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COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00383)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

AUDITED RESULTS OF THE GROUP

The Board of Directors (the “Directors”) of COL Capital Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2008 together with last year’s comparative figures are as follows:–

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December	
	2008	2007
	HK\$’000	HK\$’000
Revenue (excluding securities trading)	80,592	55,315
Gross proceeds from sale of investments held for trading	579,716	2,234,125
Total	660,308	2,289,440
Continuing operations:		
Revenue (excluding securities trading) <i>(Note 2)</i>	80,592	55,315
Net (loss) gain on investments <i>(Note 4)</i>	(2,688,205)	1,560,870
Other income <i>(Note 5)</i>	5,707	24,943
Administrative and other expenses	(22,222)	(78,680)
Finance costs	(50,955)	(35,801)
Share of profits (losses) of associates	3,701	(4,094)
Impairment loss recognised on associates	(122,324)	–
Fair value changes on investment properties	(12,408)	37,351
Revaluation surplus on buildings	54	144
(Loss) profit before taxation	(2,806,060)	1,560,048
Taxation credit (charge) <i>(Note 6)</i>	2,377	(175,873)

	For the year ended	
	31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit from continuing operations	(2,803,683)	1,384,175
Discontinued operation:		
Loss for the year from discontinued operation (<i>Note 7</i>)	<u> –</u>	<u> (1,528)</u>
(Loss) profit for the year (<i>Note 8</i>)	<u>(2,803,683)</u>	<u>1,382,647</u>
Attributable to:		
Equity holders of the Company	(2,799,811)	1,378,824
Minority interests	<u>(3,872)</u>	<u> 3,823</u>
	<u>(2,803,683)</u>	<u>1,382,647</u>
Dividends recognised as distribution (<i>Note 9</i>)	<u>11,047</u>	<u>13,846</u>
(Loss) earnings per share (<i>Note 10</i>)		
From continuing and discontinued operations		
– Basic	<u>HK\$(9.79)</u>	<u>HK\$4.78</u>
From continuing operations		
– Basic	<u>HK\$(9.79)</u>	<u>HK\$4.78</u>

CONSOLIDATED BALANCE SHEET

	As at 31 December	
	2008	2007
	HK\$'000	HK\$'000
Non-current assets		
Investment properties	103,105	110,925
Property, plant and equipment	3,036	3,796
Prepaid lease payments	54	1,001
Interests in associates	138,501	368,297
Available-for-sale investments	356,835	849,923
	<u>601,531</u>	<u>1,333,942</u>
Current assets		
Available-for-sale investments	124,055	9,801
Loan notes	–	52,401
Investments held for trading	818,971	3,617,216
Debtors, deposits and prepayments (<i>Note 11</i>)	36,648	41,284
Loan receivables	164,875	174,015
Tax recoverable	4,050	4,050
Pledged bank deposits	1,167	10,718
Bank balances and cash	66,279	67,824
	<u>1,216,045</u>	<u>3,977,309</u>
Current liabilities		
Creditors and accrued charges (<i>Note 12</i>)	70,011	97,995
Customers' deposits and receipts in advance	34,647	14,192
Other borrowings	854,682	918,838
Derivative financial instruments	9,453	4,874
Taxation payable	68,442	171,033
	<u>1,037,235</u>	<u>1,206,932</u>
Net current assets	<u>178,810</u>	<u>2,770,377</u>
Net assets	<u>780,341</u>	<u>4,104,319</u>
Capital and reserves		
Share capital	2,756	2,762
Reserves	777,585	4,097,685
Equity attributable to equity holders of the Company	<u>780,341</u>	<u>4,100,447</u>
Minority interests	–	3,872
	<u>780,341</u>	<u>4,104,319</u>

Notes:–

1. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

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

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of financial statements ²
HKAS 23 (Revised)	Borrowing costs ²
HKAS 27 (Revised)	Consolidated and separate financial statements ³
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ²
HKFRS 3 (Revised)	Business combinations ³
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ²
HKFRS 8	Operating segments ²
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives ⁴
HK(IFRIC) – INT 13	Customer loyalty programmes ⁵
HK(IFRIC) – INT 15	Agreements for the construction of real estate ²
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation ⁶
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners ³
HK(IFRIC) – INT 18	Transfers of assets from customers ⁷

- ¹ *Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.*
- ² *Effective for annual periods beginning on or after 1 January 2009.*
- ³ *Effective for annual periods beginning on or after 1 July 2009.*
- ⁴ *Effective for annual periods ending on or after 30 June 2009.*
- ⁵ *Effective for annual periods beginning on or after 1 July 2008.*
- ⁶ *Effective for annual periods beginning on or after 1 October 2008.*
- ⁷ *Effective for transfers on or after 1 July 2009.*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Revenue

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Dividend income from listed investments	60,932	36,512
Interest income from loan receivables	15,654	14,023
Rental income	4,006	4,780
	<u>80,592</u>	<u>55,315</u>

3. Business and Geographical Information

Business segments

For management purposes, the Group is currently organised into three operating divisions – securities trading and investments, financial services and property investment. These divisions are the basis on which the Group reports its primary segment information.

The Group was also engaged in mobile phone distribution. This operation was discontinued in the year 2007 (*see note 7*).

Segment information about these businesses is presented below:

For the year ended 31 December 2008

	Continuing operations			Consolidated <i>HK\$'000</i>
	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	
Gross proceeds from sale of investments held for trading	<u>579,716</u>	<u>–</u>	<u>–</u>	<u>579,716</u>
Revenue	<u>60,932</u>	<u>15,654</u>	<u>4,006</u>	<u>80,592</u>
<i>Result</i>				
Segment result	<u>(2,629,163)</u>	<u>15,301</u>	<u>(9,846)</u>	<u>(2,623,708)</u>
Share of profits of associates				3,701
Impairment loss recognised on associates				(122,324)
Unallocated other income				5,250
Unallocated corporate expenses				(18,024)
Finance costs				<u>(50,955)</u>
Loss before taxation				(2,806,060)
Taxation				<u>2,377</u>
Loss for the year				<u>(2,803,683)</u>

	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Consolidated balance sheet				
<i>Assets</i>				
Segment assets	1,334,624	164,983	105,792	1,605,399
Interests in associates				138,501
Unallocated corporate assets				<u>73,676</u>
Consolidated total assets				<u><u>1,817,576</u></u>
<i>Liabilities</i>				
Segment liabilities	505,178	32,465	1,390	539,033
Unallocated corporate liabilities				<u>498,202</u>
Consolidated total liabilities				<u><u>1,037,235</u></u>

	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Other information					
Capital expenditure	-	-	125	854	979
Depreciation	<u>-</u>	<u>-</u>	<u>131</u>	<u>184</u>	<u>315</u>

For the year ended 31 December 2007

	Continuing operations			Discontinued operation		
	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>	Mobile phone distribution <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Gross proceeds from sale of investments held for trading	<u>2,234,125</u>	<u>-</u>	<u>-</u>	<u>2,234,125</u>	<u>-</u>	<u>2,234,125</u>
Revenue	<u>36,512</u>	<u>14,023</u>	<u>4,780</u>	<u>55,315</u>	<u>7,681</u>	<u>62,996</u>
<i>Result</i>						
Segment result	<u>1,605,287</u>	<u>13,898</u>	<u>43,402</u>	1,662,587	(2,087)	1,660,500
Share of losses of associates				(4,094)	-	(4,094)
Unallocated other income				11,359	586	11,945
Unallocated corporate expenses				(74,003)	-	(74,003)
Finance costs				<u>(35,801)</u>	<u>-</u>	<u>(35,801)</u>
Profit before taxation				1,560,048	(1,501)	1,558,547
Taxation				<u>(175,873)</u>	<u>(27)</u>	<u>(175,900)</u>
Profit for the year				<u>1,384,175</u>	<u>(1,528)</u>	<u>1,382,647</u>

	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Consolidated balance sheet				
<i>Assets</i>				
Segment assets	4,564,299	174,253	115,722	4,854,274
Interests in associates				368,297
Unallocated corporate assets				<u>88,680</u>
Consolidated total assets				<u><u>5,311,251</u></u>
<i>Liabilities</i>				
Segment liabilities	955,935	15,861	2,301	974,097
Unallocated corporate liabilities				<u>232,835</u>
Consolidated total liabilities				<u><u>1,206,932</u></u>

	Continuing operations				Discontinued operation	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
	Securities trading and investments <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>	Mobile phone distribution <i>HK\$'000</i>		
Other information							
Capital expenditure	-	-	-	-	-	95	95
Depreciation	-	-	139	139	18	127	284
Loss on disposal of property, plant and equipment	-	-	-	-	293	-	293
Reversal of write-down of inventories	-	-	-	-	(571)	-	(571)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(571)</u>	<u>-</u>	<u>(571)</u>

Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's securities trading and investments and financial services are mainly carried out in Hong Kong. Rental income from property investment is derived from Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market except for investments held for trading and available-for-sale investment, in which the business of securities trading and investments is operated:

	Revenue from continuing operations by geographical market	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	77,810	52,754
The PRC	2,782	2,561
	<u>80,592</u>	<u>55,315</u>

Revenue of HK\$7,681,000 from the Group's discontinued distribution of mobile phone for the year ended 31 December 2007 was derived principally from Hong Kong.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located and for investments held for trading and available-for-sale investments, in which the business of securities trading and investments is operated.

	Carrying amount of segment assets		Additions to property, plant and equipment	
	At	At	Year ended	Year ended
	<i>31.12.2008</i>	<i>31.12.2007</i>	<i>31.12.2008</i>	<i>31.12.2007</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,568,489	4,817,114	979	95
The PRC	36,910	37,160	-	-
	<u>1,605,399</u>	<u>4,854,274</u>	<u>979</u>	<u>95</u>

4. Net (loss) gain on investments

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Change in fair value of investments held for trading (<i>Note a</i>)	(2,685,835)	1,579,182
Change in fair value of derivative financial instruments (<i>Note b</i>)	(4,474)	(17,716)
Net gain (loss) on disposal of available-for-sale investments	<u>2,104</u>	<u>(596)</u>
	<u><u>(2,688,205)</u></u>	<u><u>1,560,870</u></u>

Notes:

- (a) Approximately net realised loss of HK\$792,741,000 (2007: net realised gain of HK\$319,703,000) on disposal of investments held for trading are included in change in fair value of investments held for trading.
- (b) Approximately net realised gain of HK\$105,000 (2007: net realised loss of HK\$12,842,000) on derivative financial instruments are included in change in fair value of derivative financial instruments.

5. Other income

	Continuing operations		Discontinued operation		Consolidated	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest income from:						
– Loan notes	762	4,036	–	–	762	4,036
– Bank deposits	737	982	–	47	737	1,029
– Others	<u>2,517</u>	<u>4,995</u>	<u>–</u>	<u>–</u>	<u>2,517</u>	<u>4,995</u>
	4,016	10,013	–	47	4,016	10,060
Net exchange gain	–	9,538	–	–	–	9,538
Others	<u>1,691</u>	<u>5,392</u>	<u>–</u>	<u>539</u>	<u>1,691</u>	<u>5,931</u>
	<u><u>5,707</u></u>	<u><u>24,943</u></u>	<u><u>–</u></u>	<u><u>586</u></u>	<u><u>5,707</u></u>	<u><u>25,529</u></u>

6. Taxation credit (charge)

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:						
Hong Kong Profits Tax	-	(172,005)	-	(27)	-	(172,032)
Enterprise income tax in the PRC	<u>(236)</u>	<u>(3,868)</u>	<u>-</u>	<u>-</u>	<u>(236)</u>	<u>(3,868)</u>
	(236)	(175,873)	-	(27)	(236)	(175,900)
Overprovision in prior years						
- Hong Kong Profits Tax	<u>2,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,613</u>	<u>-</u>
	<u>2,377</u>	<u>(175,873)</u>	<u>-</u>	<u>(27)</u>	<u>2,377</u>	<u>(175,900)</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. No provision for taxation has been made for Hong Kong Profits Tax as there is no assessable profit for the year ended 31 December 2008.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiary in the PRC was reduced from 33% to 25% from 1 January 2008 onwards. The relevant tax rates for the Group's subsidiary in the PRC is 25% (2007: 33%).

7. Discontinued Operation

The Group ceased the business operation of mobile phone distribution in year 2007.

The results of the discontinued operation which represented the mobile phone distribution operation from 1 January 2007 to 31 March 2007, which have been included in the consolidated income statement for year ended 31 December 2007, were as follows:

	Period ended 31.3.2007 <i>HK\$'000</i>
Revenue	7,681
Cost of sales	(7,501)
Other income	586
Distribution expenses	(1,050)
Administrative and other expenses	(1,217)
Finance costs	<u>—</u>
Loss before taxation	(1,501)
Taxation	<u>(27)</u>
Loss for the period	<u><u>(1,528)</u></u>

During the period from 1 January 2007 to 31 March 2007, the business operation of mobile phone distribution paid HK\$4,009,000 to the Group's net operating cash flows, received HK\$47,000 in respect of investing activities and paid HK\$11,397,000 in respect of financing activities.

8. (Loss) profit for the year

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):						
Auditor's remuneration	1,125	1,402	-	-	1,125	1,402
Cost of inventories recognised as expenses	-	-	-	7,855	-	7,855
Amortisation of prepaid lease payments	1	25	-	-	1	25
Depreciation of property, plant and equipment	315	266	-	18	315	284
Reversal of write-down of inventories	-	-	-	(571)	-	(571)
Loss on disposal of property, plant and equipment	-	-	-	293	-	293
Staff costs, inclusive of directors' emoluments	7,081	61,784	-	944	7,081	62,728
Net exchange loss	2,707	-	-	-	2,707	-
Gross rental income from properties	(4,006)	(4,780)	-	-	(4,006)	(4,780)
Less: Direct operating expenses that generated rental income	898	1,423	-	-	898	1,423
Direct operating expenses that did not generate rental income	363	22	-	-	363	22
Net rental income	<u>(2,745)</u>	<u>(3,335)</u>	<u>-</u>	<u>-</u>	<u>(2,745)</u>	<u>(3,335)</u>

9. Dividends

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2007 Interim dividend paid – HK\$0.01 per share	-	2,762
2007 Final dividend paid – HK\$0.04 per share	11,047	-
2006 Final dividend paid – HK\$0.04 per share	-	11,084
	<u>11,047</u>	<u>13,846</u>

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2008.

10. (Loss) earnings per share

From continuing and discontinued operations

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss) earnings for the purpose of basic (loss) earnings per share (loss) profit for the year attributable to equity holders of the Company)	<u>(2,799,811)</u>	<u>1,378,824</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	<u>285,915,057</u>	<u>288,522,498</u>

No diluted loss per share have been presented because the exercise price of the Company's outstanding warrants was higher than the average market price of shares for the period from date of issue to 31 December 2008.

The calculation of basic (loss) earnings per share attributable to the ordinary equity holders of the Company has been adjusted as a result of the Company's rights issue subsequent to 31 December 2008.

From continuing operations

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss) earnings for the year attributable to equity holders of the Company	<u>(2,799,811)</u>	<u>1,378,824</u>
<i>Add:</i> Loss for the period from discontinued operation	<u>—</u>	<u>1,528</u>
(Loss) earnings for the purposes of basic (loss) earnings per share from continuing operations	<u>(2,799,811)</u>	<u>1,380,352</u>

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

From discontinued operation

For the year ended 31 December 2007, basic loss per share for the discontinued operation is HK\$0.005 per share. The calculation of the basic loss per share was based on the loss for the period from the discontinued operation of HK\$1,528,000 attributable to the ordinary equity holders of the Company and the denominators detailed above for basic (loss) earnings per share.

11. Debtors, deposits and prepayments

The Group has a policy of allowing an average credit period of 30-90 days to its trade debtors.

An aged analysis of trade debtors is as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors within 90 days	1,096	1,992
Other debtors, deposits and prepayments	35,552	39,292
	36,648	41,284

There is no allowance for doubtful debts in both years.

12. Creditors and accrued charges

Creditors and accrued charges principally comprise amounts outstanding for trade purpose and ongoing costs.

An aged analysis of trade creditors is as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors due within 90 days	2,263	29,778
Other creditors and accrued charges	67,748	68,217
	70,011	97,995

FINANCIAL RESULTS

For the year ended 31 December 2008, the Group recorded a turnover of HK\$660,308,000 (2007: HK\$2,289,440,000) and a loss attributable to shareholders of HK\$2,799,811,000 (2007: profit of HK\$1,378,824,000) mainly arising from the Group's securities trading and investment business amid the global financial crisis during the year. Loss per share of the Group was HK\$9.79 (2007: earnings per share of HK\$4.78).

Consequently, the Group's net asset value per share decreased to HK\$2.83 (2007: HK\$14.85) as at 31 December 2008.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: interim dividend of HK\$0.01 per share and final dividend of HK\$0.04 per share).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

2008 was a very difficult year for global investors. The financial crisis that began in mid 2007, with the US sub-prime problems and the burst of the US housing bubble, intensified in 2008. There were overnight failures of large financial institutions, the drying up of the credit facilities and the battering of the global equity markets. This unprecedented turmoil in the global economic and financial environment resulted in a severe economic slowdown and even global economic contraction.

Under such a turbulent investment environment, the Group reduced its business activities in trading and investment in financial securities and recorded a lower turnover of HK\$640,648,000 (2007: HK\$2,270,637,000) and a substantial loss of HK\$2,629,163,000 (2007: profit of HK\$1,605,287,000) mainly due to the realized loss on disposal of investments held for trading of HK\$792,741,000 (2007: realized gain of HK\$319,703,000) and the mark-to-market unrealized loss from investments held for trading of HK\$1,893,094,000 (2007: unrealized gain of HK\$1,259,479,000). These losses were partially offset by dividend income from listed investments of HK\$60,932,000 (2007: HK\$36,512,000).

As at 31 December 2008, the Group maintained a long-term investment portfolio of available-for-sale investments of HK\$356,835,000 (2007: HK\$849,923,000), a short-term portfolio of available-for-sale investments of HK\$124,055,000 (2007: HK\$9,801,000) and investments held for trading of HK\$818,971,000 (2007: HK\$3,617,216,000).

The Group's money lending business recorded a turnover of mainly interest income of HK\$15,654,000 (2007: HK\$14,023,000) and a profit of HK\$15,301,000 (2007: HK\$13,898,000) during the year under review. As at 31 December 2008, the Group's loan portfolio amounted to HK\$164,875,000 (2007: HK\$174,015,000).

The Group's investment properties located in Hong Kong and China recorded a turnover of HK\$4,006,000 (2007: HK\$4,780,000) and a loss of HK\$9,846,000 (2007: profit of HK\$43,402,000) due mainly to a revaluation loss of HK\$12,408,000 (2007: gain of HK\$37,351,000). As at 31 December 2008, the Group's investment properties portfolio amounted to HK\$103,105,000 (2007: HK\$110,925,000).

PRINCIPAL ASSOCIATED COMPANIES

The share of profits of associates of the Group for the year ended 31 December 2008 was HK\$3,701,000 (2007: loss of HK\$4,094,000).

For the year under review, Shanghai Allied Cement Limited ("SAC"), a former 27% associate of the Group, recorded a turnover of HK\$557,249,000 (2007: HK\$434,300,000) and a net profit attributable to shareholders of HK\$2,487,000 (2007: loss of HK\$21,658,000). In May 2008, subsequent to the acquisition of the remaining 5% equity interest for a consideration of RMB4,600,000, Shandong Allied Wangchao Cement Limited became a wholly-owned subsidiary of SAC. With no positive future prospects for its slag powder business and to avoid further loss, SAC disposed of its entire equity holding in Beijing Shanglian Shoufeng Construction Materials Limited during the year for a consideration of RMB4,700,000.

As announced on 29 December 2008, the conditional acquisition of the entire issued share capital of Redstone Gold Limited ("Redstone"), a company engaged in the business of gold mining in Yunnan Province, China, for an aggregate consideration of HK\$1 billion ("Agreement") was terminated since the parties involved could not reach agreement on re-negotiation of the terms of the Agreement and the termination notice was served by SAC on the vendors in December 2008. A supplemental loan agreement and a deed of undertaking have been entered into for the repayment of the refundable deposit and loan to SAC.

During the year, the Group received dividend of approximately HK\$114.6 million from Printronics Electronics Limited, a 40% associate of the Group which was settled by receipt of about 20.7 million shares of Tianjin Printronics Circuit Corporation (“TPC”). TPC is a company incorporated in China and its shares are listed as “A-Share” on the Shenzhen Stock Exchange. As at the year-end date, these TPC shares were held under the Group’s short term trading portfolio.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

As at 31 December 2008, the Group’s non current assets consisted mainly of investment properties of HK\$103,105,000 (2007: HK\$110,925,000); property, plant and equipment of HK\$3,036,000 (2007: HK\$3,796,000); prepaid lease payments of HK\$54,000 (2007: HK\$1,001,000), interest in associates of HK\$138,501,000 (2007: HK\$368,297,000) and long-term investments of HK\$356,835,000 (2007: HK\$849,923,000). These non-current assets were principally financed by shareholders’ funds. As at 31 December 2008, the Group had net current assets of HK\$178,810,000 (2007: HK\$2,770,377,000) and current ratio of 1.2 times (2007: 3.3 times) calculated on the basis of the Group’s current assets over current liabilities.

During the year under review, all of the Group’s borrowings were arranged on a short term basis in Hong Kong Dollars, repayable within one year and secured by certain investments held for trading, available-for-sale investments and securities broker houses deposit. As at 31 December 2008, the Group had borrowings of HK\$854,682,000 (2007: HK\$918,838,000) and a gearing ratio of 100.9% (2007: 20.5%), calculated on the basis of the Group’s net borrowings (after pledged bank deposits bank balances and cash) over shareholders’ fund.

In order to reduce its gearing, strengthen its capital base and reorganize its capital structure with long term funding, the Group conducted a rights issue in December 2008, of 275,622,494 rights shares at HK\$0.40 each to qualifying shareholders on the basis of one rights share for every share held (the “Rights Issue”) and the placing of HK\$300 million 9% unsecured three-year convertible bonds with conversion price of HK\$0.75 per share (the “Placing of Convertible Bonds”), both on a fully underwritten basis, to raise a total of approximately HK\$410 million. The Rights Issue and the Placing of Convertible Bonds were completed in February 2009.

In 2008, the issued share capital of the Group was reduced from HK\$2,761,835 to HK\$2,756,225 as a result of the repurchase of 578,000 shares and issue of 16,947 shares following the exercise of warrants, for a consideration of HK\$1,377,680 and HK\$59,314 respectively.

During the year under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, RMB, New Taiwan Dollar and Malaysian Ringgit. Because of the short-term nature, the Group had not actively hedged risks arising from the Australian Dollar, RMB and Malaysian Ringgit denominated assets and transactions. As the exchange rates of the New Taiwan Dollar were relatively stable during the year, the Group was not materially affected by exposure to this currency.

CHARGE ON GROUP ASSETS

As at 31 December 2008, the Group's investments held for trading, available-for-sale investments, bank balances and cash, and securities broker houses deposit with respective carrying values of HK\$773,077,000 (2007: HK\$3,121,898,000), HK\$108,323,000 (2007: HK\$460,628,000) and HK\$1,167,000 (2007: HK\$10,718,000) were pledged to banks and securities brokers house to secure short term credit facilities granted to the Group.

EMPLOYEES

The Group had 14 employees as at 31 December 2008 (2007: 15). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS

The Group expects 2009 to be another difficult year with major uncertainties due to the continued economic downturn, rising unemployment and radical changes to the investment environment. Though governments worldwide have responded with massive fiscal stimulus and bailout packages together with aggressive monetary measures to counter the economic turmoil, it is expected that recovery may be a prolonged process.

The Group had taken steps in early 2009 to improve and restructure its capital base through the Rights Issue and the Placing of Convertible Bonds. Steps were also taken to further strengthen its financial position by the on-market disposal of its long term investments of 38 million shares in Sun Hung Kai & Company Limited and 197.9 million shares in SAC, realizing cash proceeds of approximately HK\$178.2 million and HK\$138.0 million respectively. Subsequent to the disposal, SAC ceased to be the Group's associated company and the Group has no further interest in SAC. The Group also disposed of the 20.7 million TPC shares realizing cash proceeds of HK\$120.1 million. The proceeds from these disposals have been used to reduce the short term borrowings of the Group. As at the date of this annual results announcement, the Group has reduced borrowings to approximately HK\$396 million, comprised of approximately HK\$96 million short term borrowing and HK\$300 million long term unsecured convertible bonds. The adjusted gearing ratio has also been reduced to 42.1%.

As a value investor, the Group will continuously review and adjust its investment strategies and investment portfolio in light of the prevailing investment environment to seek and identify grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region. The Group expects that opportunities will present themselves in these geographical areas and the Group's renewed financial strength will enable it to take advantage of these opportunities as they arise, to enhance value for shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased a total of 578,000 ordinary shares in the capital of the Company on the Stock Exchange in the range from HK\$0.70 to HK\$4.20 for a total consideration of HK\$1,377,680. The said shares were subsequently cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the year ended 31 December 2008.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the Company’s code of conduct regarding Director’s securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2008.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2008 as set out in the Preliminary Announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

By Order of the Board
Chong Sok Un
Chairman

Hong Kong, 23 April 2009

As at the date of this announcement, the Board comprises Ms. Chong Sok Un (Chairman), Dato’ Wong Peng Chong and Mr. Kong Muk Yin as executive directors and Messrs. Lo Wai On, Lau Siu Ki and Zhang Jian as independent non-executive directors.