10,411	100	100	Investment holding
Conity Investment and Consultants (Shanghai) Company Ltd (#)	The PRC	Registered Capital US$140,000	100	100	Provision of real estate consulting agency services
Huge Value Development Limited	BVI	US$1	100	–	Management and cultivation of licorice
Quest Asia Development Limited	BVI	US$1	100	–	Management and cultivation of licorice and salix
China Bioenergy Holdings Limited	BVI	US$1	100	–	R&D and cultivation of raw materials for the bio-energy industry
Hainan Venture Zhengke Bioenergy Development Company Limited ("Hainan Venture")	The PRC	Registered capital RMB50,000,000	90	–	Nursery and research and development centre for jatropha
Lao Agro-Promotion Limited ("Lao Agro")	Lao People's Democratic Republic	US$400,000	80	–	Nursery and research and development centre for jatropha

Wholly owned foreign enterprises.

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

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

36. MAJOR NON-CASH TRANSACTIONS

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

ii) In October 2007, the Company issued convertible loan notes of HK$120,000,000 which was used as partial consideration for the acquisition of Quest Asia.

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

37. SUBSEQUENT EVENTS

i) On 16th January 2008, Mr. Lee Cheong Fu, a holder of convertible loan notes converted another HK$18,350,000 convertible loan notes into 32,363,315 ordinary shares of the Company at the conversion price of HK$0.567.

ii) On 25th February 2008, the Company entered into a subscription agreement with Integrated Asset Management (Asia) Limited ("Integrated") and Mr. Yam Tak Cheung, the sole shareholder of Integrated as the guarantor for the subscription of an aggregate of 199,000,000 new shares of the Company at a subscription price of HK$0.25 per share.

The net proceeds from the subscription received by the Company of approximately HK$49,650,000 was applied towards the Company's new agricultural businesses and as general working capital.

iii) On 3rd March 2008, Technology Venture Investments Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement for the sale the entire issued share capital in Grand Panorama Limited and its subsidiary, Conity Investment and Consultants (Shanghai) Company Limited to a third party for a consideration of RMB4,000,000.

The disposal was completed on 31st March 2008. The net consideration of approximately HK$4,160,000 was applied towards the working capital of the Group.

iv) On 5th March 2008, Green Global Resources Investments Limited ("GGRI"), a newly incorporated wholly-owned subsidiary of the Company, and Inner Mongolia Tian Lan Technology Sand Control Estate Limited ("Tian Lan") entered into a cooperation agreement, pursuant to which the two parties agreed to cooperate in executing a project for the planting of 5,000,000 Chinese mu of salix psammophila over the next 5 years and 200,000 Chinese mu of licorice roots over the next 3 years on the Ordos Plateau in Inner Mongolia, the PRC.

GGRI will invest a maximum amount of HK$70,000,000 in the first year of the project. GGRI and Tian Lan will be entitled to 90% and 10%, respectively, of the profit after tax (excluding any government subsidies) derived from the project and 80% and 20%, respectively, of any government subsidies granted for the project.

v) On 25th March 2008, Hainan Venture, an indirect 90% owned subsidiary of the Company, entered into a cooperation agreement with the Hainan Partner, a limited liability company established in the PRC, whereby Hainan Venture will advance to the Hainan Partner a deposit of up to HK$53,000,000 in the first year of the project without any interest or pledge of security to finance the planting and maintenance of Jatropha curcas trees.

Hainan Venture and the Hainan Partner have agreed that (a) for the three year-period commencing in 2008, Hainan Venture will sell Jatropha curcas saplings from its nursery to the Hainan Partner for planting by the Hainan Partner in an area of approximately 1,300,000 Chinese mu in Hainan, the PRC, and (b) the Hainan Partner will sell all qualified seeds harvested from the Jatropha curcas trees in the above land area exclusively to Hainan Venture for 30 years.

vi) On 26th March 2008, Lao-Agro, an indirect 80% owned subsidiary of the Company entered into a cooperation agreement with the National Authority for Science and Technology ("NAST") for the purposes of establishing three fully equipped centers to carry out in-depth research and development of the Jatropha curcas plant for the production of commercially and environmentally sustainable bio-energy as an alternative and renewable energy source.

The cooperation project is for a term of thirty years. Lao-Agro has agreed to invest a total of US$3,000,000 in both equipment and cash for the cooperation project. The profits generated from the cooperation agreement will be shared 80% and 20% respectively by Lao-Agro and NAST.

38. COMPARATIVE FIGURES

Certain comparative amounts for the year ended 31st December 2007 have been reclassified to conform with the current year's presentation."

3. INDEBTEDNESS

At the close of business on 31 May 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding Convertible Bonds of approximately HK$79.7 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have outstanding at the close of business on 31 May 2008 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into consideration the financial resources available to the Group including internally generated funds and the estimated net proceeds from the Rights Issue (if the Rights Issue becomes unconditional), the Group will have sufficient working capital for at least twelve months from the date of this circular.

5. MATERIAL CHANGE

(i) on 3 March 2008, a wholly owned subsidiary of the Company entered into an agreement for the disposal of the entire issued share capital in Grand Panorama Limited and its subsidiary (together, the "Disposal Group") to a third party for a consideration of RMB4.0 million (equivalent to approximately HK$4.5 million). Details of the disposal had been set out in the announcement of the Company dated 6 March 2008. The Disposal Group had been engaged in the carrying on of property agency, technology and consultancy businesses in the PRC. Subsequent to the disposal, the Group intends to focus its resources on further developing its agro-conservation and bio-energy businesses. The disposal was completed on 31 March 2008;

(ii) on 5 March 2008, a wholly-owned subsidiary of the Company and Inner Mongolia Tian Lan Technology Sand Control Estate Limited ("Tian Lan") entered into a cooperation agreement, pursuant to which the two parties agreed to cooperate in executing a project (the "5532 Project") for the planting of 5,000,000 Chinese mu of salix psammophila over the next 5 years and 200,000 Chinese mu of licorice roots over the next 3 years on the Ordos Plateau in Inner Mongolia, the PRC. Details of the cooperation project had been set out in the announcement of the Company dated 6 March 2008. Pursuant to the cooperation agreement, the Group will invest a maximum amount of HK$70 million in the first year of the project. Profit after tax and government subsidies derived from the project will be shared among the Group and Tian Lan. As at the Latest Practicable Date, the Group has invested approximately RMB44.8 million (equivalent to approximately HK$50.2 million) into this project. The commitment on this project is accounted for as deferred plantation expenditure in the Group's balance sheet;

(iii) on 25 March 2008, a 90%-owned subsidiary of the Company entered into a long-term cooperation agreement with an independent third party (the "Hainan Partner") in relation to the sale of jatropha saplings, plantation of jatropha trees and future supply of jatropha seeds to the Group. Pursuant to the agreement, the Group shall advance to the Hainan Partner a deposit of up to HK$53 million in the first year of the cooperation project to finance the planting and maintenance of jatropha curcas trees. Details of the agreement had been set out in the announcement of the Company dated 27 March 2008. As at the Latest Practicable Date, the Group has advanced approximately RMB28.2 million (equivalent to approximately HK$31.6 million) to the Hainan Partner. This advancement is accounted for as deposit for plantation expenditure in the Group's balance sheet;

(iv) on 26 March 2008, a 80%-owned subsidiary of the Company entered into a cooperation agreement with the National Authority for Science and Technology in Laos (the "Lao Authority") for the purposes of establishing three fully equipped centers to carry out in-depth research and development of the jatropha curcas plant for the production of commercially and environmentally sustainable bio-energy. Pursuant to this cooperation agreement, the Group agreed to invest a total of US$3 million (equivalent to approximately HK$23.4 million) in both equipment and cash for the cooperation project. The profits generated from the cooperation agreement will be shared among the Group and the Lao Authority. Details of the cooperation agreement had been set out in the announcement of the Company dated 28 March 2008. As at the Latest Practicable Date, the Group has not yet made any investment for this cooperation project;

(v) on 25 February 2008, the Company entered into a subscription agreement with Integrated Asset and Mr. Yam for the subscription of 199,000,000 new Shares at a subscription price of HK$0.25 per share by Integrated Asset. The net proceeds from the subscription received by the Company of approximately HK$49.7 million will be applied towards the Company's agricultural businesses and as general working capital. Details of the subscription had been set out in the announcement of the Company dated 26 February 2008;

(vi) the Company entered into the Underwriting Agreement with the Underwriter on 12 June 2008 in relation to the Rights Issue; and

(vii) on 23 June 2008, the Company entered into a loan agreement to obtain a short-term unsecured loan with principal amount of HK$25 million from the Underwriter. The loan bears interest at the rate as charged by the Hong Kong Shanghai Banking Corporation in Hong Kong in respect of amounts of HK$100,000 or more plus 2.75%, and is repayable on demand.

Save as disclosed above, the Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2007 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

1. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Set forth below is the accountants' report, prepared for the sole purpose of incorporation in this circular received by the Directors from SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, in connection with the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group set out in this Appendix:

信永中和 ShineWing

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

2 July 2008

The Board of Directors
Green Global Resources Limited
9th Floor, Wincome Centre
Nos. 39-41 Des Voeux Road Central
Hong Kong

Dear Sirs,

Green Global Resources Limited (the "Company") and its subsidiaries (the "Group")

We report on the unaudited pro forma statement relating to the adjusted consolidated net tangible assets of the Group (the "Unaudited Pro Forma NTA") as set out in the Section headed "UNAUDITED PRO FORMA FINANCIAL INFORMATION" in Appendix II to the Company's circular dated 2 July 2008 (the "Circular") in connection with the proposed rights issue (the "Rights Issue") to qualifying shareholders on the basis of one rights share for every existing share held as at 21 July 2008 (the "Record date"). The Unaudited Pro Forma NTA is unaudited and has been prepared by the directors of the Company (the "Directors") solely for illustrative purposes, to provide information to the shareholders of the Company about how the Rights Issue might affect the consolidated net tangible assets of the Group upon completion of the Rights Issue.

The basis of preparation is set out in section 2 of Appendix II to the Circular.

Respective Responsibilities of the Directors and Reporting Accountants

It is the sole responsibility of the Directors to prepare the Unaudited Pro Forma NTA in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

Basis of Opinion

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

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

The Unaudited Pro Forma NTA is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2007 or at any future date.

Opinion

In our opinion:

(a) The Unaudited Pro Forma NTA has been properly compiled by the Directors on the basis stated;

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

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma NTA as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising Certificate Number: P03289

Hong Kong

2. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

For illustrative purposes only, the pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out here to provide the Shareholders with further information on how the Rights Issue might have affected the financial position of the Group. Although reasonable care has been exercised in preparing the said information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the financial position of the Group upon completion of the Rights Issue.

Set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group based on the audited consolidated net tangible assets of the Group as at 31 December 2007 adjusted to reflect the effects of the Rights Issue assuming that 1,267,422,572 rights shares (the "Rights Shares") will be issued pursuant to the Rights Issue:

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2007	**Estimated net proceeds from the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after the Rights Issue**
	HK$	*HK$*	*HK$*
	(Note 1)	*(Note 2)*	*(Note 3)*
Net tangible assets	42,486,000	130,000,000	172,486,000
Number of shares issued	1,035,259,257	1,267,422,572	2,302,681,829
Unaudited pro forma adjusted consolidated net tangible assets per share	HK$0.041		HK$0.075

Note:

1. The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2007 are based on the audited consolidated net assets of the Group as at 31 December 2007 of approximately HK$322,795,000 as set out on page 44 of this Circular, and deduct intangible assets and goodwill of approximately HK$165,225,000 and HK$156,873,000 respectively, plus the deferred tax liability arising from intangible assets of approximately HK$41,789,000.

2. The estimated net proceeds from the Rights Issue is based on 1,267,422,572 Rights Shares at a price of HK$0.108 per Rights Share to be issued at the subscription price of HK$0.108 per Rights Share, after the deduction of the estimated related expenses of approximately HK$6,882,000.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company upon completion of the Rights Issue are arrived at after aggregating the adjusted audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2007 of HK$42,486,000 and the net proceeds of HK$130,000,000 from the Rights Issue (Note 2).

   The unaudited pro forma adjusted consolidated net tangible assets per share after the Rights Issue is based on the 2,302,681,829 shares (on the basis that there were 1,035,259,257 shares in issue as at 31 December 2007, having not taken into account the share options and the Convertible Bonds exercised and converted from 1 January 2008 up to the Record Date, and 1,267,422,572 Rights Shares were issued under the Rights Issue (Note 2)) were in issue upon completion of the Rights Issue.

4. On 16 January 2008, a holder of Convertible Bonds converted HK$18,350,000 Convertible Bonds into 32,363,315 shares of the Company at a conversion price of HK$0.567 per share (the "Allotment 1"). The proceeds from Allotment 1, being the amount of liability released, was HK$18,350,000.

   On 11 March 2008, the Company alloted 199,000,000 shares at a price of HK$0.25 per share (the "Allotment 2"). The proceeds from Allotment 2 was HK$49,750,000.

   On 5 May 2008, a grantee of share options exercised 800,000 shares of the Company at a price of HK$0.15 per share (the "Allotment 3"). The proceeds from Allotment 3 was HK$120,000.

   As a result of Allotment 1, Allotment 2 and Allotment 3 (collectively referred to as "Allotments"), 232,163,315 new shares of the Company were issued and the net proceeds after deducting relevant direct expenses of HK$29,000 amounted to HK$68,191,000 were received.

   The unaudited pro forma consolidated net tangible assets per share would be HK$0.095 if the Allotments were taken into accounts. It is calculated based on the unaudited pro forma consolidated net tangible assets of HK$240,677,000 (calculated as HK$172,486,000 (Note3) plus the net proceeds of HK$68,191,000 from the Allotments) and the number of shares in issue of 2,534,845,144 (calculated as 2,302,681,829 (Note 3) plus the new shares of 232,163,315 issued in the Allotments) upon completion of the Rights Issue.

5. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 December 2007.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Underwriter) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinion expressed in this circular (other than those relating to the Underwriter) have been arrived at after due and careful consideration and there are no other facts not contained in this circular (other than those relating to the Underwriter), the omission of which would make any statement in this circular (other than those relating to the Underwriter) misleading.

The directors of the Underwriter jointly and severally accepts full responsibility for the accuracy of the information in this circular (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this circular (other than those relating to the Group) the omission of which would make any statement contained in this circular (other than those relating to the Group) misleading.

2. SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Share capital

(a) Share capital as at the Latest Practicable Date

Authorised:		*HK$*
3,000,000,000	Shares	300,000,000
Issued and fully paid:		
1,267,422,572	Shares	126,742,257

(b) Share capital upon the increase in authorised share capital and completion of the Rights Issue and assuming no exercise of the Remaining Share Options and no conversion of the outstanding Convertible Bonds on or before the Record Date

Authorised:		*HK$*
8,000,000,000	Shares	800,000,000
Issued and fully paid:		
1,267,422,572	Shares as at the Latest Practicable Date	126,742,257
1,267,422,572	Rights Shares to be issued pursuant to the Rights Issue (assuming no exercise of the Remaining Share Options and no conversion of the outstanding Convertible Bonds on or before the Record Date)	126,742,257
2,534,845,144	Shares upon completion of the Rights Issue	253,484,514

(c) Share capital upon the increase in authorised share capital and completion of the Rights Issue and assuming full conversion of the Remaining Share Options and full conversion of the outstanding Convertible Bonds on or before the Record Date

Authorised:		*HK$*
8,000,000,000	Shares	800,000,000
Issued and fully paid:		
1,267,422,572	Shares as at the Latest Practicable Date	126,742,257
155,796,189	Shares to be issued upon full conversion of the Remaining Share Options and full conversion of the outstanding Convertible Bonds	15,579,619
1,423,218,761	Maximum Rights Shares to be issued pursuant to the Rights Issue (assuming full conversion of the Remaining Share Options and full conversion of the outstanding Convertible Bonds	142,321,876
2,846,437,522	Shares upon completion of the Rights Issue	284,643,752

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing Shares.

Since 31 December 2007, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company issued (i) 32,363,315 Shares upon conversion of the Convertible Bonds on 16 January 2008; (ii) 199,000,000 Shares to Integrated Asset pursuant to a subscription agreement dated 25 February 2008; and (iii) 800,000 Shares upon the exercise of Share Options on 5 May 2008.

Share Options

As at the Latest Practicable Date, the Company has the following outstanding Share Options held by employees of the Company, the Directors and business associates of the Company:

Date of grant	Exercise price per Share *HK$*	No. of Shares which may fall to be issued upon exercise of the Share Options
13 March 2008	0.243	101,750,000
16 April 2007	0.36	600,000
20 November 2007	0.38	8,075,855
9 July 2007	0.66	74,846,000
21 January 2000	2.532	1,320,000

Notes:

1. For the Share Options held by employees of the Company (including Directors), the exercise period is from the date of grant to the termination of their respective employment with the Company unless the Directors otherwise determine.

2. For the Share Options held by the business associates of the Company, the exercise period is from the date of grant to the expiry of the existing share option scheme of the Company which is on 30 May 2012.

3. As at the Latest Practicable Date, (i) Mr. Tse, an Executive Director, held Share Options entitling him to subscribe for 996,000 and 8,900,000 Shares at a subscription price of HK$0.66 and HK$0.243 per Share respectively; (ii) Mr. Puongpun Sananikone, an Executive Director, held Share Options entitling him to subscribe for 600,000 and 9,000,000 Shares at a subscription price of HK$0.66 and HK$0.243 per Share respectively; (iii) Mr. Lim Yew Kong, John, an independent non-executive Director, held Share Options entitling him to subscribe for 600,000 Shares at a subscription price of HK$0.36 per Share; (iv) Mr. Albert Theodore Powers and Mr. Pang Seng Tuong, independent non-executive Directors, held Share Options entitling each of them to subscribe for 1,200,000 Shares at a subscription price of HK$0.243 per Share. Save for the aforesaid, the Directors did not have any interest in the Share Options as at the Latest Practicable Date.

4. Holders of 171,271,855 Share Options have irrevocably undertaken to the Company that they will not exercise any of their Share Options prior to the Record Date and that such Share Options will remain registered in the name of and beneficially owned by such holders from the date of such undertaking up to and including the Record Date. On this basis, the Remaining Share Options in respect of 15,320,000 Shares may be exercised on or prior to the Record Date.

5. Upon the Rights Issue becoming unconditional, the exercise prices of the outstanding Share Options will be subject to adjustments. Further announcement will be made in relation to the adjustment to the exercise prices of the Share Options.

Convertible Bonds

Details of the outstanding Convertible Bonds as at the Latest Practicable Date were as follows:

Holder	Underlying Shares subject to the Convertible Bonds at the Latest Practicable Date	Conversion price	Issue date	Conversion period
		HK$		
Tse Hoi Chau	104,761,904	0.567	2 October 2007	from 2 October 2007 until 1 October 2010
Lee Cheong Fu	35,714,285	0.567	2 October 2007	from 2 October 2007 until 1 October 2010

Upon the Rights Issue becoming unconditional, the conversion price of the outstanding Convertible Bonds will be subject to adjustments. Further announcement will be made in relation to the adjustment to the conversion price of the Convertible Bonds.

Save as disclosed above, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing prices of the Shares as recorded on the Stock Exchange on (i) the Last Full Trading Day; (ii) the last trading day of each of the six calendar months before the Latest Practicable Date; and (iii) the Latest Practicable Date.

Date	Share price
	HK$
31 December 2007	0.365
31 January 2008	0.217
29 February 2008	0.275
31 March 2008	0.207
30 April 2008	0.196
30 May 2008	0.197
Last Full Trading Day	0.155
12 June 2008, being the half trading day before the suspension of the trading of the Shares pending the release of the Announcement	0.149
Latest Practicable Date	0.111

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months prior to the date of the Announcement up to and including the Latest Practicable Date were HK$0.39 on 20 December 2007 and HK$0.111 on 27 June 2008 (the Latest Practicable Date) respectively.

4. DIRECTORS' INTERESTS

(A) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

(i) Long position in the Shares

Name of Director	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Tse Michael Nam	Beneficial owner	50,000,000	Long	3.95%

(ii) Long position in the underlying Shares

Name of Director	Nature of interest	No. of underlying Shares	Position	Approximate percentage of issued share capital
Tse Michael Nam	Beneficial owner	9,896,000 *(Note 1)*	Long	0.78%
Puongpun Sananikone	Beneficial owner	9,600,000 *(Note 2)*	Long	0.76%
Lim Yew Kong, John	Beneficial owner	600,000 *(Note 3)*	Long	0.05%
Albert Theodore Powers	Beneficial owner	1,200,000 *(Note 4)*	Long	0.10%
Pang Seng Tuong	Beneficial owner	1,200,000 *(Note 4)*	Long	0.10%

Notes:

1. As at the Latest Practicable Date, Mr. Tse, an Executive Director, held Share Options entitling him to subscribe for 996,000 and 8,900,000 Shares at a subscription price of HK$0.66 and HK$0.243 per Share respectively.

2. As at the Latest Practicable Date, Mr. Puongpun Sananikone, an Executive Director, held Share Options entitling him to subscribe for 600,000 and 9,000,000 Shares at a subscription price of HK$0.66 and HK$0.243 per Share respectively.

3. As at the Latest Practicable Date, Mr. Lim Yew Kong, John, an independent non-executive Director, held Share Options entitling him to subscribe for 600,000 Shares at a subscription price of HK$0.36 per Share.

4. As at the Latest Practicable Date, Mr. Albert Theodore Powers and Mr. Pang Seng Tuong, independent non-executive Directors, held Share Options entitling each of them to subscribe for 1,200,000 Shares at a subscription price of HK$0.243 per Share.

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

(B) Director's interests in assets, contracts or arrangements of the Group

None of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, save for Mr. Tse being a party to the Underwriting Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group.

5. OTHER DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Interests in the Shares and underlying Shares

Name of substantial Shareholder	Nature of interest	No. of Shares and/or underlying Shares held	Position	Approximate percentage of issued share capital
Tse Hoi Chau *(Note 1)*	Beneficial owner	104,761,904	Long	8.27%
Integrated Asset (Note 2)	Beneficial owner	216,912,000	Long	17.11%
Mr. Yam *(Note 2)*	Interest of controlled corporation	216,912,000	Long	17.11%

Notes:

1. Mr. Tse Hoi Chau is interested in 104,761,904 underlying shares which may be allotted and issued upon exercise of conversion rights attaching to the Convertible Bonds. For further details of the Convertible Bonds, please refer to the announcement and the circular of the Company dated 25 July and 16 August 2007 respectively. The conversion price was determined at a premium of 5% over the average of the closing prices per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of completion of the transaction as disclosed in the circular of the Company dated 16 August 2007 and the subscribers to the Convertible Bonds can only convert such amount of the Convertible Bonds such that it/they, together with their associate(s), hold a maximum aggregate of 8% of the then issued share capital of the Company (as enlarged by the allotment and issue of the conversion shares). This results in the difference in the number of underlying Shares interested by Mr. Tse Hoi Chau as disclosed herein in comparison with the figures as disclosed in the circular of the Company dated 16 August 2007. In relation to the other holders of Convertible Bonds, Mr. Lee Cheong Fu and Mr. Mui Kin Si, as announced in the announcement and the circular of the Company dated 25 July and 16 August 2007, to the best of the Directors' knowledge, these two Convertible Bonds holders have converted part of the Convertible Bonds and have disposed of some converted Shares and as at the Latest Practicable Date, their interests in Shares are not shown in the register of the Company pursuant to the SFO.

2. Integrated Asset is interested in 216,912,000 Shares and Integrated Asset is wholly and beneficially owned by Mr. Yam.

(ii) Interests in shares of associated corporations of the Company

Name of subsidiary	Name of entity	Class and no. of securities	Percentage shareholdings
TVH Cyber Technology Ltd.	Yi Jun Yong	200 ordinary shares of HK$1 each (L)	20%
BMC Software (China) Ltd.	BMC Software (HK) Ltd.	1 ordinary share of HK$1 (L)	10%

L: represents the long position in the securities

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company), including companies of which the Director/proposed directors is an employee, who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

6. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

(a) Save for (i) the 216,912,000 Shares held by Integrated Asset, none of the Underwriter, Mr. Yam, parties acting in concert with any of them and any of their respective directors owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date; and (ii) the subscription of 199,000,000 Shares at a subscription price of HK$0.25 per subscription Share on 11 March 2008 by Integrated Asset and the disposal of 5,971,783 Shares by Integrated Asset on 29 April 2008, none of them had dealt for value in any such securities of the Company during the period starting six months prior to 17 June 2008 (being the date of the Announcement) and ending on the Latest Practicable Date.

(b) As at the Latest Practicable Date, save for the undertakings given by Mr. Tse and Integrated Asset in respect of their taking up of their respective entitlements under the Rights Issue and the Underwriting Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Underwriter or any of its concert parties and other persons in relation to the transfer, charge or pledge of the Shares that may be issued and allotted to the Underwriter or any of its concert parties under the Rights Issue.

(c) As at the Latest Practicable Date, no person with the Underwriter or any person acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any shareholding in the Company.

(d) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code.

(e) As at the Latest Practicable Date, none of the Company and the Directors held any shares, convertible securities, warrants, options and derivatives in respect of shares of the Underwriter and none of them had dealt for value in any shares, convertible securities, warrants, options and derivatives in respect of shares of the Underwriter for the period commencing six months prior to the date of the Announcement and ending on the Latest Practicable Date.

(f) As at the Latest Practicable Date, Mr. Tse was interested in 50,000,000 Shares representing approximately 3.95% of the existing issued share capital of the Company. Save as aforesaid, none of the Directors held any shares, convertible securities, warrants, options and derivatives in respect of the Shares as at the Latest Practicable Date. None of the Directors had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares for the period commencing six months prior to the date of the Announcement and ending on the Latest Practicable Date.

(g) As at the Latest Practicable Date, none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company and none of them had dealt for value in any securities of the Company for the period commencing six months prior to the date of the Announcement and ending on the Latest Practicable Date.

(h) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company.

(i) As at the Latest Practicable Date, no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the SGM to approve the Rights Issue and Whitewash Waiver.

(j) No benefit will be given to any Director as compensation for loss of office in any member of the Group or otherwise in connection with the Rights Issue and/or the Whitewash Waiver.

(k) As at the Latest Practicable Date, save that the Underwriter may terminate the arrangements set out in the Underwriting Agreement as mentioned in the section headed "Termination of the Underwriting Agreement" in the letter from the Board contained in this circular, and the undertakings given by Mr. Tse and Integrated Asset in respect of their taking up of their respective entitlements under the Rights Issue and the Underwriting Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between (i) the Company, the Directors and any other person; and (ii) the Underwriter or any parties acting in concert with it and any other person having any connection with or dependence upon the Rights Issue and/or the Whitewash Waiver.

(l) As at the Latest Practicable Date, there was no material contract entered into by the Underwriter in which a Director had a material personal interest.

(m) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Rights Issue and the Whitewash Waiver or otherwise connected with the Rights Issue and the Whitewash Waiver.

(n) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Underwriter or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Rights Issue and the Whitewash Waiver.

7. MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. SERVICE CONTRACTS

Mr. Tse Michael Nam, an executive Director, has entered into a service agreement with the Company on 12 February 2007 (as amended by a supplemental service agreement dated 16 July 2007) for a term of three years commencing from 12 February 2007, being the date of appointment, renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment unless terminated by not less than three months' notice in writing served by either party expiring at the end of the initial term or at any time thereafter. Mr. Tse is entitled to a monthly salary of HK$100,000, reimbursement for rental of accommodation in Hong Kong of HK$110,000 per month and a gratuity payment in each financial year of the Company equal to the amount of the then monthly salary of Mr. Tse, subject to such increase as the Board may determine from time to time in its absolute discretion in accordance with his service agreement. Mr. Tse will also be entitled to a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion, subject also to the terms of his service agreement. The emoluments of Mr. Tse were determined with reference to the prevailing market conditions, director's duties and responsibilities, and performance and results of the Group.

Mr. Puongpun Sananikone, an executive Director, has entered into a service agreement with the Company on 1 March 2008 for a term of one year commencing from 1 March 2008, being the date of appointment, renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, unless terminated upon not less than three months' notice in writing served by either party. Pursuant to the same service agreement, Mr. Sananikone will be entitled to a salary of HK$65,000 per month plus a gratuity payment in each financial year of the Company equal to the amount of the then monthly salary of Mr. Sananikone subject to such increase as the Board may determine from time to time in its absolute discretion in accordance with his service agreement. In addition to the salary, the Company may grant share options representing not more than 1% of the issued share capital of the Company under the share option scheme to Mr. Sananikone. The emoluments of Mr. Sananikone were determined with reference to the prevailing market conditions, director's duties and responsibilities, and performance and results of the Group.

Save as disclosed above, none of the Directors had service contract with the Company or any or its subsidiaries or associated companies (i) which (including both continuous and fixed term contract) have been entered into or amended within 6 months before the date of the Announcement; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contacts with more than 12 months to run irrespective of the notice period.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group after the date two years immediately preceding the date of the Announcement and up to the Latest Practicable Date which are or may be material:

(i) the sale and purchase agreement dated 17 July 2006 entered into between Mr. Chan Tze Ngon as the purchaser and Technology Venture Investments Limited, a wholly-owned subsidiary of the Company, as the vendor in relation to the disposal of 33,037,220 shares in ChinaCast Communication Holdings Limited at a total consideration of S$9,250,000 (equivalent to approximately HK$46,805,000);

(ii) the sale and purchase agreement dated 19 October 2006 entered into between 冠亞科技（上海）有限公司 (Topasia Tech (Shanghai) Limited*), a wholly-owned subsidiary of the Company, as vendor and 北京潤高文化發展有限公司 (Beijing Run Gao Cultural Development Limited)* as purchaser in relation to the disposal of 20% of the registered and paid-up capital of 北京東師雙威教育技術開發有限公司 (Beijing Dongshi Shuangwei Education Technology Company Limited*) at a total consideration of RMB12,000,000 (equivalent to approximately HK$13,440,000);

(iii) the sale and purchase agreement dated 10 February 2006 (including any amendments thereto) (the "Sale and Purchase Agreement") entered into among Technology Venture Investments Limited, a wholly-owned subsidiary of the Company, as purchaser, the vendors to the Sale and Purchase Agreement comprising August Chance Investments Limited, Recognition International Limited, John S & Sherry H Chan 1994 Family Trust, Toh Teng Peow David, Tam Yuk Ching Jenny, Double Assets Investments Limited, Profitone Agents Limited, Universal Chinese Limited, Ever Perform Technology Limited and Fabulous On Services Limited (the "Sellers"), and Mr. Samuel Lin Jr. as guarantor in relation to the acquisition of the entire issued share capital of Grand Panorama Limited at a total consideration of HK$30,000,000, and the supplemental agreement to the Sale and Purchase Agreement dated 17 November 2006 entered into among Technology Venture Investments Limited, the Sellers and Mr. Samuel Lin Jr in relation to the extension of time for fulfilment of profit guarantees under the Sale and Purchase Agreement;

(iv) the conditional placing agreement dated 22 January 2007 entered into between the Company and VC Brokerage Limited for the placing on a best endeavour basis of up to 110,000,000 new Shares at the price of HK$0.22 each;

(v) the sale and purchase agreement dated 12 February 2007 entered into between Technology Venture Investments Limited, a wholly-owned subsidiary of the Company, as purchaser and Mr. Lau Siu Hung, Ricky as vendor in relation to the acquisition of the entire share capital of Huge Value Development Limited at a consideration of HK$78 million;

(vi) the sale and purchase agreement dated 29 March 2007 entered into between Massive Right International Limited as purchaser and Technology Venture Investments Limited, a wholly-owned subsidiary of the Company, as vendor in relation to the disposal of the remaining 1,551,771 shares in ChinaCast Education Corporation at a total consideration of HK$55,000,000;

(vii) the placing and subscription agreement dated 15 June 2007 entered into between the Company, CITIC Securities Corporate Finance (HK) Limited, Mr. Chan Tze Ngon, and Mr. Tse Michael Nam, Universal Chinese Limited and Mr. Samuel Lin Jr for the placing, on a best effort basis, of up to 160,000,000 Shares held by Mr. Chan Tze Ngon, Mr. Tse Michael Nam and Universal Chinese Limited (collectively the "Placing Shares Vendors") at the price of HK$0.72 each, and the subscription by the Placing Shares Vendors of the number of the Shares placed at the price of HK$0.72 each;

(viii) the sale and purchase agreement dated 20 July 2007 entered into between Technology Venture Investments Limited, a wholly-owned subsidiary of the Company, as purchaser, Adonia Development Limited as vendor, and Lee Cheong Fu, Tse Hoi Chau and Mui Kin Si as guarantors in relation to the acquisition of the entire issued share capital of Quest Asia Development Limited at a total consideration of HK$190 million;

(ix) the agreement dated 12 September 2007 entered into between China Bioenergy Holdings Limited, a wholly-owned subsidiary of the Company, and 四川大學生物技術研究開發中心 (Sichuan University Bio-technology Research and Development Centre*) in relation to building a Jatropha nursery in Hainan Province, PRC, under which the Group would pay RMB300,000 per annum for technological research conducted by the other party for a term of 5 years;

(x) the joint venture agreement dated 5 October 2007 entered into between 北京東方正科科技有限公司(Beijing Oriental Zhengke Technology Company Limited*) and Global Bioenergy Group Limited, a wholly-owned subsidiary of the Company, with respect to the formation of an equity joint venture enterprise with a registered capital of RMB50,000,000 (equivalent to approximately HK$56,000,000) in Hainan Province, the PRC, under which the Group would contribute RMB45,000,000 (equivalent to approximately HK$50,400,000) for the registered capital of the joint venture enterprise;

(xi) the subscription agreement dated 25 February 2008 entered into between the Company, Integrated Asset and Mr. Yam in respect of the subscription of 199,000,000 new Shares at the price of HK$0.25 each by Integrated Asset;

(xii) the sale and purchaser agreement dated 3 March 2008 entered into between Technology Venture Investments Limited, a wholly-owned subsidiary of the Company, as vendor, 上海星脉計算機科技發展有限公司(Shanghai XingMai Computer Technology Development Company Ltd.*) as purchaser and Wang Zhengpin as guarantor in relation to the disposal of the entire issued share capital of Grand Panorama Limited at a total consideration of RMB4,000,000 (equivalent to approximately HK$4,480,000);

(xiii) the agreement dated 5 March 2008 entered into between the Company and 內蒙古天蘭科技治沙產業有限公司 (Inner Mongolia Tian Lan Technology Sand Control Estate Limited*), in relation to a project for the planting of 5,000,000 Chinese mu of salix psammophila over the next 5 years and 200,000 Chinese mu of licorice roots over the next 3 years in Hang Jin Qi, Ordos, Inner Mongolia, the PRC (內蒙古鄂爾多斯市杭錦旗), under which the Company had a sole discretion to inject at the maximum of RMB70,000,000 (equivalent to approximately HK$78,400,000) for implementation of such project;

(xiv) the cooperation agreement dated 25 March 2008 entered into between 海南東方林昌生物能源發展有限公司(Hainan Oriental Linchang Bioenergy Development Limited*) and 海南宏昌正科生物能源發展有限公司 (Hainan Venture Zhengke Bioenergy Development Company Limited*), a non-wholly owned subsidiary, in relation to their cooperation for the planting of Jatropha curcas, under which the Group would sell Jatropha curcas saplings from its nursery to the other party for planting in an area of approximately 1.3 million Chinese mu in Hainan, the PRC, and the other party would sell all qualified seeds harvested from the Jatropha curcas trees in the above land area exclusively to the Group for 30 years;

(xv) the cooperation agreement dated 26 March 2008 entered into between The National Authority for Science and Technology and Laos Agro-Promotion Limited, a non-wholly-owned subsidiary of the Company, in relation to their cooperation in the establishment of three fully-equipped centres to carry out in-depth research and development of the Jatropha curcas plant for the production of commercially and environmentally sustainable bio-energy as an alternative and renewable energy source, under which the Group would invest a total of US$3,000,000 in both equipment and cash for such project;

(xvi) the Underwriting Agreement; and

(xvii) the loan agreement dated 23 June 2008 entered into between the Company and the Underwriter, under which the Underwriter would grant a term loan of HK$25,000,000 to the Company.

* *For identification purpose only*

11. EXPERTS AND CONSENTS

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

Name	**Qualification**
SHINEWING (HK) CPA Limited	Certified Public Accountants
Access Capital Limited	a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

(b) Neither SHINEWING (HK) CPA Limited nor Access Capital has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Neither SHINEWING (HK) CPA Limited nor Access Capital has withdrawn its written consent to the issue of this circular with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

(d) Neither SHINEWING (HK) CPA Limited nor Access Capital had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2007, the date to which the latest published audited financial statements of the Group were made up.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any week day, except Saturdays, Sundays and public holidays at the principal place of business of the Company in Hong Kong at 9 Floor, Wincome Centre, Nos.39-41 Des Voeus Road, Central, Hong Kong, up to and including 21 July 2008:

(a) the memorandum of association and bye-laws of the Company;

(b) the 2006 and 2007 annual reports of the Company containing audited consolidated financial statements of the Group for the two years ended 31 December 2006 and 2007;

(c) the letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from Access Capital" in this circular;

(d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(e) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;

(f) the letter from SHINEWING (HK) CPA Limited in respect of the pro forma financial information following completion of the Rights Issue, the text of which is set out in appendix II to this circular;

(g) the service contracts referred to in the paragraph headed "Service contracts" in this appendix;

(h) a copy of each of the circulars issued pursuant to the requirements set out in Chapter 14 and/ or 14A of the Listing Rules which have been issued by the Company since 31 December 2007 (the date to which the latest published audited consolidated financial statements of the Group were made up);

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

(j) the undertakings given by Mr. Tse and Integrated Asset in respect of their taking up of their respective entitlements under the Rights Issue and the Option Holders' Undertakings.

Copies of the above documents will be available for inspection on the Company's website at www.greenglobal-resources.com and the SFC's website at www.sfc.hk during the period from the date of this circular up to and including completion of the Rights Issue.

13. PARTICULARS OF DIRECTORS

The brief biographies of the Directors are set out below:

Executive Directors

Mr. Tse Michael Nam, aged 50, is the Chairman and Chief Executive Officer of the Company. Mr. Tse has had over 20 years of experience in the agricultural, cultivation and farming industry. Mr. Tse has held key management positions in several agricultural companies as well as being a technical advisor to various organizations and governmental bureaus such as Hawaiian Agronomic (International) Inc., the Thai Trade Commission and projects funded by multinational organizations such as the Asian Development Bank ("ADB"). Mr. Tse holds a Bachelor of Science degree in Biological Science & Marine Biology from the University of California, Berkeley and a Master of Business Administration degree from the University of San Francisco. Mr. Tse is responsible for the Group's overall performance and strategic direction.

Mr. Puongpun Sananikone, aged 63, is an Executive Director of the Company. Mr. Sananikone is an experienced international development economist and business executive whose career has spanned many countries throughout the Asia-Pacific region. Mr. Sananikone has been professionally active in China and Southeast Asia for over two decades. Mr. Sananikone is currently president of Pacific Management Resources ("PacMar, Inc.") (1987-present), a Hawaiian-based multinational consulting group assisting international funding agencies and private sector clients in project identification, planning and development. Under his guidance, PacMar Inc. completed a large number of projects in the agriculture and rural development sectors for the ADB, the World Bank, and the United States Agency for International Development (USAID) in various Asian countries, and major public and private sector enterprises in China and other Asia-Pacific nations. Mr. Sananikone, a recipient of the 2003 University of Hawaii Distinguished Alumni Award, holds a Bachelor or Arts in Economics from the University of Hawaii, a Master Of Arts in Economics from the University of Colorado, and has completed specialised post-graduate training in macro and natural resource economics at Colorado State University.

Independent non-executive Directors

Mr. Lim Yew Kong, John, aged 46, is an Independent Non-Executive Director of the Company. Mr. Lim has extensive private equity investment experience, having managed several private equity funds covering primarily the ASEAN region since 1991. Prior to that, he worked in Dowell Schlumberger in the United Kingdom and Arthur Andersen & Co., London. Mr. Lim graduated with a Bachelor's Degree in Economics from the London School of Economics and Political Science in the United Kingdom. He is a qualified chartered accountant from the Institute of Chartered Accountants in England and Wales.

Mr. Albert Theodore Powers, aged 55, is an Independent Non-Executive Director of the Company. Mr. Powers is the Chairman and Chief Executive Officer of the Allied Pacific Group, a diversified investment and advisory group based in Hong Kong. Mr. Powers has over 30 years of business and legal experience in a wide range of corporate, commercial, hospitality, gaming and real estate activities. Mr. Powers has particular experience in investment transactions in Greater China and Asia, where he has resided and worked for the past 25 years. Prior to joining the Allied Pacific Group, Mr. Powers practiced law in New York City, San Francisco and Hong Kong and was the Hong Kong senior and managing partner for several of the world's leading law firms, including Shearman & Sterling and Gibson, Dunn & Crutcher. Mr. Powers is licensed to practice law in New York, California, Colorado, and Hong Kong. Mr. Powers holds a Bachelors of Arts degree from the University of Denver; a Master of Business Administration degree from Imperial College London; a Juris Doctor degree from the University of Pennsylvania Law School; and a Master of Laws in Taxation degree from the New York University Law School.

Mr. Pang Seng Tuong, aged 41, is an Independent Non-Executive Director of the Company. Mr. Pang has more than 10 years of experience in investment banking and investments. Mr. Pang is the founder and managing partner of Pinetree Capital Partners Pte Ltd, a private equity fund management company. Prior to setting up Pinetree Capital Partners in mid-2006, Mr. Pang co-founded Westcomb Financial Group Ltd in 2000, one of the first boutique investment banks in Singapore, which is listed on the Singapore Stock Exchange. Mr. Pang holds a Bachelor of Science degree (Highest Honours) in Astro & Aeronautical Engineering from the University of Illinois at Urbana-Champaign under a scholarship from a Singapore Government-linked company and subsequently under a double scholarship from the University, he obtained a Master of Science degree in Mechanical Engineering. He was the winner of the prestigious Sword-of-Honour as well as the Letter of Commendation, and held the rank of Major while in military service in Singapore.

14. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

Head office and principal place of business	9 Floor, Wincome Centre Nos. 39-41 Des Voeux Road Central Hong Kong
Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Financial adviser	Optima Capital Limited Unit 3618, 36th Floor, Bank of America Tower, 12 Harcourt Road, Central Hong Kong

Underwriter	Room 02, 11th Floor, Wealthy Plaza, 138 Shau Kei Wai Road, Sai Wan Ho, Hong Kong
Legal advisers	*On Hong Kong Law* Michael Li & Co. 14/F Printing House 6 Duddell Street, Central Hong Kong *On Bermuda Law* Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central Hong Kong
Auditors	SHINEWING (HK) CPA Limited *Certified Public Accountants* 16/F United Centre 95 Queensway Hong Kong
Principal bankers	Bank of China (Hong Kong) Limited 2A Des Voeux Road Central Hong Kong
Principal share registrar and transfer office	The Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street Hamilton HM 11 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited 26/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. Tse Michael Nam Ms. Ng Bee Ching, Jenna
Company secretary and qualified accountant	Ms. Ng Bee Ching, Jenna, *HKICPA*

15. MISCELLANEOUS

(i) The registered office of the Underwriter is located at Room 02, 11th floor, Wealthy Plaza, 138 Shau Kei Wan Road, Sai Wan Ho, Hong Kong. It is wholly and beneficially owned by Mr. Yam. Directors of the Underwriter are Mr. Yam and Mr. Yam Yat Fai.

(ii) The registered office of Integrated Asset is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. It is wholly and beneficially owned by Mr. Yam. The sole director of Integrated Asset is Mr. Yam. The correspondence address of Integrated Asset is Room 3001-02, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

(iii) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

GREEN GLOBAL RESOURCES LIMITED

綠色環球資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 61)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Green Global Resources Limited (the "**Company**") will be held at 9:30 a.m. on Monday, 21 July 2008 at 9 Floor, Wincome Centre, Nos. 39-41 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** subject to the fulfillment of the conditions as set out in the underwriting agreement (the "**Underwriting Agreement**", a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification) dated 12 June 2008 and entered into among the Company, Integrated Capital (Asia) Limited (the "**Underwriter**"), Integrated Asset Management (Asia) Limited ("**Integrated Asset**"), Mr. Tse Michael Nam and Mr. Yam Tak Cheung ("**Mr. Yam**"), and the Underwriting Agreement not being terminated in accordance with the terms thereof prior to 4:00 p.m. on the last acceptance day of Rights Shares (as defined below),

   (i) the issue by way of rights issue (the "**Rights Issue**") of not less than 1,267,422,572 Company's shares and not more than 1,423,218,761 Company's shares (the "**Rights Shares**") to the Shareholders (the "**Qualifying Shareholders**") whose names appear on the register of members of the Company on the date by reference to which entitlements to the Rights Issue are to be determined (the "**Record Date**") (excluding those Shareholders (the "**Non-Qualifying Shareholders**") with registered addresses as shown in the register of members of the Company at the close of business on the Record Date in places outside Hong Kong in respect of whom the board (the "**Board**") of directors (the "**Directors**") of the Company consider it necessary or expedient not to offer the Rights Shares after making the relevant enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange in those places) on the basis of one Rights Share for every Share then held is hereby approved, confirmed and ratified;

(ii) any Directors be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements or Non-Qualifying Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company;

(iii) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Rights Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified;

(iv) the arrangements for application for the Rights Shares by the Qualifying Shareholders in excess of their entitlements under the Rights Issue be and are hereby approved, confirmed and ratified; and

(v) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Rights Issue or as they consider necessary, desirable or expedient in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder."

2. "**THAT** subject to the passing of the ordinary resolution numbered 1 set out above, the terms of the waiver granted or to be granted by the Securities and Futures Commission of Hong Kong to the Underwriter, Mr. Yam and the parties acting in concert with any of them pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of waiving the obligation on the part of the Underwriter, Mr. Yam and parties acting in concert with any of them to make a mandatory offer for all the Shares not already owned or agreed to be acquired by them (the "**Whitewash Waiver**") be and are hereby approved, confirmed and ratified, and that the Directors be and are hereby authorised to do all things and acts and sign all documents which they consider desirable or expedient to implement and/or give effect to any matters relating to or in connection with the Whitewash Waiver."

3. "**THAT**

(a) the authorised share capital of the Company be and is hereby increased from HK$300,000,000 divided into 3,000,000,000 shares of HK$0.10 each ("**Shares**") to HK$800,000,000 divided into 8,000,000,000 Shares of HK$0.10 each by the creation of an additional 5,000,000,000 Shares (the "**Proposed Increase in Authorised Share Capital**"); and

(b) any one or more of the Directors be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and for completion of the Proposed Increase in Authorised Share Capital."

By order of the Board
Green Global Resources Limited
Tse Michael Nam
Chairman and Chief Executive Officer

Hong Kong, 2 July 2008

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.

2. A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy attached to this circular must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, at the office of the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Meeting or at any adjournment thereof should he so wish.

3. Where there are joint holders of any share of the Company, any one of such holders may vote at the Meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the Meeting personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.

4. Voting on resolutions 1 and 2 above will be conducted by way of poll.

* *For identification purpose only*