RISING DEVELOPMENT HOLDINGS LIMITED
麗 盛 集 團 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1004)

Annual Report 2008

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Leong *(Chairman & Chief Executive Officer)*
Mr. Lee Yuk Lun *(Deputy Chairman)*
Mr. Kong Shan, David

Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

COMPANY SECRETARY

Mr. Chiang Chi Kin, Stephen

QUALIFIED ACCOUNTANT

Mr. Lam Wing Chau

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

AUDITOR

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISERS TO THE COMPANY

Cheung, Tong & Rosa *Solicitors & Notaries*
Room 1621-33, 16th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2004-5, 20th Floor
World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

UBS AG
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited
DBS Bank (Hong Kong) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1004

WEBSITE

www.hkrising.com

On behalf of the board of directors (the "Board") of Rising Development Holdings Limited (the "Company"), I present the annual report and audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

RESULTS OF THE GROUP

During the year under review, the Group recorded a turnover of HK$215,806,000 (2007: HK$359,576,000), representing a decrease of 40% as compared to that of last year. The decrease in turnover was mainly due to a significant drop in the fur skin trading business. The net loss attributable to equity holders of the Company for the current year amounted to HK$39,869,000 as compared to a net profit of HK$63,680,000 last year, resulting in a basic loss per share of HK1.24 cents for the current year (2007: basic earnings per share of HK2.09 cents (restated)).

INVESTMENT BUSINESS

Trading in securities

During the year, turnover from trading in securities was HK$203,784,000 (2007: HK$76,945,000), representing an increase of 165% as compared with the corresponding period last year. However, stock market volatility during the year generated a loss of HK$37,192,000, compared to a profit of HK$23,775,000 in the corresponding period last year.

FUR BUSINESS

Trading of fur skins

The decrease in the Group's total turnover in the current year was mainly due to reduction in the business of fur skin trading. During the year, turnover of fur skin trading was HK$1,244,000 (2007: HK$225,712,000), a 99% decrease as compared with the corresponding period last year. The resulting loss amounted to HK$1,917,000, whereas for the corresponding period last year there was a profit of HK$14,345,000. The decrease in turnover was mainly due to the resignation of some management and marketing staff in the fur skin sector during the company takeover period commencing in July 2007. Since then the staff team has been re-established and all operations are now resumed at normal activity level.

Manufacture and sale of fur garments

The turnover from fur garment manufacture and sale for the year was HK$10,778,000 (2007: HK$56,919,000), representing a decrease of 81% compared with the corresponding period last year. The resulting loss amounted to HK$3,184,000, whereas for the corresponding period last year there was a profit of HK$7,397,000. The decrease in turnover was mainly due to the resignation of some management and marketing staff in the fur garment sector during the company takeover period commencing in July 2007. Since then the staff team has been re-established and all operations are now resumed at normal activity level.

FINAL DIVIDEND

As a prudent measure to safeguard the Group's interest in a turbulent environment, the Board does not recommend the payment of a final dividend for the year ended 31 March 2008 (2007: final dividend of HK1.9 cents per share on pre-subdivision basis).

ACKNOWLEDGEMENT

The management considers turning the Group back to a profitable position is the major task of the Group. I would like to take this opportunity to thank all of our shareholders, investors, bankers, business associates and customers for their continuous support to the Group, and to my fellow directors and all staff members for their hard work and contributions over the past year.

Lai Leong
Chairman

Hong Kong, 18 July 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover by Business Segments

Ratio analysis by business segments for the Group's turnover for the year ended 31 March 2008 is as follows:

- Trading in securities: approximately HK$203,784,000, 94% of turnover (2007: HK$76,945,000, 21%).
- Fur skin trading: approximately HK$1,244,000, 1% of turnover (2007: HK$225,712,000, 63%).
- Manufacture and sale of fur garments: approximately HK$10,778,000, 5% of turnover (2007: HK$56,919,000, 16%).

Turnover by Geographical Region

Ratio analysis by geographical region for the Group's turnover for the year ended 31 March 2008 is as follows:

- Hong Kong and Mainland China: approximately HK$209,555,000, 97.1% of turnover (2007: HK$308,795,000, 86%).
- Japan: approximately HK$1,043,000, 0.5% of turnover (2007: HK$17,680,000, 5%).
- North America: approximately HK$931,000, 0.4% of turnover (2007: HK$19,830,000, 6%).
- Other regions: approximately HK$4,277,000, 2% of turnover (2007: HK$13,271,000, 3%).

PROSPECT

Investment Business

For the coming year, the Group will exercise caution in its investment activities amidst unfavourable market conditions. In view of the general weak market sentiment caused by the subprime mortgage crisis in the United States as well as tightening macroeconomic policies in Mainland China, the Group will carefully restructure its portfolio of investments in both securities and bonds.

Fur Business

Trading of fur skins

The past long cold winter brought about a brisk retail season, a competitive fur auction and significant increase in international fur material prices since December 2007. In face of historically high fur material prices, the Group will take prudent rather than aggressive steps in its marketing. The Group will continually monitor market trends to effectively reduce risk exposure. When raw material prices fall to a reasonable level, we will gradually expand our market share.

Manufacture and sale of fur garments

The Group will continue to focus on the Russian market, the most important fur market in the world. Russia has the tradition and the climate conditions for maintaining its leadership position. The Group will also explore the upcoming Mainland China market in a prudent manner targeting a much broader range of potential consumers with strong preferences for freedom of choice and independent thinking. The Group will add novelty and versatility to fur through new manufacturing processes, as well as fashionable new colours. The Group is expecting better results in its wholesale and retail fur garment business in the coming year.

Vanadium Mine Business

The Group believes there will be continuous market demand for natural resources, taking into account the sustained, though slowing, economic growth in Mainland China and the weakening of the US dollar. In the coming year the Group will inject more resources into its vanadium mine business. The mine, located in Shanxi, is 80% owned by the Group and is estimated to hold a vanadium reserve of over 300,000 tons. For the coming year the Group will focus on investing in the mine, while expected cash inflow from the mining business is scheduled to commence from the financial year 2010.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operations from internal cash flow and facilities from Hong Kong banks. As at 31 March 2008, the Group had cash and bank balances of approximately HK$92,651,000 (2007: HK$29,648,000). As at 31 March 2008, the Group's bank borrowings amounted to approximately HK$15,159,000 (2007: HK$110,982,000). The borrowings were on short term basis to fund the Group's working capital requirement. Shareholders' funds amounted to approximately HK$461,939,000 (2007: HK$327,351,000). Accordingly, the gearing ratio measured as bank borrowings, net of cash and bank balances, to shareholders' funds was nil (2007: 25%).

CAPITAL STRUCTURE

(I) For the year ended 31 March 2008, the Company repurchased 1,028,000 of its ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). All the shares repurchased were cancelled.

(II) During the year ended 31 March 2008, the Company issued in aggregate 120,000,000 new shares by way of placing and received net proceeds of approximately HK$171.4 million, which have been used for the mining business.

CHARGES ON ASSETS

At 31 March 2008, the Group's banking facilities were secured by a corporate guarantee given by the Company. At 31 March 2007, the Group's banking facilities were secured by a corporate guarantee given by the Company and certain listed equity and quoted debt securities, leasehold land and buildings and certain investment properties of the Group.

Details of charges on assets of the Group during the year are set out in note 27 to the financial statements.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

There were no material acquisition and disposal of subsidiaries and associates during the year ended 31 March 2008.

Details of significant investment and material acquisitions of the Group held as at 31 March 2008 are set out in notes 22, 25 and 41 to the financial statements.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in US dollars and Hong Kong dollars. Therefore, the exchange risks the Group is exposed to are minimal.

EMPLOYEES

As at 31 March 2008, the Group employed around 21 employees in Hong Kong, Macau and Mainland China. The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 March 2008.

EXECUTIVE DIRECTORS

Mr. Lai Leong, aged 43, is an executive director, the Chairman and the Chief Executive Officer of the Company. He is also a director of various subsidiaries of the Company. Besides, he is a director of Oriental Day International Limited, the controlling shareholder of the Company. Mr. Lai joined the Group on 31 August 2007. He is responsible for strategic planning of the Group. Since 1991, Mr. Lai has worked for several property and trading companies in Mainland China and has over 16 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in Mainland China. Mr. Lai received an MBA degree from the Maastricht School of Management in the Netherlands in 2005. Mr. Lai is also an executive director of China Power New Energy Development Company Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 735) and a non-executive director of Neo-China Land Group (Holdings) Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 563).

Mr. Lee Yuk Lun, aged 45, is an executive director and the Deputy Chairman of the Company. He joined the Group on 31 August 2007. Mr. Lee has been engaged in the finance industry for about 15 years and, in particular, in the area of mergers and acquisitions. He also possesses more than 10 years of experience in project investments in Mainland China. Mr. Lee is a member of the Chinese People's Political Consultative Conference (CPPCC) Beijing Committee（中國人民政治協商會議北京市委員會政協委員）, a member of the Committee of Shunyi District, CPPCC Beijing Committee（中國人民政治協商會議北京市順義區委員會委員）and the director of Beijing Chinese Overseas Friendship Association（北京海外聯誼會理事）. Mr. Lee is also a non-executive director of China Yunnan Tin Minerals Group Company Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 263) and the Chairman of Pico Zeman Asset Management Limited and Volk Favor Food Company Limited.

Mr. Kong Shan, David, aged 54, is an executive director of the Company. He joined the Group on 31 August 2007 and is responsible for the business development of the Group. Mr. Kong graduated from Shenzhen University in Mainland China with a diploma in Business Administration. He has more than 20 years of experience in property development and investment and corporate management in Mainland China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 37, is an independent non-executive director and the chairman of both the Audit Committee and Remuneration Committee of the Company. He joined the Group on 31 August 2007. Mr. Fok had worked in the Listing Division of the Hong Kong Stock Exchange and has over 12 years of experience in the field of corporate finance and, in particular, in equity financing and financial restructuring. Mr. Fok is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. He is also a Chartered Financial Analyst. Mr. Fok served as the managing director of Chief Finance Limited, which was then 52% owned by two companies listed on the Hong Kong Stock Exchange. Mr. Fok also served as the managing director of another finance company, which was then a wholly-owned subsidiary of a company listed on the Hong Kong Stock Exchange.

Mr. Tso Hon Sai, Bosco, aged 43, is an independent non-executive director and a member of both the Audit Committee and Remuneration Committee of the Company. He joined the Group on 31 August 2007. Mr. Tso is currently a consultant of Messrs Tso Au Yim & Yeung, Solicitors and he has been a Hong Kong practicing solicitor since 1990. He received his bachelor of laws degree from King's College, London. Mr. Tso is currently also an independent non-executive director of Fortuna International Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 530) and Neolink Cyber Technology (Holding) Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8116).

Mr. Tsui Ching Hung, aged 55, is an independent non-executive director and a member of both the Audit Committee and Remuneration Committee of the Company. He joined the Group on 31 August 2007. Mr. Tsui holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from University of Aston and University of Warwick in the United Kingdom respectively. He has over 10 years of experience in senior management positions of several multinational corporations in Hong Kong. Mr. Tsui is currently an executive director of China Sci-Tech Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 985).

SENIOR MANAGEMENT

Mr. Chiang Chi Kin, Stephen, aged 39, joined the Company as the Deputy General Manager and Company Secretary in September 2007. He is also a director of a majority of the subsidiaries of the Company. Mr. Chiang graduated from the University of Wolverhampton with a bachelor's degree in laws, and qualified as a solicitor of the High Court of Hong Kong in 1998. He has over 10 years of experience in corporate and commercial law, and has held management positions with companies listed on the Stock Exchange responsible primarily for legal and company secretarial matters since 2002. Mr. Chiang has been the company secretary of China Power New Energy Development Company Limited, a company listed on the main board of the Hong Kong Stock Exchange, since 1 September 2005.

Mr. Lam Wing Chau, aged 39, joined the Company as the Qualified Accountant of the Company in November 2007. Mr. Lam is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the U.K. Mr. Lam worked with an international accounting firm for over 15 years. He is responsible for financial and accounting management of the Group.

Ms. Ren Yi, Connie, aged 37, joined the Company in the year of September 2007. She was appointed as a director of Rising Development Limited, a subsidiary of the Company on 22 January 2008. Ms. Ren graduated from the Aviation University of Beijing with a bachelor's degree in English Culture, Communication and Hotel Management. She has over 5 years of experience in a few major investment banks, serving in various marketing and customer-facing positions. Ms. Ren is responsible for strategic development and implementation of the Company's sales and marketing plan, and also focusing on strategic and structural corporate development.

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2008.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance practices are essential for effective management and enhancing shareholders' value and investors' confidence. The Company has taken a proactive approach in strengthening corporate governance practices, the cornerstone of which is to have an experienced and committed Board, effective internal control and to enhance its transparency and accountability to shareholders.

The Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange sets out the principles of good corporate governance and two levels of corporate governance practices, being (i) the code provisions which listed issuers are expected to comply with or to give considered reasons for any deviation; and (ii) the recommended best practices, for guidance only, which listed issuers are encouraged to comply with.

In the opinion of the Board, the Company has applied the principles and complied with the code provisions set out in the CG Code, except for the code provisions A.2.1, A.4.1 and A.5.4, throughout the year ended 31 March 2008. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations of code provisions are summarized below.

A. BOARD OF DIRECTORS

(1) Responsibilities

The Board is responsible for the leadership, control and management of the Company and oversees the Group's businesses, strategic decisions and performances in the attainment of the objective of enhancing value to investors. The senior management is delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. Every director carries out his duty in good faith and in compliance with the standards of applicable laws and regulations, takes decisions objectively and acts in the interests of the Company and its shareholders at all times.

All directors have full and timely access to all relevant information as well as the advice and assistance of the Company Secretary and senior management, with a view to ensuring that Board procedures and all applicable rules and regulations are followed and enabling directors to make informed decisions. Each director is normally able to take independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

(2) Board Composition

The Board currently comprises the following members:

Executive directors:

Mr. Lai Leong	*(Chairman of the Board and Chief Executive Officer)*
Mr. Lee Yuk Lun	*(Deputy Chairman)*
Mr. Kong Shan, David	

Independent non-executive directors:

Mr. Fok Ho Yin, Thomas	*(Chairman of both the Audit Committee and the Remuneration Committee)*
Mr. Tso Hon Sai, Bosco	*(Member of both the Audit Committee and the Remuneration Committee)*
Mr. Tsui Ching Hung	*(Member of both the Audit Committee and the Remuneration Committee)*

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time. The biographical details of the directors of the Company are set out under "Directors and Senior Management Biographies" in this annual report. None of the members of the Board is related to one another.

Coming from diverse business and professional backgrounds, the Board members possess a balance of skills and expertise appropriate for the business requirements of the Group and for the exercise of independent judgement.

During the year ended 31 March 2008, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of whom possessing appropriate professional qualifications, or accounting or related financial management expertise. The Company has also adopted the recommended best practices under the CG Code for having one-third of its Board members being independent non-executive directors.

The Company has received written annual confirmation from all of its existing independent non-executive directors in respect of their independence pursuant to the requirements of the Listing Rules. The Company considers all of them independent in accordance with the independence guidelines set out in the Listing Rules. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors make various contributions to the effective direction of the Company.

(3) Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Prior to 21 September 2007, Mr. Fan Sai Yee and Mr. Ng Ngan Lung were the Chairman and the Chief Executive Officer of the Company, respectively. With effect from 21 September 2007, Mr. Lai Leong has taken up both of these two roles. Though this led to the Company's non-compliance of the code provision A.2.1 of the CG Code, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Lai provides the Group with a strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. As such, the structure is beneficial to the Group and the shareholders as a whole.

The Board shall review its structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

(4) Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of directors of the Company are laid down in the Company's Bye-laws. In accordance with the Bye-laws, all directors are subject to retirement by rotation at least once every three years at the Company's annual general meeting. Besides, any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the next following general meeting and any new director appointed by the Board as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting.

During the year ended 31 March 2008, due to the change of controlling shareholder of the Company, the existing six directors of the Company were appointed by the former Board, which has taken effect from 31 August 2007, whereas all the members of the former Board resigned on 21 September 2007. All the six new directors submitted themselves for re-election and were duly re-elected by shareholders at the Company's special general meeting held on 19 December 2007.

Pursuant to the foregoing Bye-laws provisions, Mr. Kong Shan, David and Mr. Tso Hon Sai, Bosco, being one-third of the existing directors, shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming 2008 annual general meeting of the Company. The Board recommended the re-appointment of these two retiring directors standing for re-election at the said annual general meeting. The Company's circular, sent together with this annual report, contains detailed information of such directors.

None of the Company's existing directors has entered into any service contract with the Company for, among other matters, fixing their term of service. Accordingly, the Company has not complied with the code provision A.4.1 of the CG Code, which stipulates that non-executive directors should be appointed for a specific term. Although the directors do not have a specific term of appointment, the Board considers that the Company meets the objective of the code provision A.4.1 since, as set out above, all directors, including non-executive directors, of the Company are subject to retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's Bye-laws.

The Company has not set up a nomination committee and the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors.

During the year ended 31 March 2008, the Board, through its meetings held on 5 June 2007 (with the presence of all the then six directors) and 24 August 2007 (with the presence of all the then five directors), performed the following work regarding matters relating to nomination of directors:

(a) recommendation of the re-election of the retiring directors standing for re-election at the 2007 annual general meeting; and

(b) appointment of the existing six directors.

(5) Induction and Continuing Development for Directors

Every newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors of the Company are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. In addition, the Company has sent the latest version of the "Non-statutory Guidelines on Directors' Duties" published by the Hong Kong Companies Registry to its directors and encourages them to read such Guidelines in order to acquaint themselves with the general duties of directors and the required standard of care, skill and diligence in the performance of his/her functions and exercise of his/her powers as directors.

Besides, continuing briefings and professional development for directors will be arranged whenever necessary.

(6) Board Meetings

Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting to keep the directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, Qualified Accountant and Company Secretary normally attend regular Board meetings and when necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group. Relevant member(s) of the senior management will also be invited to attend the meetings whenever necessary.

The Company Secretary is responsible to take and keep minutes of all Board meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Pursuant to the Company's Bye-laws, directors are required to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

Directors' Attendance Records

During the year ended 31 March 2008, 15 Board meetings, 2 Audit Committee meetings and 3 Remuneration Committee meetings were held. The attendance records of each director/committee member at these meetings of the Board, the Audit Committee and the Remuneration Committee are set out below:

	Attendance/Number of Meetings		
Name of Directors	**Board**	**Remuneration Committee**	**Audit Committee**
Executive Directors			
Mr. Lai Leong *(Note a)*	7/7	N/A	N/A
Mr. Lee Yuk Lun *(Note a)*	6/7	N/A	N/A
Mr. Kong Shan, David *(Note a)*	5/7	N/A	N/A
Mr. Ng Ngan Lung, Freddy (resigned) *(Note b)*	9/9	1/2	N/A
Ms. Chui May Ling, Margaret (resigned) *(Note b)*	8/9	N/A	N/A
Mr. Mui Chi Hung, Clarence (resigned) *(Note c)*	3/3	N/A	N/A
Independent Non-executive Directors			
Mr. Fok Ho Yin, Thomas *(Note a)*	5/7	1/1	1/1
Mr. Tso Hon Sai, Bosco *(Note a)*	4/7	1/1	1/1
Mr. Tsui Ching Hung *(Note a)*	5/7	1/1	1/1
Mr. Fan Sai Yee (resigned) *(Note b)*	6/9	2/2	1/1
Mr. Chan Wing Yuen, Hubert (resigned) *(Note b)*	6/9	2/2	1/1
Ms. Ho Man Kay, Angela (resigned) *(Note b)*	5/9	2/2	1/1

Notes:

a. Mr. Lai Leong, Mr. Lee Yuk Lun, Mr. Kong Shan, David, Mr. Fok Ho Yin, Thomas, Mr. Tso Hon Sai, Bosco and Mr. Tsui Ching Hung were appointed as directors of the Company with effect from 31 August 2007. Subsequent to their appointment, there were a total of 7 Board meetings, 1 Remuneration Committee meeting and 1 Audit Committee meeting held during the year ended 31 March 2008.

b. Mr. Ng Ngan Lung, Freddy, Ms. Chui May Ling, Margaret, Mr. Fan Sai Yee, Mr. Chan Wing Yuen, Hubert and Ms. Ho Man Kay, Angela resigned as directors of the Company with effect from 21 September 2007. Before their resignation, there were a total of 9 Board meetings, 2 Remuneration Committee meetings and 1 Audit Committee meeting held during the year ended 31 March 2008.

c. Mr. Mui Chi Hung, Clarence resigned as an executive director of the Company with effect from 26 June 2007. Before his resignation, there were a total of 3 Board meetings held during the year ended 31 March 2008.

(7) Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealings in the Company's securities. Specific enquiry has been made of all the Company's directors who have confirmed that they have complied with the required standards set out in the Model Code in respect of the year ended 31 March 2008.

Code provision A.5.4 stipulates that the Board should establish written guidelines (the "Employees Written Guidelines") on no less exacting terms than the Model Code for relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company (the "Relevant Employees") in respect of their dealings in the securities of the Company. Though the Company has not yet established the Employees Written Guidelines during the year ended 31 March 2008, no incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company.

Subsequent to the year ended 31 March 2008, the Company has established the Employees Written Guidelines for governing the Relevant Employees' dealings in the Company's securities.

B. DELEGATION BY THE BOARD

The Board reserves for its decisions all major matters of the Group, including the approval and monitoring of all policy matters, overall strategies and development, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, budgets and other significant financial and operational matters.

The day-to-day management, administration and operations of the Group are delegated to the Chief Executive Officer and senior management. The delegated functions and work tasks are periodically reviewed. The Board will give directions to the senior management as to their powers of management, and circumstances where they should report back. Approval has to be obtained from the Board prior to any decision making on significant transactions or entering into any significant commitments on behalf of the Company.

The Board has established 2 committees, namely the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in section A(6) above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. The duties and work done by the foregoing two Board committees for the year ended 31 March 2008 are detailed below.

C. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of the directors and senior management of the Group. Details of the remuneration of each of the directors of the Company for the year ended 31 March 2008 are set out in note 14 to the financial statements contained in this annual report.

Remuneration Committee

The Remuneration Committee of the Company currently comprises the three independent non-executive directors, namely Mr. Fok Ho Yin, Thomas (Chairman), Mr. Tso Hon Sai, Bosco and Mr. Tsui Ching Hung.

The principal duties of the Remuneration Committee are mainly to (i) make recommendations to the Board on the policy and structure of the remuneration of directors and members of senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy and structure; (ii) make recommendations on the terms of the specific remuneration packages of the executive directors and the senior management; and (iii) review and approve the performance-based remuneration tied to corporate goals and objectives as well as market practice and conditions.

The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the Chairman and the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

During the year ended 31 March 2008, the Remuneration Committee has met three times and performed the following major works:

– Review and recommendation of salary adjustment of directors and staff;

– Recommendation of payment of bonus to Mr. Mui Chi Hung, Clarence on his resignation as a director of the Company, based on his performance;

– Recommendation of payment of annual bonus to Mr. Ng Ngan Lung, Freddy and Ms. Chui May Ling, Margaret, the former executive directors, based on the legal advice provided by Sit, Fung, Kwong & Shum; and

– Review and recommendation of the remuneration of the Company’s existing three executive directors.

The attendance records of the 3 Remuneration Committee meetings are set out under “Directors’ Attendance Records” on page 13.

D. ACCOUNTABILITY AND AUDIT

(1) Directors' Responsibilities for Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2008.

The senior management provides explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Group put to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

(2) Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board is also responsible for maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company and, with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

During the year under review, the Company has appointed RSM Nelson Wheeler Consulting Limited ("RSM") to perform the internal control review of the Group. The former Board has reviewed the report prepared by RSM in respect of the effectiveness of the internal control system of the Group, and noted that there was no major weaknesses requiring immediate action and accepted the recommendations made by RSM to improve overall internal control efficiency of the Group.

(3) Audit Committee

The Audit Committee currently comprises three independent non-executive directors of the Company, namely Mr. Fok Ho Yin, Thomas (Chairman), Mr. Tso Hon Sai, Bosco and Mr. Tsui Ching Hung. Mr. Fok Ho Yin, Thomas has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Committee include review of the financial information and reports of the Group, considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; review of the relationship with and the terms of appointment of the external auditor, and review of the Group's financial reporting system, internal control system, risk management system and associated procedures.

During the year ended 31 March 2008, the Audit Committee met twice together with the Company's external auditor and/or the senior management and performed the following major works:

– Review and discussion of the annual financial statements, results announcement and report for the year ended 31 March 2007, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review of the report and recommendation made by RSM in respect of the internal control system of the Group;

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 September 2007, and the related accounting principles and practices adopted by the Group; and

– Review of the scope of audit work, auditor's fees and terms of engagement and recommendation of re-appointment of auditor for the year ended 31 March 2008.

The attendance records of the 2 Audit Committee meetings are set out under "Directors' Attendance Records" on page 13.

(4) External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out under "Independent Auditor's Report" in this annual report.

A summary of audit and non-audit services provided by the external auditor for the year ended 31 March 2008 and their corresponding remuneration is as follows:

Nature of services	**Amount** *HK$'000*
Audit services	368
Non-audit services – services rendered in connection with the change in controlling shareholder, acquisition of a wholly owned subsidiary in Mainland China and taxation	288

E. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision.

Shareholders' meetings provide an opportunity for communication between the Board and the shareholders. The Chairman of the Board as well as the chairmen of the Remuneration Committee and Audit Committee normally attend shareholders' meetings of the Company to answer shareholders' questions. In case of their absence, they will delegate other members of the Board/Committees to attend for addressing any shareholders' concerns. During the year ended 31 March 2008, the Company held three shareholders' meetings, being the annual general meeting held on 11 July 2007 and two special general meetings held on 19 December 2007 and 14 March 2008, respectively.

As a channel to promote effective communication, the Group maintains a website where the Company's announcements and other information and updates are posted for public access. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Group's developments.

F. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

Besides, the rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Bye-laws of the Company. Details of such rights are also included in all circulars sent to shareholders and, where necessary, explained in the shareholders' meetings.

To enhance good governance practices of the Company, all the resolutions proposed at the Company's two special general meetings held on 19 December 2007 and 14 March 2008, respectively were voted by way of a poll pursuant to the exercise of rights by the chairman of the meetings under the provisions of the Company's Bye-laws. Poll results were announced and posted on the websites of the Company and of the Stock Exchange after such meetings.

Summary Financial Information

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**215,806**	359,576	208,281	184,271	117,774
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	**(44,282)**	70,866	55,860	44,001	42,831
Finance costs	**(4,212)**	(7,346)	(2,782)	(396)	(544)
Share of loss of an associate	**(2)**	(10)	(48)	–	–
(LOSS)/PROFIT BEFORE TAX	**(48,496)**	63,510	53,030	43,605	42,287
Tax	**8,627**	170	(6,604)	(3,774)	(2,224)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(39,869)**	63,680	46,426	39,831	40,063

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
PROPERTY, PLANT AND EQUIPMENT	**2,612**	6,812	6,723	7,108	11,600
INVESTMENT PROPERTIES	**60,250**	30,380	27,100	20,480	2,700
PREPAID LAND LEASE PAYMENTS	**–**	881	904	927	1,558
INTEREST IN AN ASSOCIATE	**18**	20	30	–	–
AVAILABLE-FOR-SALE FINANCIAL ASSETS/OTHER INVESTMENTS	**32,927**	251,642	194,035	112,724	143,457
DEFERRED TAX ASSETS	**9,251**	–	–	–	295
CURRENT ASSETS	**385,030**	157,343	200,117	207,441	170,123
TOTAL ASSETS	**490,088**	447,078	428,909	348,680	329,733
CURRENT LIABILITIES	**20,882**	116,764	146,206	91,471	62,991
NON-CURRENT LIABILITIES	**7,267**	2,963	2,354	1,481	–
TOTAL LIABILITIES	**28,149**	119,727	148,560	92,952	62,991
NET ASSETS	**461,939**	327,351	280,349	255,728	266,742

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and trading in securities. The Group is principally engaged in investment holding and trading in securities, the manufacture and sale of fur garments, the trading of fur skins and business of mining natural resources. Details of the principal activities of subsidiaries are set out in note 20 to the financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activity and geographical area of operations for the year ended 31 March 2008 is set out in note 7 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 29 to 85.

The directors do not recommend the payment of any dividend in respect of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased its own listed shares on the Stock Exchange as follows:

Month of repurchases	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
		HK$	*HK$*	*HK$'000*
April, 2007	1,028,000	0.375 *(Note)*	0.36 *(Note)*	372

Note: These share prices had not been adjusted for the Company's share subdivision in December 2007.

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK$269,000 (2007: HK$113,000) was charged against the share premium account.

Except 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.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Company and the Group are set out in notes 17 and 18 to the financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 32 to the financial statements.

The Company's issued and fully paid share capital as at 31 March 2008 amounted to HK$72,726,800 divided into 3,636,340,000 ordinary shares of HK$0.02 each.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK$249,203,000 as computed in accordance with the Companies Act of Bermuda. In addition, under the laws of Bermuda, the Company's share premium account, with a balance of approximately HK$188,467,000 as at 31 March 2008, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 44.81% of the total sales of fur skins and fur garments for the year and sales to the largest customer included therein amounted to 27.13%.

Purchases from the Group's five largest suppliers accounted for 91.33% of the total purchases of fur skins and fur garments for the year and purchases from the largest supplier included therein amounted to 50.09%.

None of the directors of the Company, any of their associates or any shareholders (which, to the best knowledge of the directors own more than 5% of the Company's issued share capital), had any beneficial interests in the Group's five largest customers or five largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Lai Leong *(Chairman & Chief Executive Officer)*	(appointed on 31 August 2007)
Mr. Lee Yuk Lun *(Deputy Chairman)*	(appointed on 31 August 2007)
Mr. Kong Shan, David	(appointed on 31 August 2007)
Mr. Ng Ngan Lung, Freddy	(resigned on 21 September 2007)
Mr. Mui Chi Hung, Clarence	(resigned on 26 June 2007)
Ms. Chui May Ling, Margaret	(resigned on 21 September 2007)

Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas	(appointed on 31 August 2007)
Mr. Tso Hon Sai, Bosco	(appointed on 31 August 2007)
Mr. Tsui Ching Hung	(appointed on 31 August 2007)
Mr. Fan Sai Yee, *JP*	(resigned on 21 September 2007)
Mr. Chan Wing Yuen, Hubert	(resigned on 21 September 2007)
Ms. Ho Man Kay, Angela	(resigned on 21 September 2007)

In accordance with clause 111 of the Company's Bye-laws, Mr. Kong Shan, David and Mr. Tso Hon Sai, Bosco will retire and, being eligible, offer themselves for re-election at the Company's forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

As at 31 March 2008, none of the directors had any existing or proposed service contracts with the Company.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY FOR DIRECTORS

The emoluments payable to directors of the Company are determined in accordance with their duties and responsibilities within the Company and the Company's performance, by a remuneration committee of the board of directors according to its terms of reference.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 32 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 32 to the financial statements, at no time during the year or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2008, the following director of the Company had an interest set out below in the shares of the Company which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interest which he was deemed or taken to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which was required pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

(a) Long position in the ordinary shares of HK$0.02 each of the Company

Name of Director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Lai Leong	Interest held by controlled corporation *(Note)*	1,915,065,000	52.66%

Note: These shares were owned by Oriental Day International Limited, which was incorporated in the British Virgin Islands wholly owned by Mr. Lai Leong.

(b) Long position in the underlying shares of the Company – physically settled unlisted equity derivatives

Details of the Company's share option scheme are set out in note 32 to the financial statements.

No share options were granted to, or exercised by, the directors and chief executive during the year. There was no outstanding option granted to the directors and chief executive at the beginning and at the end of the year.

Save as disclosed above, as at 31 March 2008, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code, to be notified to the Company and the Stock Exchange; nor had there been any grant or exercise of rights of such interests during the year ended 31 March 2008.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, according to the register of interest required to be kept by the Company pursuant to Section 336 of the SFO, the Company has been notified that the following parties, other than the director of the Company disclosed above, had interests of 5% or more of the issued share capital of the Company:

(1) Long position in the ordinary shares of HK$0.02 each of the Company

Name of substantial shareholder	Capacity	Number of Shares interested	Percentage of the Company's issued share capital
Oriental Day International Limited	Beneficial owner	1,915,065,000 *(Note)*	52.66%

Note: Such interest was also disclosed as the interest of Mr. Lai Leong in the above section headed "Directors' interests and short positions in shares, underlying shares and debentures".

(2) Long position in the underlying shares of the Company – physically settled unlisted equity derivatives

Name of substantial shareholder	Capacity	Number of underlying shares interested	Percentage of the underlying shares over the Company's issued share capital
Zou Quanbo	Beneficial owner	1,494,642,850 *(Note)*	41.10%
Chen Jianjun	Beneficial owner	1,195,714,280 *(Note)*	32.88%
Wang Hong	Beneficial owner	298,928,570 *(Note)*	8.22%

Note: These represented the shares to be issued by the Company pursuant to conversion of the convertible notes issued by the Company. Subsequent to 31 March 2008, the number of these underlying shares held by Zou Quanbo, Chen Jianjun and Wang Hong were adjusted to 2,092,500,000, 1,674,000,000 and 418,500,000 shares respectively as the conversion price of the convertible notes was reset from the initial conversion price of HK$0.28 per share to HK$0.20 per share.

Save as disclosed above, as at 31 March 2008, no person, other than the director of the Company whose interest has been set out in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest and a short position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group had no connected transactions as defined under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, comprising the three independent non-executive directors of the Company, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Company's audited financial statements for the year ended 31 March 2008.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

PUBLIC FLOAT

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

AUDITOR

Messrs. Li, Tang, Chen & Co. will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ANNUAL REPORT

This Annual Report is printed in English and Chinese and is available on the Stock Exchange's website at http://www.hkexnews.hk under the "Listed Company Information" and our Company's website at http://www.hkrising.com. Printed copies in both languages are posted to shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 18 August 2008 to Friday, 22 August 2008, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with 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 for registration not later than 4:30 p.m. on Friday, 15 August 2008.

ANNUAL GENERAL MEETING

The 2008 annual general meeting of the Company will be held on Friday, 22 August 2008. Details of the annual general meeting are set out in the notice of the annual general meeting which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the annual general meeting and the proxy form will also be available on the Stock Exchange's website and the Company's website.

On behalf of the Board

Lai Leong
Chairman

Hong Kong, 18 July 2008

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

TO THE SHAREHOLDERS OF RISING DEVELOPMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Rising Development Holdings Limited set out on pages 29 to 85, which comprise the consolidated and Company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)

10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

18 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
TURNOVER	8	**215,806**	359,576
Cost of sales		**(156,878)**	(319,379)
Gross profit		**58,928**	40,197
Other income and net gains/(losses)	8		
– Net (loss)/gain from investments		**(100,564)**	41,048
– Others		**7,108**	4,843
Fair value gains on investment properties	18	**11,520**	3,280
Selling and distribution expenses		**(3,135)**	(4,613)
Operating and administrative expenses		**(18,139)**	(13,889)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES		**(44,282)**	70,866
Finance costs	9	**(4,212)**	(7,346)
Share of loss of an associate		**(2)**	(10)
(LOSS)/PROFIT BEFORE TAX	10	**(48,496)**	63,510
Tax	11	**8,627**	170
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	12	**(39,869)**	63,680
DIVIDENDS	13	**–**	19,472
EARNINGS/(LOSS) PER SHARE	16		(restated)
Basic		**HK(1.24) cents**	HK2.09 cents
Diluted		**N/A**	N/A

Consolidated Balance Sheet

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*17*	2,612	6,812
Investment properties	*18*	60,250	30,380
Prepaid land lease payments	*19*	–	881
Interest in an associate	*21*	18	20
Available-for-sale financial assets	*22*	32,927	251,642
Deferred tax assets	*31*	9,251	–
		105,058	289,735
CURRENT ASSETS			
Inventories	*23*	17,862	10,261
Prepaid land lease payments	*19*	–	23
Deposit paid for acquisition of a subsidiary	*41(a)*	227,400	–
Prepayments, deposits and other receivables		2,695	6,183
Derivative financial instruments	*30*	–	3,061
Trade receivables	*24*	1,457	629
Financial assets at fair value through profit or loss	*25*	39,446	107,538
Tax recoverable	*11*	3,519	–
Cash and cash equivalents	*26*	92,651	29,648
		385,030	157,343
CURRENT LIABILITIES			
Short-term bank loans, secured	*27*	–	110,982
Trust receipt loans	*27*	15,159	–
Trade payables	*28*	272	134
Customers' deposits		2,938	2,878
Other payables and accruals	*29*	2,513	2,291
Tax payable		–	479
		20,882	116,764
NET CURRENT ASSETS		364,148	40,579
TOTAL ASSETS LESS CURRENT LIABILITIES		469,206	330,314
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*31*	7,267	2,963
NET ASSETS		461,939	327,351
CAPITAL AND RESERVES			
Share capital	*32*	72,726	60,829
Reserves	*33*	389,213	254,964
Proposed dividend	*13*	–	11,558
TOTAL EQUITY		461,939	327,351

Lai Leong
Director

Lee Yuk Lun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Statutory reserve fund HK$'000	Retained profits HK$'000	Proposed dividend HK$'000	Total HK$'000
At 1 April 2006	60,879	29,493	5,830	2,595	118	(392)	12	170,856	10,958	280,349
Repurchase of shares	(50)	(113)	–	–	–	–	–	–	–	(163)
Realised on disposal of available-for-sale financial assets	–	–	–	–	–	(1,652)	–	–	–	(1,652)
Surplus on revaluation	–	–	–	–	–	4,009	–	–	–	4,009
Final dividend paid	–	–	–	–	–	–	–	–	(10,958)	(10,958)
Profit for the year	–	–	–	–	–	–	–	63,680	–	63,680
Dividends – *note 13*	–	–	–	–	–	–	–	(19,472)	11,558	(7,914)
At 31 March 2007	60,829	29,380	5,830	2,595	118	1,965	12	215,064	11,558	327,351
At 1 April 2007	60,829	29,380	5,830	2,595	118	1,965	12	215,064	11,558	327,351
Repurchase of shares	(103)	(269)	–	–	–	–	–	–	–	(372)
Issuance of shares for placing – *note 32(b)*	12,000	159,356	–	–	–	–	–	–	–	171,356
Realised on disposal of available-for-sale financial assets	–	–	–	–	–	(1,092)	–	–	–	(1,092)
Deficit on revaluation	–	–	–	–	–	(2,164)	–	–	–	(2,164)
Revaluation surplus – on transfer from property, plant and equipment and leasehold land to investment properties – *note 18*	–	–	–	21,863	–	–	–	–	–	21,863
Deferred tax on revaluation surplus – *note 31*	–	–	–	(3,576)	–	–	–	–	–	(3,576)
Final dividend paid	–	–	–	–	–	–	–	–	(11,558)	(11,558)
Loss for the year	–	–	–	–	–	–	–	(39,869)	–	(39,869)
At 31 March 2008	72,726	188,467	5,830	20,882	118	(1,291)	12	175,195	–	461,939

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	(48,496)	63,510
Adjustments for:		
Share of loss of an associate	2	10
Interest expenses	4,212	7,346
Dividend income from available-for-sale financial assets	(269)	(27)
Dividend income from financial assets at fair value through profit or loss	(2,004)	(3,672)
Interest income from investments in available-for-sale financial assets	(10,941)	(16,512)
Bank interest income	(822)	(584)
Other interest income	(1,361)	(42)
Fair value gains on investment properties	(11,520)	(3,280)
Depreciation	783	483
Recognition of prepaid land lease payments	7	23
Reversal of revaluation deficit on property, plant and equipment previously recognised in income statement	–	(648)
(Gain)/loss on disposal of property, plant and equipment	(213)	44
Gain on disposal of investment properties	(2,079)	–
Net realised loss/(gain) on available-for-sale financial assets	17,071	(2,571)
Unrealised loss/(gain) on investments in financial assets at fair value through profit or loss	98,148	(14,271)
Net realised and unrealised gain on derivative financial instruments	(1,441)	(3,995)
Operating profit before working capital changes	41,077	25,814
(Increase)/decrease in inventories	(7,601)	53,036
Increase in deposit paid for acquisition of a subsidiary	(227,400)	–
Decrease/(increase) in prepayments, deposits and other receivables	3,488	(2,146)
(Increase)/decrease in trade receivables	(828)	1,254
(Increase)/decrease in financial assets at fair value through profit or loss	(30,056)	12,911
Increase/(decrease) in trust receipt loans	15,159	(7,727)
Increase/(decrease) in trade payables	138	(2,990)
Increase/(decrease) in customers' deposits	60	(36,173)
Increase in other payables and accruals	222	1,043
Cash (used in)/from operations	(205,741)	45,022
Interest paid	(4,212)	(7,346)
Hong Kong profits tax paid	(3,897)	(5,680)
Net cash (used in)/from operating activities	(213,850)	31,996

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
INVESTING ACTIVITIES			
Dividend income from available-for-sale financial assets		269	27
Dividend income from financial assets at fair value through profit or loss		2,004	3,672
Interest income from investments in available-for-sale financial assets		10,941	16,512
Bank interest income		822	584
Other interest income		1,361	42
Net settlement of derivative financial instruments		4,501	1,096
Purchases of property, plant and equipment		(3,221)	(133)
Proceeds from disposal of property, plant and equipment		416	166
Proceeds from disposal of investment properties		23,144	–
Purchases of investment properties		(10,215)	–
Acquisition of available-for-sale financial assets		(7,454)	(119,267)
Proceeds from disposal of available-for-sale financial assets		205,841	66,588
Net cash from/(used in) investing activities		228,409	(30,713)
FINANCING ACTIVITIES			
Payment for repurchase of shares		(372)	(163)
Issue of shares		171,356	–
Dividend paid		(11,558)	(18,872)
Capital element of finance lease rental payments		–	(10)
Proceeds from short-term bank loans		–	28,682
Repayment of short-term bank loans		(110,982)	(5,766)
Net cash from financing activities		48,444	3,871
NET INCREASE IN CASH AND CASH EQUIVALENTS		63,003	5,154
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		29,648	24,494
CASH AND CASH EQUIVALENTS AT END OF YEAR		92,651	29,648
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits		85,025	25,074
Cash and bank balances		7,626	4,574
	26	92,651	29,648

Balance Sheet
As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	19	–
Interests in subsidiaries	20	344,520	65,865
Available-for-sale financial assets	22	25,127	243,842
Deferred tax assets	31	8,797	–
		378,463	309,707
CURRENT ASSETS			
Prepayments, deposits and other receivables		467	4,238
Financial assets at fair value through profit or loss	25	39,446	107,538
Derivative financial instruments	30	–	3,061
Tax recoverable	11	2,831	–
Cash and cash equivalents	26	88,627	26,619
		131,371	141,456
CURRENT LIABILITIES			
Short term bank loans, secured	27	–	87,681
Other payables and accruals	29	729	211
Tax payable		–	404
		729	88,296
NET CURRENT ASSETS		130,642	53,160
NET ASSETS		509,105	362,867
CAPITAL AND RESERVES			
Share capital	32	72,726	60,829
Reserves	33	436,379	290,480
Proposed dividend	13	–	11,558
TOTAL EQUITY		509,105	362,867

Lai Leong
Director

Lee Yuk Lun
Director

1. CORPORATE INFORMATION

Rising Development Holdings Limited was incorporated in Bermuda on 8 August 1997 as an exempted company with limited liability under the Companies Act (as amended) of Bermuda. The principal office of the Company is located at Rooms 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

During the year, the Group was engaged in investment holding, trading in securities, the manufacture and sale of fur garments, the trading of fur skins and business of mining natural resources.

In the opinion of the directors, the ultimate holding company is Oriental Day International Limited, which is incorporated in the British Virgin Islands ("BVI").

The financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND CONSOLIDATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which also includes Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for buildings, investment properties and certain financial assets, which have been measured at fair value.

The consolidated financial statements included the financial statements of the Company and its subsidiaries for the year ended 31 March 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

3. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Presentation of Financial Statements – Capital Disclosures
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
HK (IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

3. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements – Capital disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosure are shown to note 39 to the financial statements.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has no share option granted to the Group's employees, the interpretation has had no effect on the financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11 HKFRS 2 – Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 8	Operating Segments(1)
HKAS 1 (Revised)	Presentation of Financial Statements(1)
HKAS 23 (Revised)	Borrowing Costs(1)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements(4)
HKAS 32 and HKAS 1 Amendment	Puttable Financial Instruments and Obligations Arising on Liquidation(1)
HK(IFRIC)-Int 12	Service Concession Arrangements(3)
HK(IFRIC)-Int 13	Customer Loyalty Programmes(2)
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction(3)

(1) Effective for annual periods beginning on or after 1 January 2009
(2) Effective for annual periods beginning on or after 1 July 2008
(3) Effective for annual periods beginning on or after 1 January 2008
(4) Effective for annual periods beginning on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. These new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition:

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

(a) on the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) sale of listed securities, on a trade date basis;

(c) rental income, on a straight line basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial assets; and

(e) dividend income, when the right to receive payment is established.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries:

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Associate:

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results of an associate is included in the consolidated income statement. The Group's investment in an associate is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Impairment of assets:

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows, that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the year in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which is arises.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties:

A party is considered to be related to the Group if:

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

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

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

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

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

Property, plant and equipment:

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

Buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment: (cont'd)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each property, plant and equipment to its residual value over its estimated useful life. The principal annual rates are used for this purpose are as follows:

Buildings	The shorter of the lease terms and 50 years
Leasehold improvements	The shorter of the lease terms and 5 years
Plant and machinery	3 to 5 years
Furniture, fixtures and motor vehicles	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal of when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties:

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Leases:

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases: (cont'd)

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets:

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss:

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative that are either designated or not classified as any of the other categories. 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. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit or loss in subsequent periods. 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.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairments losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset 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 losses will not reverse in subsequent periods.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets:

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost:

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

Assets carried at cost:

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discontinued at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets:

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;

- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put opinion (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings:

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments:

The Group invests in certain derivative financial instruments, such as forward exchange contracts, for trading purpose. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss for the year.

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Income tax:

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income tax: (cont'd)

- in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

Employee benefits:

(i) The Group operates a defined contribution retirement benefits scheme for those employees who are eligible and have elected to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

In addition, the Group also operates a defined contribution Mandatory Provident Fund ("MPF") retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF scheme are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF scheme. The Group's employer contributions are fully and immediately vested in favour of the employees.

(ii) The Company's subsidiaries which operate in the Mainland are required to pay social security insurance premium to local authority for their employees. The insurance premium is calculated at certain percentage on the staff payroll. Social security insurance can provide retirement and unemployment benefits to the employees.

Inventories:

Inventories are stated at the lower of cost and net realisable value after allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currencies:

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

Equity share-based payment transactions:

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 (Employee share-based compensation reserve).

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

Cash and cash equivalents:

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions:

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Trade and other payables:

Liabilities for trade and other payables which are normally settled on 30 to 60 days terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Dividends:

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends proposed by the directors are classified as a separate allocation of retained profits within capital and reserves in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

6. SUMMARY ACCOUNTING JUDGMENTS AND ESTIMATES

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Income taxes

As at 31 March 2008, the Group had estimated unused tax losses of approximately HK$56,998,000 (2007: HK$96,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$53,336,000 (2007: HK$Nil) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK$3,662,000 (2007: HK$96,000) due to unpredictability of future profits streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more or less than expected, a material reversal or recognition of deferred tax assets may arise.

Impairment assessment for trade receivables

The policy for impairment assessment for trade receivables of the Group is based on the evaluation of collectability and an aging analysis of trade receivables and on the judgment of the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group are deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

7. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) Trading in securities comprise proceeds from trading in listed securities and investment income from listed securities.

(b) Investments comprise dividend and interest income from investments and gain or loss on investments other than securities.

(c) Manufacture and sale of fur garments.

(d) Trading of fur skins.

(e) Others comprise rental income from investment properties and the Group's management services business, which provide management services to Group companies.

In determining the Group's geographical segments, revenues and results 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.

Intersegment sales and transfers are transacted at the terms agreed between the parties and with reference to third party prices.

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments:

The following tables present revenue, (loss)/profit and expenditure and certain asset and liability information for the Group's business segments for the years ended 31 March 2008 and 2007.

2008	Trading in securities	Investments	Manufacture and sale of fur garments	Trading of fur skins	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:							
Sales to external customers	203,784	–	10,778	1,244	–	–	215,806
Intersegment sales	–	–	–	566	–	(566)	–
Income from investments	2,004	12,651	–	–	–	–	14,655
Other revenue	–	–	574	71	9,732	(5,452)	4,925
Total revenue	205,788	12,651	11,352	1,881	9,732	(6,018)	235,386
Segment results	(37,192)	(3,529)	(3,184)	(1,917)	11,714		(34,108)
Interest income							2,183
Unallocated expenses							(12,357)
Loss from operating activities							(44,282)
Finance costs							(4,212)
Share of loss of an associate							(2)
Loss before tax							(48,496)
Tax							8,627
Loss attributable to equity holders of the Company							(39,869)

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments: (cont'd)

2007	Trading in securities *HK$'000*	Investments *HK$'000*	Manufacture and sale of fur garments *HK$'000*	Trading of fur skins *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:							
Sales to external customers	76,945	–	56,919	225,712	–	–	359,576
Intersegment sales	–	–	–	31,310	–	(31,310)	–
Income from investments	17,944	23,104	–	–	–	–	41,048
Other revenue	–	–	1,191	2,511	4,337	(3,822)	4,217
Total revenue	94,889	23,104	58,110	259,533	4,337	(35,132)	404,841
Segment results	23,775	21,161	7,397	14,345	4,959		71,637
Interest income							626
Unallocated expenses							(1,397)
Profit from operating activities							70,866
Finance costs							(7,346)
Share of loss of an associate							(10)
Profit before tax							63,510
Tax							170
Profit attributable to equity holders of the Company							63,680

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments: (cont'd)

2008	Trading in securities HK$'000	Investments HK$'000	Manufacture and sale of fur garments HK$'000	Trading of fur skins HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	**128,073**	**33,413**	**8,469**	**19,061**	**93,448**	**(33,921)**	**248,543**
Interest in associate							**18**
Unallocated assets							**241,527**
Total assets							**490,088**
Segment liabilities	**–**	**(7,923)**	**(27,821)**	**(19,040)**	**(19)**	**33,921**	**(20,882)**
Unallocated liabilities							**(7,267)**
Total liabilities							**(28,149)**
Other segment information:							
Depreciation	**–**	**4**	**763**	**4**	**12**		**783**
Capital expenditure	**–**	**22**	**3,193**	**–**	**6**		**3,221**
(Gain)/loss on disposal of property, plant and equipment	**–**	**–**	**(286)**	**19**	**54**		**(213)**
Net realised loss on investments in available-for-sale financial assets	**–**	**(17,071)**	**–**	**–**	**–**		**(17,071)**
Unrealised loss on investments in financial assets at fair value through profit or loss	**(98,148)**	**–**	**–**	**–**	**–**		**(98,148)**
Fair value gains on investment properties	**–**	**–**	**–**	**–**	**11,520**		**11,520**
2007 (restated)							
Segment assets	134,157	251,642	37,925	15,071	23,631	(15,368)	447,058
Interest in associate							20
Total assets							447,078
Segment liabilities	–	(87,893)	(34,743)	(1,572)	(7,445)	15,368	(116,285)
Unallocated liabilities							(3,442)
Total liabilities							(119,727)
Other segment information:							
Depreciation	–	–	457	11	15		483
Capital expenditure	–	–	13	46	74		133
Loss on disposal of property, plant and equipment	–	–	44	–	–		44
Net realised gain on investments in available-for-sale financial assets	–	2,571	–	–	–		2,571
Unrealised gain on investments in financial assets at fair value through profit or loss	14,271	–	–	–	–		14,271
Fair value gains on investment properties	–	–	–	–	3,280		3,280

7. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments:

The following tables present revenue, profit/(loss) and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong and Mainland China *HK$'000*	Japan *HK$'000*	North America *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
2008					
Segment revenue:					
Sales to external customers	**209,555**	**1,043**	**931**	**4,277**	**215,806**
Segment results	**(32,262)**	**(308)**	**(275)**	**(1,263)**	**(34,108)**
2007					
Segment revenue:					
Sales to external customers	308,795	17,680	19,830	13,271	359,576
Segment results	65,037	2,298	2,577	1,725	71,637

	Hong Kong and Mainland China *HK$'000*	Japan *HK$'000*	North America *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
2008					
Other segment information:					
Segment assets	**248,505**	**–**	**38**	**–**	**248,543**
Capital expenditure	**3,221**	**–**	**–**	**–**	**3,221**
2007					
Other segment information:					
Segment assets	446,537	328	169	24	447,058
Capital expenditure	133	–	–	–	133

8. TURNOVER AND OTHER INCOME AND NET GAINS/(LOSSES)

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and proceeds from trading in securities during the year.

An analysis of the Group's turnover and other income and net gains/(losses) is as follows:

	2008 *HK$'000*	2007 *HK$'000*
Turnover		
Sales of fur skins and fur garments	12,022	282,631
Proceeds from trading in listed securities	203,784	76,945
	215,806	359,576
Other income and net gains/(losses)		
Net (loss)/gain from investments:		
Interest income from investments in listed available-for-sale financial assets	10,941	16,512
Dividend income from listed available-for-sale financial assets	269	27
Dividend income from listed financial assets at fair value through profit or loss	2,004	3,672
Net realised (loss)/gain on investments in listed available-for-sale financial assets	(18,163)	919
Transfer from equity upon disposal of listed available-for-sale financial assets	1,092	1,652
Unrealised (loss)/gain on investments in listed financial assets at fair value through profit or loss	(98,148)	14,271
Net realised and unrealised gain on derivative financial instruments	1,441	3,995
	(100,564)	41,048
Others:		
Gross rental income	307	486
Gain on disposals of property, plant and equipment	213	–
Gain on disposals of investment properties	2,079	–
Bank interest income	822	584
Other interest income	1,361	42
Reversal of revaluation deficit on buildings for own use previously recognised in income statement	–	648
Exchange gain	719	923
Others	1,607	2,160
	7,108	4,843
	(93,456)	45,891

9. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**2,289**	6,833
Interest on other loans wholly repayable within five years	**1,877**	–
Interest on trust receipt loans	**46**	513
Total finance costs	**4,212**	7,346

10. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold	**23,289**	242,963
Depreciation	**783**	483
Recognition of prepaid land lease payments	**7**	23
Minimum lease payments under operating lease on land and buildings	**813**	544
Pension contributions	**146**	139
Less: Forfeited contributions	**–**	(21)
Net pension contributions	**146**	118
Auditor's remuneration		
– audit services	**368**	335
– other services	**288**	–
	656	335
Staff costs (excluding directors' remuneration)	**5,422**	7,786
Gross rental income	**(307)**	(486)
Less: Outgoings	**190**	103
Net rental income	**(117)**	(383)
Provision for obsolete inventories (written back)/made	**(3,204)**	2,826
Loss on disposal of property, plant and equipment	**–**	44
Exchange loss	**–**	4

11. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 March 2008 (2007: Hong Kong profits tax had been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2007).

	Group	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong profits tax		
– current year	**–**	4,213
– overprovision in respect of prior years	**(104)**	(4,992)
	(104)	(779)
Deferred tax *(note 31)*		
– current year	**(8,893)**	609
– attributable to a change in tax rate	**370**	–
Income tax credit	**(8,627)**	(170)

A reconciliation of the income tax credit applicable to (loss)/profit before tax using the statutory rate to the tax charge at the effective tax rate is as follows:

	Group			
	2008		2007	
	HK$'000	***%***	*HK$'000*	*%*
(Loss)/profit before tax	**(48,496)**		63,510	
Tax at the statutory tax rate	**(8,486)**	**(17.50)**	11,114	17.50
Income not subject to tax	**(4,860)**	**(10.02)**	(7,184)	(11.31)
Expenses not deductible for tax	**3,839**	**7.92**	901	1.42
Utilisation of tax loss previously not recognised	**(14)**	**(0.03)**	–	–
Underprovision of profits tax for the year	**–**	**–**	(19)	(0.03)
Overprovision of profits tax in respect of prior years	**(104)**	**(0.21)**	(4,992)	(7.86)
Unrecognised tax loss	**606**	**1.25**	69	0.11
Effect of change in tax rate on deferred tax balances	**370**	**0.76**	–	–
Unrecognised temporary differences	**(260)**	**(0.54)**	(88)	(0.14)
Others	**282**	**0.58**	29	0.05
Income tax credit at the Group's effective rate	**(8,627)**	**(17.79)**	(170)	(0.26)

Tax recoverable represents the excess of the provisional profits tax paid over the estimated tax liabilities for the year ended 31 March 2008.

12. (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The (loss)/profit for the year attributable to equity holders of the Company includes a loss of HK$9,932,000 (2007: a profit of HK$61,147,000) (note 33 (b)), which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

	Group and Company	
	2008	2007
	HK$'000	*HK$'000*
Interim – HKNil cent (2007: HK1.3 cents on pre-subdivision basis) per ordinary share	–	7,914
Proposed final – HKNil cent (2007: HK1.9 cents on pre-subdivision basis) per ordinary share	–	11,558
	–	19,472

As a prudent measure to safeguard the Group's interest in a turbulent environment, the board of directors does not recommend the payment of a final dividend for the year ended 31 March 2008 (2007: final dividend of HK1.9 cents on pre-subdivision basis).

14. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
		(restated)
Fees	**395**	390
Other emoluments		
Basic salaries, housing benefits, other allowances and benefits in kind	**1,210**	2,253
Discretionary bonuses	**1,733**	729
Retirement benefits contributions	**15**	36
	2,958	3,018
	3,353	3,408

14. DIRECTORS' REMUNERATION (CONT'D)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2008	2007
	HK$'000	*HK$'000*
Fok Ho Yin, Thomas (i)	**70**	–
Tso Hon Sai, Bosco (i)	**70**	–
Tsui Ching Hung (i)	**70**	–
Chan Wing Yuen, Hubert (ii)	**57**	120
Ho Man Kay, Angela (ii)	**57**	135
Fan Sai Yee (ii)	**71**	135
	395	390

There was no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

Notes:

(i) Appointed on 31 August 2007.

(ii) Resigned on 21 September 2007.

(b) Executive directors

	Fees	**Salaries, allowances and other benefits in kind**	**Discretionary bonuses**	**Retirement benefits contributions**	**Total remuneration**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2008					
Lai Leong (i)	–	30	–	–	30
Lee Yuk Lun (i)	–	120	–	–	120
Kong Shan, David (i)	–	30	–	–	30
Ng Ngan Lung, Freddy (ii)	–	739	1,000	6	1,745
Mui Chi Hung, Clarence (iii)	–	142	255	3	400
Chui May Ling, Margaret (ii)	–	149	478	6	633
	–	1,210	1,733	15	2,958
2007 (restated)					
Ng Ngan Lung, Freddy	–	1,200	600	12	1,812
Mui Chi Hung, Clarence	–	702	120	12	834
Chui May Ling, Margaret	–	351	9	12	372
	–	2,253	729	36	3,018

14. DIRECTORS' REMUNERATION (CONT'D)

(b) Executive directors (cont'd)

Notes:

(i) Appointed on 31 August 2007.

(ii) Resigned on 21 September 2007.

(iii) Resigned on 26 June 2007.

(c) The number of directors whose emoluments fell within the following band is as follows:

	Number of directors	
	2008	2007
Nil – HK$1,000,000	**11**	5
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**1**	1

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year included three (2007: three) directors, details of whose emoluments are disclosed above. The details of the remuneration of two (2007: two) remaining individuals, highest paid employees for the year are as follows:

	2008 *HK$'000*	2007 *HK$'000*
Basic salaries, housing benefits, other allowances and benefits in kind	1,276	970
Retirement benefits contributions	24	21
	1,300	991

The emoluments fell within the following band:

	Number of individuals	
	2008	2007
Nil – HK$1,000,000	2	2

None of the highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year (note 32).

	2008	2007 (restated)
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	(39,869)	63,680
Weighted average number of ordinary shares in issue *(thousands)*	3,211,554	3,043,355
Basic earnings/(loss) per share *(HK cents per share)*	(1.24) cents	2.09 cents

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2007 has been adjusted for the Company's share subdivision in December 2007, details of which are set out in note 32(c), by assuming the share subdivision has been taken place on 1 April 2006. As a result, the basic earnings per share for the year ended 31 March 2007 has been restated.

There were no potential dilutive ordinary shares during the years ended 31 March 2007 and 2008 and therefore, diluted earnings/(loss) per share is not presented.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, office equipment and motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
Balance at 31.3.2006	5,910	5,768	3,157	6,389	21,224
Additions	–	70	–	63	133
Disposals	–	–	–	(130)	(130)
Written off	–	–	(391)	(559)	(950)
Surplus on revaluation	530	–	–	–	530
Balance at 31.3.2007	6,440	5,838	2,766	5,763	20,807
Additions	–	2,102	–	1,119	3,221
Disposals	–	(71)	–	(1,008)	(1,079)
Written off	–	(335)	–	–	(335)
Transfer to investment properties	(6,440)	–	–	–	(6,440)
Balance at 31.3.2008	–	7,534	2,766	5,874	16,174
Accumulated depreciation:					
Balance at 31.3.2006	–	5,637	2,951	5,913	14,501
Provided during the year	118	94	78	193	483
Disposals	–	–	–	(72)	(72)
Eliminated on written off	–	–	(270)	(529)	(799)
Written back on revaluation	(118)	–	–	–	(118)
Balance at 31.3.2007	–	5,731	2,759	5,505	13,995
Provided during the year	–	469	2	312	783
Eliminated on written off	–	(335)	–	–	(335)
Disposals	–	(24)	–	(857)	(881)
Balance at 31.3.2008	–	5,841	2,761	4,960	13,562
Net carrying amount					
At 31.3.2008	–	1,693	5	914	2,612
At 31.3.2007	6,440	107	7	258	6,812

On 22 July 2007, the Group ended owner-occupation of leasehold land and buildings and resolved that such properties are to be held for capital appreciation. Accordingly, such portions were transferred from property, plant and equipment and prepaid land lease payments (note 19) to investment properties at fair value of HK$29,200,000 on 22 July 2007. The fair value was determined by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers on an open market, existing use basis.

17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	Office equipment HK$'000
Cost:	
Balance at 31.3.2006 and 31.3.2007	–
Additions	22
Balance at 31.3.2008	22
Accumulated depreciation:	
Balance at 31.3.2006 and 31.3.2007	–
Provided during the year	3
Balance at 31.3.2008	3
Net carrying amount	
At 31.3.2008	19
At 31.3.2007	–

The Group had no buildings at 31 March 2008. The Group's buildings at 31 March 2007 were held in Hong Kong under medium term leases.

The Group's buildings at 31 March 2007 were revalued on an open market, existing use basis by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers, at HK$6,440,000. The surplus arising on revaluation, amounting to HK$530,000, has been credited to the consolidated income statement for the year ended 31 March 2007.

Had the Group's buildings at 31 March 2007 been carried at historical cost less accumulated depreciation, their carrying value would have been approximately HK$6,376,000 at 31 March 2007.

The Group's buildings at 31 March 2007 were pledged to secure general banking facilities granted to the Group.

18. INVESTMENT PROPERTIES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Valuation:		
At beginning of year	**30,380**	27,100
Additions	**10,215**	–
Transfer from land and buildings *(notes 17 and 19)*		
– Cost	**7,337**	–
– Revaluation surplus *(note 33(a))*	**21,863**	–
Disposals	**(21,065)**	–
Surplus on revaluation	**11,520**	3,280
At end of year	**60,250**	30,380

The Group's investment properties are held in Hong Kong under the following lease terms:

	2008	2007
	HK$'000	*HK$'000*
Medium term leases	**60,250**	30,380

At 31 March 2008, the Group's investment properties were revalued on an open market, existing use basis by BMI Appraisals Limited (2007: DTZ Debenham Tie Leung Limited), an independent firm of professional valuers, at HK$60,250,000 (2007: HK$30,380,000). The surplus arising on revaluation, amounting to HK$11,520,000 (2007: HK$3,280,000), has been credited to the consolidated income statement.

The Group's investment properties are leased or held to be leased out to third parties under operating leases, further summary details of which are included in note 34 to the financial statements.

At 31 March 2008, there are no investment properties pledged to secure general banking facilities granted to the Group. At 31 March 2007, all the Group's investment properties were pledged to secure general banking facilities granted to the Group.

19. PREPAID LAND LEASE PAYMENTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Carrying amount at 1 April	**904**	927
Recognised during the year	**(7)**	(23)
Transfer to investment properties *(note 18)*	**(897)**	–
Carrying amount at 31 March	**–**	904
Current portion as shown under current assets	**–**	(23)
Non-current portion	**–**	881

The leasehold land is held under medium term leases and is situated in Hong Kong.

20. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	Company 2007 HK$'000
Unlisted shares, at cost	**83,368**	83,368
Due from subsidiaries	**24,337**	7,387
Loans to subsidiaries	**239,028**	10,449
Loans from subsidiaries	**(793)**	(9,257)
Due to subsidiaries	**(1,420)**	(26,082)
	344,520	65,865

The balances with and loans from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ and operations*	Paid-up share capital	Percentage of equity attributable to the Company	Principal activities
Directly held				
Rising Group International Limited	BVI/Hong Kong	Ordinary US$4,000	100%	Investment holding
Indirectly held				
Cassaya Trading Limited	Republic of Mauritius	Ordinary US$1	100%	Dormant
Rising Manufacturing Macao Commercial Offshore Limited	Macau	Ordinary MOP$25,000	100%	Trading of fur and leather skins and acting as purchase agent
Rising Group Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Rising Development Limited	Hong Kong	Ordinary HK$100 Non-voting deferred** HK$5,000,000	100%	Trading of fur, leather and textile garments and property investment
Frede Derick Limited	Hong Kong	Ordinary HK$100	100%	Dormant
Rising Manufacturing Limited	Hong Kong/PRC	Ordinary HK$10,000	100%	Manufacturing and trading of fur garments

20. INTERESTS IN SUBSIDIARIES (CONT'D)

Name	Place of incorporation/ and operations*	Paid-up share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held (continued)				
Cepa Distribution Limited	Hong Kong	Ordinary HK$5,000 Non-voting deferred** HK$1,000,000	100%	Property investment
Wellike Services Co., Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Wing Lee Agency Limited	Hong Kong	Ordinary HK$100	100%	Dormant
Cepa Network Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Mega Asset Development Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Perfect Leader Investments Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Success Fortune Holdings Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Perfect Fair Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Legend Sense Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Net yet commenced business

* *Where different*

** *The non-voting deferred shares carry no rights to dividends, no rights to vote at general meetings and no rights to receive any surplus in a return of capital in a winding-up or otherwise.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. INTEREST IN AN ASSOCIATE

	Group 2008 HK$'000	Group 2007 HK$'000
Share of net assets	**18**	20

Particulars of the Group's associate as at 31 March 2008 are as follows:

Name	Form of business structure	Class of issued shares held	Place of incorporation/ and operations	Percentage of equity attributable to the Group/ proportion of voting power held	Principal activity
HR Investment Company Limited	Incorporated	Ordinary share of HK$1 each	Hong Kong	50	Dormant

The following table illustrates the summarised financial information of the Group's associate extracted from its audited accounts:

	2008 HK$'000	2007 HK$'000
Assets	**47**	47
Liabilities	**(11)**	(7)
Loss after tax	**(4)**	(20)

Subsequent to the balance sheet date, this associate was deregistered on 11 April 2008.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
At fair value:				
Equity securities listed outside Hong Kong	**–**	28,517	**–**	28,517
Debt securities quoted outside Hong Kong	**25,127**	215,325	**25,127**	215,325
	25,127	243,842	**25,127**	243,842
At cost:				
Equity securities unlisted outside Hong Kong	**7,800**	7,800	**–**	–
	32,927	251,642	**25,127**	243,842

At the balance sheet date, the above unlisted equity investments are not stated at fair value but at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

23. INVENTORIES

	Group 2008 HK$'000	2007 HK$'000
Raw materials	**16,357**	3,775
Finished goods	**1,505**	6,486
	17,862	10,261

All the inventories were stated at cost.

24. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 30 to 60 days for its trade receivables. Trade receivables are non-interest-bearing.

An aging analysis of trade receivables at the balance sheet date based on the invoice date is as follows:

	Group			
	2008		2007	
	HK$'000	**%**	*HK$'000*	%
Current to 30 days	**54**	**4**	335	53
31 days to 60 days	**80**	**5**	179	29
Over 60 days	**1,323**	**91**	115	18
	1,457	**100**	629	100

Impairment losses in respect of trade receivables are recorded using the allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in allowance for bad and doubtful debts during the year is as follows:

	Group 2008 HK$'000	2007 HK$'000
At 1 April	**102**	102
Amount written off as uncollectible	**(102)**	–
At 31 March	**–**	102

At 31 March 2007, impairment losses of HK$102,000 was recognised in respect of certain customers which were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. The Group did not hold any collateral or other credit enhancement over these balances.

24. TRADE RECEIVABLES (CONT'D)

The aged analysis of the trade receivables that are not considered to be impaired as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	54	482
Less than 1 month past due	–	51
1 to 3 months past due	200	25
Over 3 months past due	1,203	71
	1,457	629

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

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, the directors of the Company are of the opinion that no provision for impairment 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 or other credit enhancements over these balances.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2008	2007
	HK$'000	HK$'000
Equity securities listed in Hong Kong at fair value	39,446	107,538

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Time deposits	85,025	25,074	85,025	25,074
Cash and bank balances	7,626	4,574	3,602	1,545
	92,651	29,648	88,627	26,619

26. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and cash equivalents include the following amounts denominated in a currency other than the Company's functional currency, HK dollars:

	Group		Company	
	2008	2007	2008	2007
Euro dollars	EUR3,724	EUR29,351	EUR272	EUR16,351
United States dollars	USD9,544,573	USD134,275	USD9,459,175	USD3,183,942
Renminbi	RMB32,697	RMB349,114	–	–

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

27. BANKING FACILITIES/BORROWINGS

At 31 March 2008, the Group's banking facilities were secured by a corporate guarantee given by the Company. At 31 March 2007, the Group's banking facilities were secured by a corporate guarantee given by the Company and certain listed equity and quoted debt securities, leasehold land and buildings and certain investment properties of the Group.

The trust receipt loans and short-term bank loans amounting to HK$15,159,000 and HK$Nil respectively (2007: trust receipt loans of HK$Nil and short-term bank loans of HK$110,982,000) have been utilised by the Group at 31 March 2008.

All of the bank borrowings are variable-rate borrowings which carry interest ranging from 2.65% to 4.05% per annum (2007: 0.875% to 5.5% per annum). Interest rates are repricing weekly and monthly. All of the bank borrowings are repayable within one year.

Bank borrowings include the following amounts denominated in a currency other than the Group's and Company's functional currency, HK dollars:

	Group		Company	
	2008	2007	2008	2007
Japanese Yen	–	JPY386,493,549	–	JPY386,493,549
United States dollars	USD1,943,526	–	–	–
Euro dollars	–	EUR837,189	–	EUR837,189

28. TRADE PAYABLES

An aging analysis of trade payables at the balance sheet date is as follows:

	Group			
	2008		2007	
	HK$'000	***%***	*HK$'000*	*%*
Current to 30 days	**146**	**54**	38	28
31 days to 60 days	**118**	**43**	36	27
Over 60 days	**8**	**3**	60	45
	272	**100**	134	100

The trade payables are non-interest-bearing and normally settled on 30 to 60 days terms.

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount due to an investee company	**1,867**	931	**–**	–
Others	**646**	1,360	**729**	211
	2,513	2,291	**729**	211

Amount due to an investee company is unsecured, non-interest bearing and has no fixed terms of repayment.

30. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2008	2007
	HK$'000	*HK$'000*
Forward exchange contracts	**–**	3,061

The carrying amounts of forward exchange contracts were the same as their fair values.

Major terms of the forward exchange contracts were as follows:

At 31 March 2007

Notional amount	Last expiration dates	Contracted exchange rates	Fair value gain as at 31 March 2007 *HK$'000*
Buy US$10,000,000	3 May 2007	HK$7.7332/US$1	782
Buy US$19,434,000	12 October 2007	HK$7.7185/US$1	947
Buy US$20,000,000	5 November 2007	HK$7.6970/US$1	1,332
			3,061

30. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

The above derivatives were measured at their fair values, which were determined based on the valuation provided by banks or financial institutions at 31 March 2007.

31. DEFERRED TAX

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Net deferred tax assets recognised on the balance sheet	**(9,251)**	–	**(8,797)**	–
Net deferred tax liabilities recognised on the balance sheet	**7,267**	2,963	**–**	–
	(1,984)	2,963	**(8,797)**	–

The followings are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years:

Group

	Unused tax losses	**(Decelerated)/ accelerated tax depreciation**	**Revaluation of properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 April 2006	–	490	1,864	2,354
Charged/(credited) to consolidated income statement	–	(18)	627	609
At 31 March 2007 and 1 April 2007	–	472	2,491	2,963
Charged to asset revaluation reserve	–	–	3,576	3,576
Charged/(credited) to consolidated income statement *(note 11)*				
On disposal	–	–	(595)	(595)
Provided during the year	(9,334)	(980)	2,016	(8,298)
	(9,334)	(980)	1,421	(8,893)
Effect of change in tax rate	533	58	(221)	370
At 31 March 2008	(8,801)	(450)	7,267	(1,984)

31. DEFERRED TAX (CONT'D)

Deferred tax assets:

Company

	Unused tax losses HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2006	–	–	–
Charged to income statement	–	–	–
At 31 March 2007 and 1 April 2007	–	–	–
Credited/(charged) to income statement	(8,801)	4	(8,797)
At 31 March 2008	(8,801)	4	(8,797)

On 27 February 2008, the Hong Kong SAR Government announced a proposed reduction in the profits tax rate from 17.5% to 16.5% applicable to the operations in Hong Kong with effect from the year of assessment 2008/09. Such proposal was approved by the Legislative Council of Hong Kong on 26 June 2008. The deferred tax balances and asset revaluation reserve (note 33(a)) have been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

At the balance sheet date, the Group has unused tax losses of HK$56,998,000 (2007: HK$96,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$53,336,000 (2007: HK$Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$3,662,000 (2007: HK$96,000) due to the unpredictability of future profit streams. The tax losses can be carried forward to offset against the taxable profits of subsequent years and have no expiry date.

There was no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. SHARE CAPITAL

	Notes	Number of shares of HK$0.1 each 2008 '000	2007 '000	Number of shares of HK$0.02 each 2008 '000	2007 '000	Share capital 2008 HK$'000	2007 HK$'000
Authorised:							
Ordinary shares at beginning of year		3,000,000	3,000,000	–	–	300,000	300,000
Share subdivision	(c)	(3,000,000)	–	15,000,000	–	–	–
Ordinary shares at end of year		–	3,000,000	15,000,000	–	300,000	300,000
Issued and fully paid:							
Ordinary shares at beginning of year		608,296	608,796	–	–	60,829	60,879
Repurchase of shares	(a)	(1,028)	(500)	–	–	(103)	(50)
Issuance of ordinary shares	(b)	120,000	–	–	–	12,000	–
Share subdivision	(c)	(727,268)	–	3,636,340	–	–	–
Ordinary shares at end of year		–	608,296	3,636,340	–	72,726	60,829

Except above, during the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Notes:

(a) During the year, the Company purchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
2008				
April 2007	1,028,000	0.375 *(Note)*	0.36 *(Note)*	372
2007				
December 2006	500,000	0.33	0.32	163

Note: These share prices had not been adjusted for the Company's share subdivision in December 2007.

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK$269,000 (2007: HK$113,000) was charged against the share premium account.

(b) Issue of ordinary shares:

On 10 December 2007, 120,000,000 shares of HK$0.1 per share were issued by the Company at HK$1.47 per share pursuant to the Placing and Subscription Agreement. These shares rank pari passu with existing shares. The difference between the amount recognised in the share capital and net proceeds from share subscription, amounting to approximately HK$159,356,000 was credited to the share premium account (note 33).

32. SHARE CAPITAL (CONT'D)

Notes: (cont'd)

(c) Share subdivision:

Pursuant to a resolution passed at the extraordinary general meeting held on 19 December 2007, with effect from 20 December 2007, the issued and unissued shares of HK$0.1 each were subdivided into five subdivided shares of HK$0.02 each.

Share option scheme

On 30 July 2004, shareholders' resolution of the Company was passed to terminate the share option scheme adopted by the Company on 9 October 1997 (the "Old Scheme") and to adopt a new share option scheme (the "New Scheme"). As a result, the Company can no longer grant any further options under the Old Scheme. However, all options granted prior to the termination of the Old Scheme remain in full force and effect. The purpose of the New Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants of the New Scheme include employees (including executive directors), non-executive directors (including independent non-executive directors), suppliers of goods or services, customers and shareholders of the Group and persons or entity that provides research, development or other technological support to the Group. Unless otherwise terminated or amended, the New Scheme will remain in force for 10 years from 11 August 2004, the date of the Stock Exchange's granting of the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the New Scheme.

Pursuant to the New Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the Company's shares in issue at any time. The offer of a grant of share options may be accepted within 28 days from the date of the offer with consideration of HK$1.00 being payable by the grantee. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors, but may not be less than the highest of (1) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option; (2) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the option; and (3) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There were no outstanding options at the beginning and at the end of the financial year ended 31 March 2008. No share option has been granted by the Company under the New Scheme during the years ended 31 March 2007 and 31 March 2008. The total number of shares available for issue under the New Scheme as at the date of these financial statements was 199,132,000 (on post-subdivision basis), representing 5.47% of the issued share capital of the Company as at the date of these financial statements.

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 31 of the financial statements.

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2006	29,493	83,168	(392)	134,292	246,561
Shares repurchased	(113)	–	–	–	(113)
Realised on disposal of available-for-sale financial assets	–	–	(1,652)	–	(1,652)
Gain on revaluation	–	–	4,009	–	4,009
Profit for the year – *note 12*	–	–	–	61,147	61,147
Dividend – *note 13*	–	–	–	(19,472)	(19,472)
At 31 March 2007 and 1 April 2007	**29,380**	**83,168**	**1,965**	**175,967**	**290,480**
Shares repurchased	**(269)**	**–**	**–**	**–**	**(269)**
Issuance of shares for placing – *note 32(b)*	**159,356**	**–**	**–**	**–**	**159,356**
Realised on disposal of available-for-sale financial assets	**–**	**–**	**(1,092)**	**–**	**(1,092)**
Deficit on revaluation	**–**	**–**	**(2,164)**	**–**	**(2,164)**
Loss for the year – *note 12*	**–**	**–**	**–**	**(9,932)**	**(9,932)**
At 31 March 2008	**188,467**	**83,168**	**(1,291)**	**166,035**	**436,379**

The contributed surplus of the Group arose as a result of the Group reorganisation carried out on 12 September 1997 and represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefore.

The contributed surplus of the Company arose as a result of the same Group reorganisation scheme and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefore. Under the Companies Act 1981 (as amended) of Bermuda, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

At 31 March 2008, the Group had no operating lease arrangements in respect of its investment properties. At 31 March 2007, the Group leased its investment properties (note 18 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to two years and the terms of the leases generally also required the tenants to pay security deposits.

At the balance sheet date, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**–**	154

(b) As lessee

The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms of two years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**1,651**	–
In the second to fifth years, inclusive	**986**	–
	2,637	–

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following commitments at the balance sheet date:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Contracted but not provided for:				
Acquisition of property	**–**	8,820	**–**	–

Other than disclosed above, the Group had commitment for the acquisition of the entire issued share capital of a subsidiary detailed in note 41(a) to the financial statements.

36. CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any significant contingent liabilities.

As at 31 March 2008, there were contingent liabilities in respect of guarantees given to banks by the Company to secure banking facilities granted to wholly owned subsidiaries.

As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued is the facility drawn down by the subsidiaries of HK$15,159,000 (2007: HK$23,300,000).

The Company has not recognised any deferred income in respect of the guarantees as their fair values cannot be reliably measured and their transaction prices were HK$Nil (2007: HK$Nil).

37. RELATED PARTY TRANSACTIONS

During the year, the Group and the Company entered into the following significant transactions with related parties:

Compensation of key management personnel of the Group and of the Company:

The emoluments of directors and other members of key management of the Group and the Company during the year were as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		
Short-term benefits	**3,338**	3,372	**3,338**	390
Post-employment benefits	**15**	36	**15**	–
	3,353	3,408	**3,353**	390

Further details of directors' emoluments are included in note 14 to the financial statements.

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial instruments comprise deposit paid for acquisition of a subsidiary, bank borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

Interest rate risk

The Group's and the Company's interest rate risk relates primarily to the bank deposits and variable-rate bank borrowings.

The Group and the Company currently do not have an interest rate hedging policy to hedge against its exposures. However, the management closely monitors interest rate exposures and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For bank balances and variable-rate bank borrowings, the analysis is prepared assuming the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

In respect of bank deposits and variable-rate bank borrowings, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's loss for the year ended 31 March 2008 would decrease/increase by HK$359,000 and HK$431,000 (2007: The Group's and the Company's profit would decrease/increase by HK$397,000 and HK$292,000) respectively. This is mainly attributable to the Group's and the Company's exposure to interest rates on its bank deposits and variable-rate bank borrowings.

Foreign currency risk

Certain subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. In order to mitigate the foreign currency risk, foreign currency forward contract are entered into in respect of highly probable foreign currency forecast sales or purchases in accordance with the Group's risk management policies.

Certain trade receivables and payables and borrowings of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The impact on the Group's profit/(loss) and total equity is not expected to be material in response to possible changes in the foreign exchange rates of other currencies to which the Group is exposed.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group does not have a significant concentration of credit risk. In addition, certain customers are required to pay customers' deposits and receivable balances are monitored on an ongoing basis and therefore the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, prepayments, deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the financial statements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

Liquidity risk

For the management of the liquidity risk, the Group and the Company monitor and maintain a sufficient level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors its working capital requirements regularly.

The maturity profile of the Group's and the Company's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Group

	2008			
	On demand	Less than 3 months	3 to 12 months	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trust receipt loans	**–**	**1,320**	**13,839**	**15,159**
Trade payables	**272**	**–**	**–**	**272**
Customers' deposits	**2,938**	**–**	**–**	**2,938**
Other payables and accruals	**2,513**	**–**	**–**	**2,513**
	5,723	**1,320**	**13,839**	**20,882**

	2007			
	On demand	Less than 3 months	3 to 12 months	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Short-term bank loans	–	110,982	–	110,982
Trade payables	134	–	–	134
Customers' deposits	2,878	–	–	2,878
Other payables and accruals	2,291	–	–	2,291
	5,303	110,982	–	116,285

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Company

	2008			
		Less than	**3 to 12**	
	On demand	**3 months**	**months**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Other payables and accruals	**729**	**–**	**–**	**729**

	2007			
		Less than	3 to 12	
	On demand	3 months	months	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Short-term bank loans	–	87,681	–	87,681
Other payables and accruals	211	–	–	211
	211	87,681	–	87,892

Price risk

The Group and the Company are exposed to equity and debt securities price risk on the financial assets at fair value through profit or loss and available-for-sale financial assets. The Group's and the Company's equity and debt securities price risk are mainly concentrated on equity and debt. The management manages the exposure to price risk by maintaining a portfolio of investments with different profiles in Hong Kong and overseas.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt securities price risks at the reporting date.

If the prices of the respective listed equity and debt instruments had been 5% higher/lower:

- loss of the Group and the Company decrease/increase by HK$1,972,000 (2007: profit of the Group and the Company increase/decrease by HK$5,377,000) respectively as a result of the changes in fair value of financial assets at fair value through profit or loss; and

- investment revaluation reserve of the Group and the Company would increase/decrease by HK$1,256,000 (2007: increase/decrease by HK$12,192,000) respectively as a result of the changes in fair value of available-for-sale financial assets.

The Group's and the Company's sensitivity to available-for-sale financial assets and financial assets at fair value through profit or loss has not changed significantly from prior year.

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

Fair value

The fair values of cash and cash equivalents, deposit paid for acquisition of a subsidiary, trade receivables, prepayments, deposits and other receivables, customers' deposits, trade payables, other payables and accruals are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of bank borrowings and trust receipt loans approximate to their fair values. The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss is based on the quoted market bid prices available on the relevant Stock Exchange.

Unlisted securities included in available-for-sale financial assets are stated at fair value after the carrying amounts are determined to be impaired.

As set out in note 20, the Company had amounts due from/to subsidiaries. It is not practical to estimate the fair values of the amounts due to the related party nature of these instruments.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 31 March 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents, and excludes discontinued operations. Capital includes equity attributable to equity holders of the Company. The gearing ratio as at the balance sheet dates was as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Short-term bank loans, secured	**–**	110,982
Trust receipt loans	**15,159**	–
Total interest-bearing bank and other borrowings	**15,159**	110,982
Less: cash and cash equivalents	**92,651**	29,648
Net debt	**(77,492)**	81,334
Total equity	**461,939**	327,351
Gearing ratio	**Nil**	25%

Neither the Company or its subsidiaries are subject to externally imposed capital requirements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at balance sheet date are as follows:

2008

Group

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Financial assets				
Available-for-sale financial assets	–	–	32,927	32,927
Deposit paid for acquisition of a subsidiary	–	227,400	–	227,400
Prepayments, deposits and other receivables	–	2,695	–	2,695
Trade receivables	–	1,457	–	1,457
Financial assets at fair value through profit or loss	39,446	–	–	39,446
Cash and cash equivalents	–	92,651	–	92,651
	39,446	324,203	32,927	396,576

	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Trust receipt loans	15,159
Trade payables	272
Customers' deposits	2,938
Other payable and accruals	2,513
	20,882

40. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

2007

Group

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	251,642	251,642
Prepayments, deposits and other receivables	–	6,183	–	6,183
Derivative financial instruments	3,061	–	–	3,061
Trade receivables	–	629	–	629
Financial assets at fair value through profit or loss	107,538	–	–	107,538
Cash and cash equivalents	–	29,648	–	29,648
	110,599	36,460	251,642	398,701

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Short-term bank loans	110,982
Trade payables	134
Customers' deposits	2,878
Other payable and accruals	2,291
	116,285

40. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

2008

Company

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	25,127	25,127
Prepayments, deposits and other receivables	–	467	–	467
Financial assets at fair value through profit or loss	39,446	–	–	39,446
Cash and cash equivalents	–	88,627	–	88,627
	39,446	89,094	25,127	153,667

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Other payables and accruals	729

40. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

2007

Company

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Financial assets				
Available-for-sale financial assets	–	–	243,842	243,842
Prepayments, deposits and other receivables	–	4,238	–	4,238
Financial assets at fair value through profit or loss	107,538	–	–	107,538
Derivative financial instruments	3,061	–	–	3,061
Cash and cash equivalents	–	26,619	–	26,619
	110,599	30,857	243,842	385,298

	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Short term bank loans	87,681
Other payables and accruals	211
	87,892

41. POST BALANCE SHEET EVENTS

(a) On 21 December 2007, the Company and a wholly owned subsidiary of the Company, Perfect Fair Limited, entered into an agreement with independent third parties (the "Vendors") to acquire the entire issued share capital of Oriental Harvest Development Limited, which indirectly owns 80% interest in 陝西久權礦業有限公司 (Shanxi Jiuquan Mining Company Limited) in PRC, which in turn is the beneficial and registered owner of 100% interest in the mining, exploration and exploitation rights over vanadium mine located in Xunyangba County, Ningshan Town, Shanxi Province, PRC at a consideration of HK$1,137 million which was settled by cash of HK$300 million and the Company's issue of HK$837 million convertible notes. The aggregate amount of goodwill arising as a result of the acquisition is estimated to be approximately HK$1,125 million. A deposit of HK$227.4 million was paid by the Group during the year ended 31 March 2008. The remaining cash consideration of HK$72.6 million was paid and the convertible notes in the aggregate amount of HK$837 million were issued to the Vendors on 11 April 2008 on which the acquisition was completed.

41. POST BALANCE SHEET EVENTS (CONT'D)

(b) On 4 June 2008, the Group entered into an agreement with an independent third party to dispose of one of its investment properties with a carrying value of HK$58,600,000 at a consideration of HK$52,399,600.

In addition, the Group entered into an agreement on 6 June 2008 with an independent third party to dispose of the remaining investment properties with a carrying value of HK$1,650,000 at a consideration of HK$1,600,000.

Total losses arising from these disposals are estimated to be approximately HK$6.7 million and the surplus on revaluation of approximately HK$25,009,000 will be released and transferred from the asset revaluation reserve to retained profits.

(c) Subsequent to the balance sheet date, the Group disposed of all available-for-sale financial assets to independent third parties for a total consideration of approximately HK$24,484,000, resulting in a loss on disposal of approximately HK$1,933,000.

42. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with current year's presentation. The reclassifications had no impact on the Group's results for the year ended 31 March 2007.

As disclosed in note 16, the basic earnings per share for the year ended 31 March 2007 has been restated as a result of the Company's share subdivision in December 2007 (note 32(c)).

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 July 2008.

Details of Major Properties Held

Location	Category of tenure	Usage
INVESTMENT PROPERTIES:		
16th Floor, World Tech Centre, 95 How Ming Street, Kowloon	Medium-term lease	Industrial and commercial